Notice of meeting and agenda

Governance, Risk and Best Value Committee

10:00am, Tuesday, 19 February 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 –

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1. Order of Business

1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declarations of Interest

2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3. Deputations

3.1 If any

4. Minutes

4.1 Minute of the Governance, Risk and Best Value Committee of 15 January 2019 – submitted for approval as a correct record (circulated)

5. Outstanding Actions

5.1 Outstanding Actions – 19 February 2019 (circulated)

6. Work Programme

6.1 Governance, Risk and Best Value Work Programme – 19 February 2019 (circulated)

7. Reports

7.1 Edinburgh Health and Social Care Partnership: Internal Audit Update Report – report by the Chief Officer, Edinburgh Health and Social Care Partnership (circulated)

7.2 Audit Scotland Report: Health and Social Care Integration: Update on Progress – report by the Chief Executive (circulated)

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

7.4 Quarterly Status Update – ICT – report by the Executive Director of Resources (circulated)

7.5 Capital Monitoring 2018/19 – Month Nine – referral from the Finance and Resources Committee (circulated)

7.6 Revenue Monitoring 2018/19 – Month Nine Position – referral from the Finance and Resources Committee (circulated)

7.7 Annual Assurance Schedule – Strategy and Communications – report by the Chief Executive (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 Jamie Macrae, Strategy and Communications, City of Edinburgh Council, Waverley Court, Business Centre 2.1, Edinburgh EH8 8BG, Tel 0131 529 4239, e-mail jamie.macrae@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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Minutes Item No 4.1

Governance, Risk and Best Value Committee

10.00am, Tuesday, 15 January 2019

Present

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

1. Minute

Decision

To approve the minute of 27 November 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 1 – Corporate Leadership Team Risk Update

Action 11(2) – City of Edinburgh Council 2017/18 – Annual Audit Report to the Council and Controller of Audit

Action 12 – Governance, Risk and Best Value Work Programme 30.10.18

Action 14 – Internal Audit Capacity to Deliver the 2018/19 Internal Audit Plan as at 22 October 2018

Action 15 – Corporate Leadership Team Risk Update

Action 17 – Change Portfolio

2) To note in regard to Action 4 – Employee Engagement Update 2017, that a report would be submitted to the Corporate Policy and Strategy Committee and thereafter referred to this Committee

3) To otherwise note the outstanding actions.

(Reference – Outstanding Actions – 15 January 2019, submitted.)

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3. Work Programme

Decision

To note the Work Programme.

(Reference – Governance, Risk and Best Value Committee Work Programme – 15 January 2019, submitted.)

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

Details were provided on the Accounts Commission's Scotland-wide review of local government financial performance for 2017/18 which was published in November 2018. The overview report was aimed primarily at councillors and senior officers and assessed councils' financial performance and preparedness in the context of a number of existing and emerging challenges.

Decision

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

2) To 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.

3) To ask for a report to be submitted to the next meeting of the Finance and Resources Committee on how the funding allocations were calculated and the work being carried out by the Scottish Government and COSLA on the funding formula, and that this report be referred to this Committee thereafter.

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

5. Edinburgh Leisure Annual Report

The annual report on Edinburgh Leisure's performance for 2017/18 was presented.

Decision

To note the performance of Edinburgh Leisure during 2017/18, which was considered by the Culture and Communities Committee in September 2018.

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

Declaration of Interests

Councillor Staniforth declared a non-financial in this item as a member of the Board of Edinburgh Leisure and did not take part in the consideration of this item.

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

The Finance and Resources Committee had referred 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 to the Governance, Risk and Best Value Committee as part of its work-plan.

Decision

1) To note the report.

2) To agree that the briefing note which had been circulated to members of the Finance and Resources Committee on Active Travel projects be circulated to members of this Committee.

(References – Finance and Resources Committee, 4 December 2018 (item 11); referral from the Finance and Resources Committee, submitted.)

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

The Finance and Resources Committee had referred 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 to the Governance, Risk and Best Value Committee as part of its work programme.

Decision

1) To note the report.

2) To note that a report was being prepared on the structure and governance arrangements of the Edinburgh Integration Joint Board and a date for consideration would be included on the next Work Programme.

(References – Finance and Resources Committee, 4 December 2018 (item 8); referral from the Finance and Resources Committee, submitted.)

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

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

Decision

To note the report.

(References – Act of Council No 7 of 13 December 2018, referral from the City of Edinburgh Council, submitted.)

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

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

Decision

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

2) To agree that a report be provided which detailed how the Corporate Management Team would take forward historic items.

3) To agree that the next report to Committee on this matter include amended estimated/revised dates for completion for all actions.

4) To agree that the film on internal audit, which had been presented to the Committee, be circulated to all members of the Council

5) To agree that an update be provided to members on the current position with Action 9 – Drivers Pre-employment and ongoing checks – Council Drivers.

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

10. Internal Audit Update Report: 1 August to 23 November 2018

Details were provided of Internal Audit (IA) reviews completed as at 23 November 2018, progress with the 2018/19 IA plan and current IA priorities.

Decision

1) To note the outcomes of the completed audits.

2) To progress with the delivery of the 2018/19 Internal Audit plan and the carried forward 2017/18 audits

3) To agree the implementation of Internal Audit key performance indicators to support timely and effective delivery of the annual plan.

4) To agree key Internal Audit priorities and ongoing areas of focus.

5) To agree that an information session be arranged for members following the budget process to reclarify and explain the Council's project management processes.

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

11. Annual Assurance Schedule – Communities and Families

The Communities and Families 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 Community and Families Directorate annual assurance schedule, submitted for scrutiny.

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.

(Reference – report by the Executive Director for Children and Families, submitted.)

12. Roads Services Improvement Plan

An update was provided on progress for the Roads Service Improvement Plan which identified different issues that impacted on road assessment management performance across the Council and the actions that were being taken to address them.

Decision

1) To note the progress made with implementing the actions in the Roads Services Improvement Plan.

2) To agree that an update be submitted in October 2019 following the meeting of the Transport and Environment Committee.

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

13. Licensing Forum: Update on Review of Consultation and Membership

The Committee had agreed to a review of the appointment process for the Licensing Forum to ensure that it was transparent, fair and fully understood. An update was provided on the outcome of the consultation on reviewing the constitution and the proposed process for recruiting and selecting future members of the Forum.

Decision

1) To note the progress made on reviewing the appointment process and constitution, with a revised recruitment process.

2) To further note that the revised constitution and proposed recruitment process would be submitted to full Council for approval at the earliest opportunity.

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

14. Garden Waste Bin Collection Project: What Worked Well and Lessons Learned – referral from the Transport and Environment Committee

The Transport and Environment Committee had referred a report on the implementation of the Garden Waste Charge, to understand what worked well and

what lessons could be learned to the Governance, Risk and Best Value Committee for review and scrutiny.

Decision

1) To note the report.

2) To ask that a briefing note be circulated providing details of vehicles, overtime and staffing.

(References – Transport and Environment Committee, 6 December 2018 (item 18); referral from the Transport and Environment Committee, submitted.)

15. Edinburgh Schools Inquiry - Update

The Committee had requested that progress reports on the additional precautionary surveys being undertaken in buildings sharing similar design features to those of the PPP1 schools, be referred to the Governance, Risk and Best Value Committee for scrutiny. An update was provided on actions taken by the Council in response to the Edinburgh Schools Inquiry Report.

Decision

To note the report by the Chief Executive and the continued positive progress being made by the Council.

(References – Governance, Risk and Best Value Committee, 26 September 2016 (item 5); report by the Chief Executive, submitted.)

16. Colleague Opinion Survey 2018 – referral from the Corporate Policy and Strategy Committee

The Corporate Policy and Strategy Committee had referred a report which summarised the results of the Colleague Opinion Survey 2018 and the next steps planned to the Governance, Risk and Best Value Committee for consideration.

Decision

1) To note the report.

2) To consider including in future surveys the views of staff on political decision making and engagement.

(References – Corporate Policy and Strategy Committee, 4 December 2018 (item 6); referral from the Corporate Policy and Strategy Committee, submitted.)

Outstanding Actions

Item No 5.1

Governance, Risk and Best Value Committee

19 February 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	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 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
	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			

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No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							information and efficiency of travel. 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 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

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							effectively with the replacement for Swift.
2	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 Director for Communities and Families will provide an update once the Chief Internal Auditor's investigation is concluded. The final audit report would be referred from the Corporate Policy and Strategy

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Committee to GRBV.
3	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	March 2019		15 January 2019 A report is to be submitted to the Corporate Policy and Strategy Committee in February 2019 and thereafter referred to this Committee
4	26/09/2017	Principles to Govern the Working Relationships between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee	To accept the high-level principles subject to further information on how elected members could best engage with the process.	Chief Internal Auditor	September 2019		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
5	20/03/18	Internal Audit Quarterly Update Report Quarter 3 – (1 October – 31 December 2017)	1) To circulate performance information in regard to third party suppliers for Adult Drug and Alcohol services to members for information.	Chief Officer, Edinburgh Health and Social Care Partnership		1 February 2019	**Recommended for closure** Briefing note was circulated to members on 1 February 2019
			2) To ask that Internal Audit provide a future update on GDPR readiness.	Chief Internal Auditor	28 August 2018		**CLOSED**
			3) To ask for a report on the Edinburgh Alcohol and Drug Partnership governance and reporting arrangements and that that report be referred on to the Edinburgh Alcohol and Drug Partnership.	Chief Social Work Officer/Head of Safer and Stronger communities	May 2018	8 May 2018	**CLOSED**

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
6	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 Edinburgh Health & Social Care Partnership – 19 March 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
7	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 was considered in January 2019. The revised process and constitution will be submitted to Council in March 2019.
8	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.
9	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	December 2019		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
10	25/09/18	City of Edinburgh Council – 2017/18 Annual Audit Report to the Council and the Controller of Audit	1) To agree that Place Directorate would provide a briefing note to members on the housing issues in the report.	Executive Director of Place	October 2018		1. **CLOSED –** briefing circulated to GRBV members on 12 October 2018.
			2) To agree that a report be brought back to committee to provide a progress update on the Roads Improvement Programme.	Executive Director of Place	January 2019		2. **CLOSED** – Roads Improvement Plan progress update on the agenda for January 2019.
			3) To agree that the Governance, Risk and Best Value Committee Work Programme would be updated to include two overview reports; one on Housing and one on Health and Social Care, covering outstanding audit issues and the direction of travel. The	Chief Executive and Executive Director of Place	March 2019		Overview reports on Health and Social Care and Housing report will be submitted in March 2019.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			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.				
11	30/10/18	Delivery of the New Boroughmuir High School – Post-Project Review (B agenda report)	That the Convener and Vice-Convener would discuss with officers what information on project implementation could be made public.	Convener/Vice-Convener	March 2019		
12	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 being actioned.	Convener	Not specified		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
13	15/01/19	Accounts Commission: Local Government in Scotland – Financial Overview 2017/18	To ask for a report to be submitted to the next meeting of the Finance and Resources Committee on how the funding allocations were calculated and the work being carried out by the Scottish Government and COSLA on the funding formula, and that this report be referred to this Committee thereafter.	Executive Director of Resources	March 2019		
14	15/01/19	Capital Monitoring 2018/19 – Half Year Position – referral from the Finance and Resources Committee	To agree that the briefing note which had been circulated to members of the Finance and Resources Committee on Active Travel projects be circulated to members of this Committee.	Executive Director of Resources	March 2019		The briefing has not yet been issued to members of the Finance and Resources Committee

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
15	15/01/19	Internal Audit: Overdue Findings and Late Management Responses as at 23 November 2018	1) To agree that a report be provided which detailed how the Corporate Management Team would take forward historic items.	Executive Director of Resources	May 2019		
			2) To agree that the film on internal audit, which had been presented to the Committee, be circulated to all members of the Council	Executive Director of Resources		15 January 2019	**Recommended for closure** The video and training slides were circulated to all Councillors on 15 January 2019
			3) To agree that an update be provided to members on the current position with Action 9 – Drivers Pre-employment and ongoing checks – Council Drivers.	Executive Director of Resources		15 January 2019	**Recommended for closure** Update was provided to members on 15 January 2019

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
16	15/01/19	Roads Services Improvement Plan	To agree that an update be submitted in October 2019 following the meeting of the Transport and Environment Committee.	Executive Director of Place	October 2019		
17	15/01/19	Garden Waste Bin Collection Project: What Worked Well and Lessons Learned – referral from the Transport and Environment Committee	To ask that a briefing note be circulated providing details of vehicles, overtime and staffing.	Executive Director of Place	February 2019		

Work Programme

Item No 6.1

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	7 May 2019 August 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	7 May 2019 August 2019

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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 2020
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 August 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 Council Policies	Democracy	Annual report	Scrutiny	Chief Executive	Council Wide	Annual	Spring 2019

19	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	March 2019 June 2019
20	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	March 2019 June 2019
21	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2019
22	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2019
23	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	March 2019
24	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2019
25	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	January 2020
26	Status of the ICT Programme	Review	Progress Reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	February 2019 June 2019
27	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	February 2019 (Chief Executive) March 2019 (EIJB) October 2019 (Resources)

								November 2019 (Place) January 2020 (Communities and Families)
Section C – Council Companies								
28	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	November 2019
29	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director for Communities and Families	Council Wide	Annual	January 2020
30	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	May 2019
31	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2019
32	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2019
33	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	June 2019
34	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2019
35	Marketing Edinburgh	Review	Progress Report	Scrutiny	Chief Executive	Council Wide	Annual	September 2019

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not 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
Internal Audit Charter	Scrutiny	Flexible
Internal Audit Overdue Findings - Refreshed Directorate Action Plans	Scrutiny	Flexible
Welfare Reform Annual Update	Scrutiny	Flexible
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 – Health and Social Care	Scrutiny	Flexible
Outstanding Audit Issues – Housing	Scrutiny	Flexible
Homecare and Re-ablement Service Contact Time	Scrutiny	Flexible
May 2019		
Internal Audit Quarterly Update	Scrutiny	Flexible
Internal Audit Overdue Findings and Late Management Responses	Scrutiny	Flexible
Change Portfolio	Scrutiny	Flexible
Review of CLT Risk Register	Scrutiny	Flexible
Whistleblowing Quarterly Report	Scrutiny	Flexible
Capital City Partnership – Annual Review	Scrutiny	Flexible
GRBV Work Programme 1 August 2017	Scrutiny	Flexible
Internal Audit Quarterly Report Update Quarter 3 (1 Oct-31 Dec) –Edinburgh Alcohol and Drug Partnership	Scrutiny	Flexible
Expansion of Early Learning	Scrutiny	Flexible

Governance, Risk and Best Value Committee

10.00am, Tuesday, 19 February 2019

Edinburgh Health and Social Care Partnership: Internal Audit Update Report

Item number	7.1
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

This report sets out affirmative actions that are underway to address internal audit assurance challenges and associated risks affecting health and social care services in Edinburgh.

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Report

Edinburgh Health and Social Care Partnership: Internal Audit Update Report

1. Recommendations

1.1 Committee is recommended to note:

1.1.1 recent internal audit (IA) related activities across the Edinburgh Health and Social Partnership;

1.1.2 governance arrangements for IJB internal audits; and

1.1.3 status update for all overdue IA items for Health and Social Care Partnership.

2. Background

2.1 On 15 January 2019, the Chief Internal Auditor presented a report which identified the City of Edinburgh Council's (the Council) overdue internal audit (IA) findings as of 23 November 2018. This report sited items for both the Partnership and the Edinburgh Integration Joint Board (IJB).

IJB Internal Audit Plan and Governance

2.2 The Council's Chief Internal Auditor provides IA support and independent third line assurance to the IJB under the terms of a secondment arrangement between the Council and the IJB. A separate IJB audit charter and annual plan have been established (and are approved annually by the IJB Audit and Risk Committee) to support delivery of the annual EIJB IA opinion.

2.3 Progress with implementation of agreed management actions to address control gaps raised in IJB IA findings is monitored by the Council's IA team, and reported to the IJB audit and risk committee at their quarterly meetings.

2.4 The annual plan comprises four IJB audits, based on the IJB risk register, that are designed to provide assurance on the most significant risks. Three audits are delivered by the Council's IA team, and one by the NHS Lothian. The outcomes of IJB audits performed by the Council are reported directly to the EIJB Audit and Risk Committee, and subsequently referred to the Council's Governance, Risk, and Best Value Committee (GRBV) on the recommendation of the Chief Internal Auditor. The remaining EIJB audit performed by NHS Lothian is currently subject to NHS Lothian governance (review and scrutiny by the NHS Lothian Audit and Risk

Committee) prior to referral to the IJB Audit and Risk Committee. Work is currently underway to better align these governance processes.

3. Main report

3.1 A total of 50 items were identified for both the Partnership and IJB in the Chief Internal Auditor's GRBV report. 13 of those items originate from IJB IA and will therefore be referred to the IJB's next Audit and Risk Committee for scrutiny.

3.2 A large majority of the Partnership's IA overdue findings are not within the Partnership's sole gift to remediate. It's interesting to note that 72% (or 36 items) of the Partnership's overdue items rely on Council or NHS Lothian's services to take appropriate actions to mitigate risks and close IA findings.

3.3 Whilst maintaining final ownership of the its IA findings, the Partnership is faced with the unique challenge to monitor progress against these actions and ensure that the right level of accountability is in place for business partners (e.g ICT, Business Support, HR, Finance, Change and Delivery, etc.) responsible for the delivery of the Partnership's wider internal audit programme.

GRBV IA Workshop

3.4 In response to the outstanding items, the Chief Officer conducted an IA workshop with her Executive Team for GRBV members on 25 January 2019. The Chief Officer provided an overview of the Partnership's IA monitoring programme, which included:

- Current Open IA items
- Ongoing monitoring of closed items
- Historic items
- Full summary of all overdue items and associated action plan

3.5 The workshop also included a deep-dive case study for one of the overdue items to further highlight the complexity of working with different business partners. The case study was useful in identifying reoccurring issues which have now led to the application of 'lessons learned' for all future IA risk findings response.

3.6 Risk comprehension, clear ownership, collaborative working and realistic timescales are part of the core values used by staff when agreeing new IA management actions. This change in culture, along with training and workshop/support sessions by the Council's IA Team, have been incremental in improving the quality in the Partnership's response. The hurdle however remains in revisiting long standing overdue items, rectifying and aligning them to this new way of working.

3.7 GRBV members found the workshop to be useful and although only Council IA items were fully discussed at the GRBV workshop, the Chief Officer has taken a note to also host a similar workshop for IJB Audit and Risk Committee members.

Assurance Oversight Group

3.8 The Chief Officer chaired an Assurance Oversight Group (AOG) on 22 January 2019. The AOG is composed of the Partnership's Executive Team, the Chief Internal Audit Officer and relevant Council Head of Service whose officers are accountable for the delivery of IA actions.

3.9 An ownership protocol was agreed by the AOG for all IJB and Partnership internal audits. The protocol enables the Partnership to retain overall ownership of risk findings, while holding to account contributing officers outside of the organisation through regular tracking and assurance from their respective Head of Service until completion.

3.10 Where it was feasible to do, the AOG set realistic and achievable revised due dates for the majority of the overdue items (see Appendix 1). The remaining few are to be examined in further detail through a themed IA workshop. These workshops will be hosted by a member of the Executive Team to clarify the problem and explore potential solutions. IA officers will also be invited to attend to provide insight on the identified risk and evidence requirement.

Historic Internal Audits

3.11 Nine historic IA risks were re-opened for health and social care following the IA self-validation exercise in May 2018. This equated to 22 agreed management actions. To date:

- 13 agreed management actions have been closed
- 4 agreed management actions have been implemented. (relevant evidence is being validated by IA for closure)
- 4 are pending (not yet due)
- 1 is overdue (with a new revised date of April 2019)

3.12 The Council Leadership Team has asked for each directorate to prepare a paper addressing historic overdue IA findings. In its response, the Partnership will also consider ongoing IA items which were not re-opened but remain ongoing/overdue for a significant period.

3.13 This exercise will be an opportunity to revisit original risk findings and ensure that they are still current and valid.

IA Closures

3.14 Between October 2018 and January 2019, an additional 22 IA recommendations were successfully closed by IA team bringing total to 60 since May 2018.

3.15 Once closed, the Partnership continues to monitor their progress to ensure that risk mitigating controls remain sustained. The Partnership is repeating the self-validation attestation exercise of historic IA audits to ensure that all actions have indeed been properly closed and sustained.

Overdue Internal Audit Items

3.16 Appendix 1 provides a summary of all overdue Partnership overdue IA items (as of 23 November 2018) and includes a current January update and/or action plan for each item.

3.17 Please note that IJB IA items will be discussed at the next IJB Audit and Risk Committee.

4. Measures of success

4.1 Continued improvement on governance and assurance over all IA recommendations and relevant risk findings.

4.2 An increase in effective implementation and closure of IA findings within their agreed dates.

5. Financial impact

5.1 Although there are no direct financial implications arising from the consideration of this report, delivering the recommended audit actions will have a positive impact by strengthening financial control in audited Partnership service areas.

6. Risk, policy, compliance and governance impact

6.1 If IA findings and associated management actions are not implemented, the Partnership will be exposed to the risks set out in the relevant detailed IA reports. IA 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 Recommendations arising from IA reports for health and social care services in Edinburgh promote improvements which have an impact on protected characteristics groups.

8. Sustainability impact

8.1 Not applicable.

9. Consultation and engagement

9.1 Not applicable.

10. Background reading/external references

10.1 None.

Judith Proctor

Chief Officer
Edinburgh Health and Social Care Partnership

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11. Appendices

Appendix 1: Health and Social Care Partnership – Overdue IA Items – January Update

Appendix 1: Health and Social Care Partnership – Chief Officer Update

Overdue IA Items (Partnership Only) - January 2019

Summary Table

No	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	January Comments
1	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: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
2	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: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
3	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: 31/05/2019 Revised Date: 31/05/2019 No of Revisions 1	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning

Cathy Wilson – Operations Manager – cathy.wilson@edinburgh.gov.uk

4	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: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
5	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 2 - Escalation Process Pending	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.	Estimated Date: 31/01/2018 Revised Date: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
6	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation Judith Proctor, Chief Officer	Medium	Rec 3 - Document of Escalation Process Pending	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.	Estimated Date: 31/01/2018 Revised Date: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning

7	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 3 - Performance Expectations Pending	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.	Estimated Date: 31/01/2018 Revised Date: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
8	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation Judith Proctor, Chief Officer	Medium	Rec 4 - Key Supplier Contracts Pending	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.	Estimated Date: 31/01/2018 Revised Date: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
9	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 4 - Timeframes Pending	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.	Estimated Date: 31/01/2018 Revised Date: 31/05/2019 No of Revisions 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning

10	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 5 - Independent Validation Pending	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.	Estimated Date: 31/01/2018 Revised Date: 31/05/2019 No of Revisions 1	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
11	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation Judith Proctor, Chief Officer	Medium	Rec 5 - Records Management PolicyPending	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.	Estimated Date: 30/03/2018 Revised Date: 31/05/2019 No of Revisions: 2	A Contract Framework document was submitted by the Partnership in May 2018. It was subsequently validated by IA in October 2018. They returned the document with comments which needs to be reviewed by the EADP Officer and a Contract Officer. Improvement Plan in place with regular updates to Interim Head of Strategic Planning
12	HSC Care Homes - Corporate Report A1.2: Gylemuir Judith Proctor, Chief Officer	High	A1.2(1) Started	Action plan developed in discussion with Care Inspectorate. Gylemuir action group set up with monthly meetings to monitor outputs and outcomes	Estimated Date: 28/02/2018 Revised Date: N/A No of Revisions 0	Implemented. With IA for Validation.
13	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: N/A No of Revisions 1	Implemented. With IA for Validation.

14	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: 30 June 2019 No of Revisions 1	Business Support Manager at Gylemuir is currently developing a systems access matrix to support this recommendation. Anticipate to have this implemented in March/April.
15	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: 31/03/2019 No of Revisions 3	Delay caused in gaining Oracle access for NHS Staff.
16	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: 31/03/2019 No of Revisions: 3	Delay caused in gaining Oracle access for NHS Staff.
17	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: 30/04/2019 No of Revisions 2	Ownership has been recently transferred from Resources to the Partnership. It will be closed when self-assurance framework is launched in February.

18	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: 30/04/2019 No of Revisions 3	Ownership has been transferred from Resources to the Partnership. It will be closed when self-assurance framework is launched in February.
19	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: 30/04/2019 No of Revisions 3	Ownership has been recently transferred from Resources to the Partnership. It will be closed when self-assurance framework is launched in February.
20	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: 30/06/2019 No of Revisions 1	Ownership recently transferred from Resources to the Partnership. Evidence needed from Gylemuir to confirm that NHS Staff are being managed (re: Absence and Performance) as per NHS guidelines.
21	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: 31/03/2019 No of Revisions 2	The Council suspended its 'Managing Attendance Workshop' while it was reviewing its policy which caused delays in implementing this item. The Partnership currently has a project manager who has been actively working with Care home Managers for absence management through the workforce planning strategy stream. Aiming to have new CeCil Online Module completed by February 2019.

22	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 Domestics 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: 30/06/2019 No of Revisions 1	This will be picked up via the self-assurance framework that will be launched in February. Request for the revised date to be aligned with the self-assurance framework (June 2019)
23	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 Domestics 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: 30/06/2019 No of Revisions 1	Ownership recently transferred from Resources to the Partnership. Evidence needed from Gylemuir to confirm that NHS Staff are being managed (re: Absence and Performance) as per NHS guidelines.
24	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: N/A No of Revisions 1	Implemented. With IA for Validation.
25	Historic Unimplemented Findings CG1502 - issue 1 Health & Social Care Demographic Provision Judith Proctor, Chief Officer	Medium	Recommendation 1 Started	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).	Estimated Date: 31/08/2016 Revised Date: 30/04/2019 No of Revisions 1	IJB Financial Draft being prepared for February IJB.
26	Historic Unimplemented Findings HSC1502 - issue 1 lack of routine monitoring of users Judith Proctor, Chief Officer	Low	Recommendation 1c Started	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.	Estimated Date: 30/04/2016 Revised Date: 31/07/2019 No of Revisions 2	ICT Development Team have confirmed that the online module development work will begin on 21 January 2019. (confirmation received from HR) Once it will be rolled out, services will be expected to carry out implementation and provide compliance assurance.

27	Historic Unimplemented Findings HSC1503 - issue 3 Quality Assurance Judith Proctor, Chief Officer	High	Recommendation 3a Pending	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.	Estimated Date: 31/12/2016 Revised Date: 29/03/2019 No of Revisions 1	Following Assurance Oversight Group meeting, this item will be looked into at a planned IA Workshop. This will also be included a review report for CLT Action Plan with revised due date to follow.
28	Historic Unimplemented Findings HSC1503 - issue 6 Sign off process - Assessments and Budgets Judith Proctor, Chief Officer	Medium	Recommendation 6a Started	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.	Estimated Date: 31/12/2016 Revised Date: 31/10/2019 No of Revisions 0	The Partnership is currently reviewing this item. It will be included in a CLT report for outstanding historic items. Outcome of review to follow.

29	Historic Unimplemented Findings HSC1503 - issue 6 Sign off process - Assessments and Budgets Judith Proctor, Chief Officer	Medium	Recommendation 6b Started	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.	Estimated Date: 31/12/2016 Revised Date: 31/10/2019 No of Revisions 1	The Partnership is currently reviewing this item. It will be included in a CLT report for outstanding historic items. Outcome of review to follow.
30	Personalisation SDS - Option 3 Data Quality Judith Proctor, Chief Officer	Medium	Data Quality Started	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.	Estimated Date: 30/06/2016 Revised Date: N/A No of Revisions 5	Implemented. With IA for Validation.
31	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	Implemented. With IA for Validation.

32	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	Recommendation 2 Started	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.	Estimated Date: 30/04/2018 Revised Date: 28/06/2019 No of Revisions 1	Considerable work has been carried out by Business Support. Following Assurance Oversight Group meeting, this item will be looked into at a planned IA Workshop in order to clearly identify what remains to be accomplished to close off item. Action Plan with revised due date to follow.
33	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	Recommendation 3 Started	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.	Estimated Date: 30/04/2018 Revised Date: 30/03/2019 No of Revisions 1	Implemented. With IA for Validation
34	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: 30/03/2019 No of Revisions 1	Implemented. With IA for Validation
35	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: 30/03/2019 No of Revisions 1	Draft Report going to next Executive Team. Once approved and signed off, this will be submitted to IA for closure validation.
36	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: 31/10/2019 No of Revisions 1	Following Assurance Oversight Group meeting, this item will be looked into at a planned IA Workshop. Action Plan to follow.

37	Social Work: Pre-Employment Verification Recruitment of Existing Employees Judith Proctor, Chief Officer	Medium	Recruitment of Existing Employees Pending	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.	Estimated Date: 31/03/2017 Revised Date: 30/08/2019 No of Revisions 3	Paper identifying full scope of issue to be prepared for Executive Team with a request will be to transfer ownership of residual risk to HR.

Governance, Risk and Best Value Committee

10.00am, Tuesday, 19 February 2019

Audit Scotland Report : Health and Social Care Integration: update on progress

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive Summary

Audit Scotland published the report “Health and social care integration: update on progress” in November 2018. The audit report focuses on health and social care integration and provides an update on progress.

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Report

Audit Scotland Report : Health and Social Care Integration: update on progress

1. Recommendations

1.1 The Committee is asked to:

1.1.1 note the report published by Audit Scotland and;

1.1.2 note that the scrutiny of recommendations and actions detailed in the report fall within the remit of the Corporate Policy and Strategy Committee.

2. Background

2.1 This is the second of three national performance audits of health and social care integration following the introduction of The Public Bodies (Joint Working) (Scotland) Act, 2014 (the Act).

2.2 The objective of the audit was to examine the impact public bodies are having as they work together to integrate health and social care services in line with the Act.

3. Main report

3.1 The audit report provides a national overview of the current position and highlights areas where integration is working well.

3.2 The report outlines six areas central to the success of integration namely:-

1. Commitment to collaborative leadership and building relationships,
2. Effective strategic planning for improvement,
3. Integrated finances and financial planning,
4. Agreed governance and accountability arrangements,
5. Ability and willingness to share information,
6. Meaningful and sustained engagement.

3.3 The report provides recommendations against these six areas and outlines that these will require a range of partners for successful delivery. These partners include the Scottish Government, COSLA, NHS Boards, Local Authorities, and Integration Authorities.

4. Measures of success

4.1 The report recommendations and any necessary actions are within the remit of the Corporate Policy and Strategy committee who will provide ongoing oversight.

5. Financial impact

5.1 There are no immediate financial implications arising from this report, however there may be implications as possible actions are scoped.

6. Risk, policy, compliance and governance impact

6.1 The audit does not focus in detail on local processes or arrangements and it complements the programme of strategic inspections by the Care Inspectorate and Healthcare Improvement Scotland.

6.2 The key risks to fully achieving integration are that the recommendations noted in the report not achieved.

7. Equalities impact

7.1 The Council will continue to abide by its public sector equalities duties.

8. Sustainability impact

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

9. Consultation and engagement

9.1 The methodology adopted for the audit included:

9.1.1 interviews, meetings and focus groups with a range of stakeholders including third-sector and independent sector providers,

9.1.2 engagement which involved hearing about experiences of engaging with IAs and how services had changed through integration.

10. Background reading/external references

10.1 Health and Social Care Integration , Auditor General and Accounts Commission, December 2015

Andrew Kerr

Chief Executive

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11. Appendices

Appendix 1 - Audit Scotland Report - Health and Social Care Integration – Update on Progress

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Council Priorities	
Single Outcome Agreement	
Appendices	Appendix 1 – Health and Social Care Integration: update on progress

Health and social care series

Health and social care integration

Update on progress

ACCOUNTS COMMISSION

AUDITOR GENERAL

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.

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The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Environment Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

You can find out more about the work of the Auditor General on our website: www.audit-scotland.gov.uk/about-us/auditor-general

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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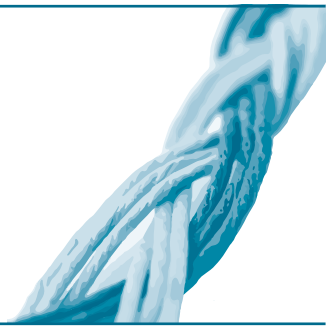

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Web link

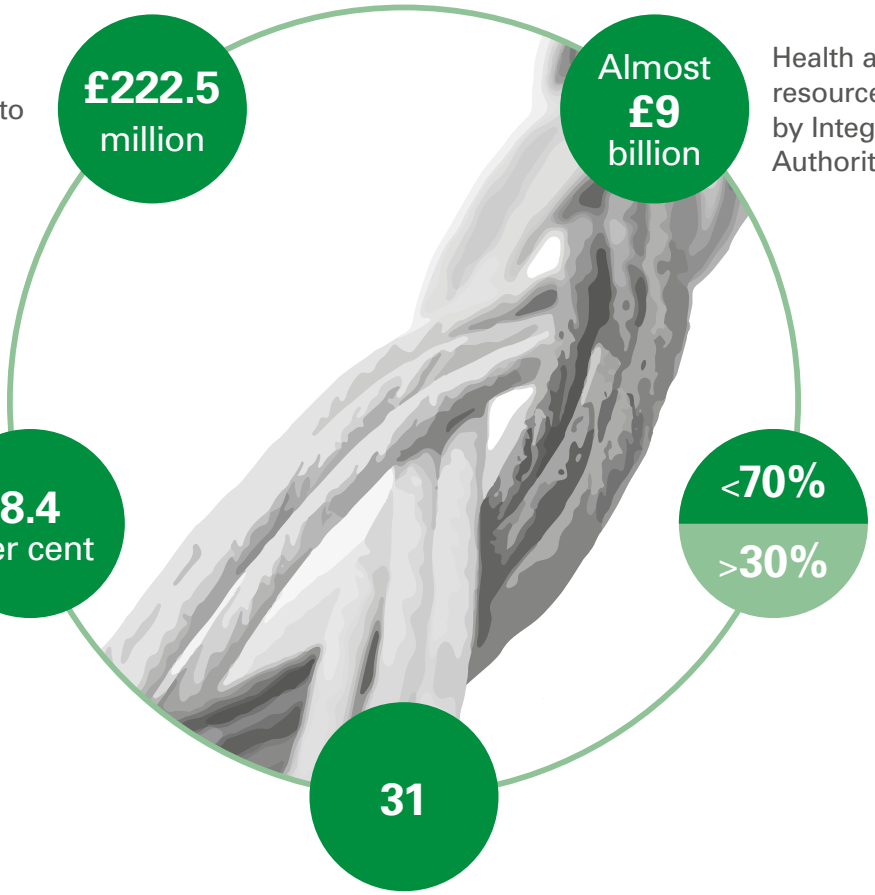
Exhibit data

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.

Audit team

The core audit team consisted of Leigh Johnston, Neil Cartlidge, Christopher Lewis and Lucy Jones, under the direction of Claire Sweeney.

Key facts



Savings Integration Authorities needed to achieve in 2017/18

£222.5 million

Almost **£9 billion**

Health and social care resources directed by Integration Authorities

Increase in required savings from 2016/17

8.4 per cent

<70%

Integration Authority funding comes from the NHS

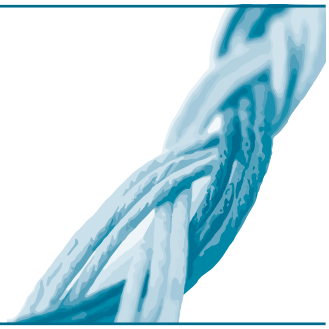
>30%

Funding comes from local authorities

31

Integration Authorities established through partnerships between the 14 NHS boards and 32 councils in Scotland

Summary



Key messages

1 Integration Authorities (IAs) have started to introduce more collaborative ways of delivering services and have made improvements in several areas, including reducing unplanned hospital activity and delays in discharging people from hospital. People at the end of their lives are also spending more time at home or in a homely setting, rather than in hospital. These improvements are welcome and show that integration can work within the current legislative framework, but IAs are operating in an extremely challenging environment and there is much more to be done.

2 Financial planning is not integrated, long term or focused on providing the best outcomes for people who need support. This is a fundamental issue which will limit the ability of IAs to improve the health and social care system. Financial pressures across health and care services make it difficult for IAs to achieve meaningful change. IAs were designed to control some services provided by acute hospitals and their related budgets. This key part of the legislation has not been enacted in most areas.

3 Strategic planning needs to improve and several significant barriers must be overcome to speed up change. These include: a lack of collaborative leadership and strategic capacity; a high turnover in IA leadership teams; disagreement over governance arrangements; and an inability or unwillingness to safely share data with staff and the public. Local areas that are effectively tackling these issues are making better progress.

4 Significant changes are required in the way that health and care services are delivered. Appropriate leadership capacity must be in place and all partners need to be signed up to, and engaged with, the reforms. Partners also need to improve how they share learning from successful integration approaches across Scotland. Change cannot happen without meaningful engagement with staff, communities and politicians. At both a national and local level, all partners need to work together to be more honest and open about the changes that are needed to sustain health and care services in Scotland.

several significant barriers must be overcome to speed up change

Recommendations

It is not possible for one organisation to address all the issues raised in this report. If integration is to make a meaningful difference to the people of Scotland, IAs, councils, NHS boards, the Scottish Government and COSLA need to work together to address six areas outlined below.

Commitment to collaborative leadership and building relationships

The Scottish Government and COSLA should:

- ensure that there is appropriate leadership capacity in place to support integration
- increase opportunities for joint leadership development across the health and care system to help leaders to work more collaboratively.

Effective strategic planning for improvement

Integration Authorities, councils and NHS boards should work together to:

- ensure operational plans, including workforce, IT and organisational change plans across the system, are clearly aligned to the strategic priorities of the IA
- monitor and report on Best Value in line with the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.

The Scottish Government should:

- ensure that there is a consistent commitment to integration across government departments and in policy affecting health and social care integration.

Integrated finances and financial planning

The Scottish Government should:

- commit to continued additional pump-priming funds to facilitate local priorities and new ways of working which progress integration.

The Scottish Government and COSLA should:

- urgently resolve difficulties with the 'set-aside' aspect of the Act.

The Scottish Government, COSLA, councils, NHS boards and Integration Authorities should work together to:

- support integrated financial management by developing a longer-term and more integrated approach to financial planning at both a national and local level. All partners should have greater flexibility in planning and investing over the medium to longer term to achieve the aim of delivering more community-based care.

Integration Authorities, councils and NHS boards should work together to:

- view their finances as a collective resource for health and social care to provide the best possible outcomes for people who need support.

Agreed governance and accountability arrangements

The Scottish Government and COSLA should:

- support councillors and NHS board members who are also Integration Joint Board members to understand, manage and reduce potential conflicts with other roles.

The Scottish Government, COSLA, councils, NHS boards and Integration Authorities should work together to:

- agree local responsibility and accountability arrangements where there is disagreement over interpretation of the Public Bodies (Joint Working) (Scotland) Act 2014 and its underpinning principles. Scenarios or examples of how the Act should be implemented should be used which are specific to local concerns. There is sufficient scope within existing legislation to allow this to happen.

Ability and willingness to share information

The Scottish Government and COSLA should:

- monitor how effectively resources provided are being used and share data and performance information widely to promote new ways of working across Scotland.

The Scottish Government, COSLA, councils, NHS boards and Integration Authorities should work together to:

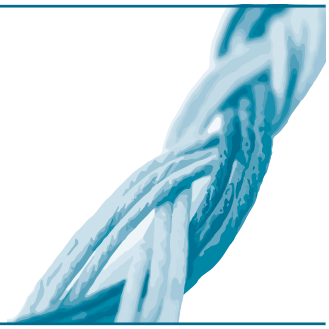
- share learning from successful integration approaches across Scotland
- address data and information sharing issues, recognising that in some cases national solutions may be needed
- review and improve the data and intelligence needed to inform integration and to demonstrate improved outcomes in the future. They should also ensure mechanisms are in place to collect and report on this data publicly.

Meaningful and sustained engagement

Integration Authorities, councils and NHS boards should work together to:

- continue to improve the way that local communities are involved in planning and implementing any changes to how health and care services are accessed and delivered.

Introduction



Policy background

1. The Public Bodies (Joint Working) (Scotland) Act, 2014 (the Act) is intended to ensure that health and social care services are well integrated, so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care. The reforms affect everyone who receives, delivers and plans health and care services in Scotland. The Act requires councils and NHS boards to work together to form new partnerships, known as Integration Authorities (IAs). There are 31 IAs, established through partnerships between the 14 NHS boards and 32 councils in Scotland.

2. As part of the Act, new bodies were created – Integration Joint Boards (IJBs) (Exhibit 1, page 9). The IJB is a separate legal entity, responsible for the strategic planning and commissioning of the wide range of health and social care services across a partnership area. Of the 31 IAs in Scotland, 30 are IJBs and one area, Highland, continues with a Lead Agency model which has operated for several years. In Highland, the NHS board and council each lead integrated services. Clackmannanshire and Stirling councils have created a single IA with NHS Forth Valley. You can find more information about integration arrangements in our short guide.

What is integration? A short guide to the integration of health and social care services in Scotland

3. Each IA differs in terms of the services they are responsible for and local needs and pressures. At a minimum, IAs need to include governance, planning and resourcing of social care, primary and community healthcare and unscheduled hospital care for adults. In some areas, partners have also integrated children's services and social work criminal justice services. Highland Lead Agency, Dumfries and Galloway IJB, and Argyll and Bute IJB have also integrated planned acute health services. IAs became operational at different times but were all established by April 2016. The policy context for IAs is continually changing, and many policies have an impact on IAs, such as the new GP contract and changes to payments for social care services.

the reforms affect everyone who receives, delivers and plans health and social care services in Scotland

About this audit

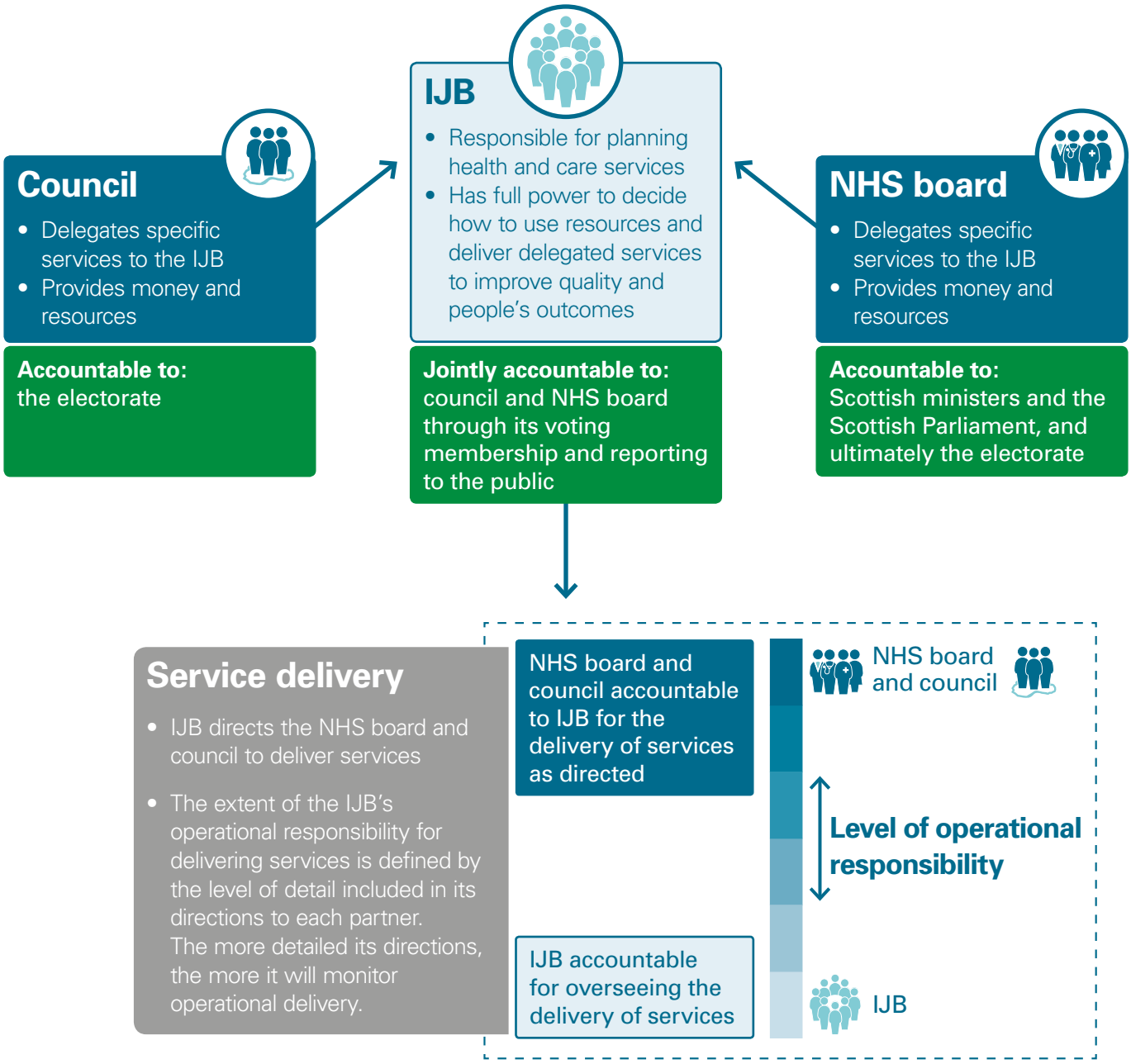
4. This is the second of three national performance audits of health and social care integration following the introduction of the Act. The aim of this audit is to examine the impact public bodies are having as they integrate health and social care services. The report sets out six areas which need to be addressed if integration is to make a meaningful difference to the people of Scotland. This audit does not focus in detail on local processes or arrangements and it complements the programme of strategic inspections by the Care Inspectorate and Healthcare Improvement Scotland.[1] Appendix 1 (page 41) has more details about our audit approach and Appendix 2 (page 42) lists the members of our advisory group who provided help and advice throughout the audit.

5. Appendix 3 (page 43) summarises progress against the recommendations in our first audit, which looked at transitional arrangements and highlighted several risks that needed to be addressed.[2] We will carry out a third audit in this series later in our work programme, which will report on the impact that integration has had and how health and social care resources are used.

Exhibit 1

Integration Joint Boards

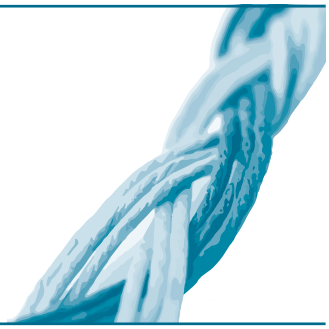
There are 30 Integration Joint Boards across Scotland.



Source: Audit Scotland

Part 1

The current position



Integration Authorities oversee almost £9 billion of health and social care resources

6. Our findings show that integration can work and that the Act can be used to advance change. Although some initiatives to integrate services pre-date the Act, there is evidence that integration is enabling joined up and collaborative working. This is leading to improvements in performance, such as a reduction in unplanned hospital activity and delays in hospital discharges. But there is much more to be done.

7. IAs are responsible for directing almost £9 billion of health and social care resources, money which was previously separately managed by NHS boards and councils (Exhibit 2, page 11). Over 70 per cent of this comes from the NHS, with the remainder coming from councils. As with councils and NHS boards, IAs are required to find efficiency savings from their annual budgets to maintain financial balance. Demands on services combined with financial pressures have led to many IJBs struggling to achieve this balance, with many needing additional financial contributions from partner organisations.

8. Each IA is underpinned by an integration scheme. This is the agreement between the council and the NHS board which shows how the IA will operate. For example, the scheme sets out arrangements for dealing with any budget overspends, which usually involves implementing a recovery plan. As local government bodies, IJBs can hold reserves if permitted by their integration schemes, although not all schemes allow this. Reserves are amounts of money that are built up from unspent budgets for use in future years. Generally, reserves are used for one of three purposes:

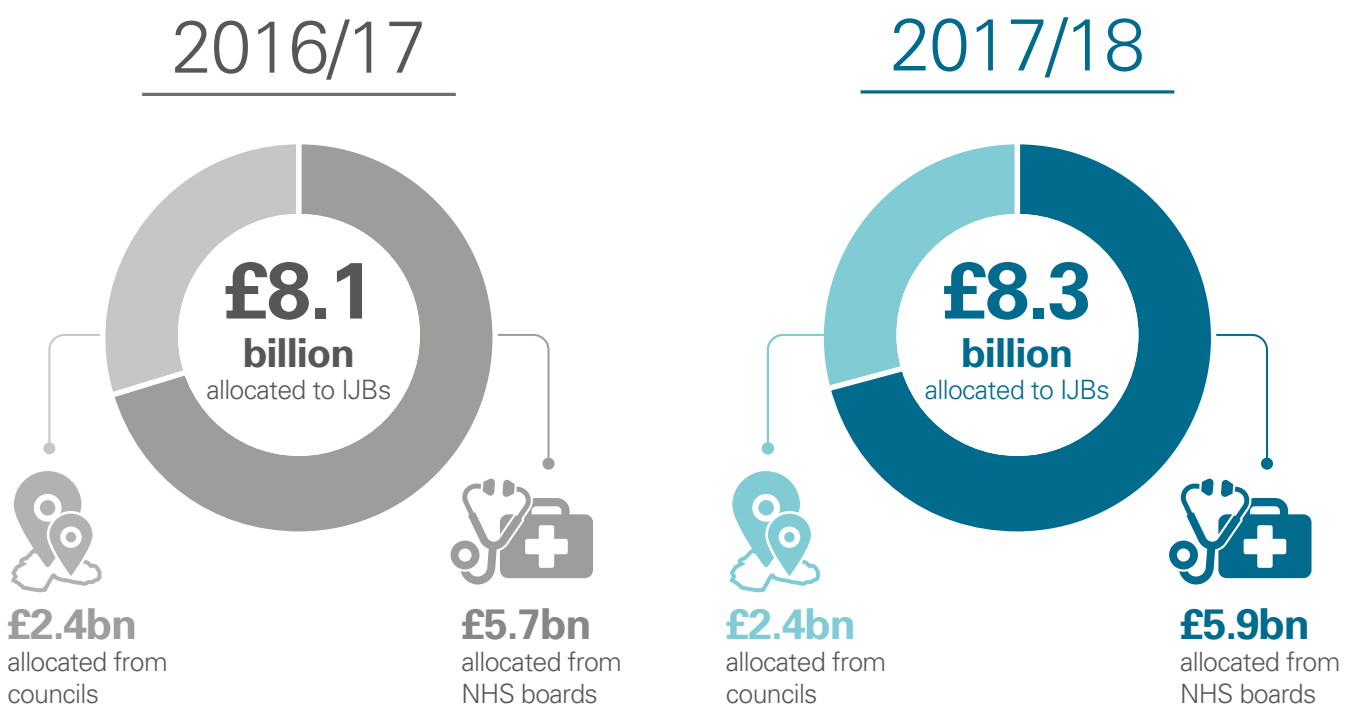
- as a working balance to help prevent the impact of uneven cash flows
- as a contingency to cushion the impact of unexpected events or emergencies
- held to fund known or predicted future requirements – often referred to as 'earmarked reserves'.[3]

there is evidence that integration is enabling joined up and collaborative working

Exhibit 2

Resources for integration

IAs are responsible for directing significant health and social care resources.



Lead Agency – the allocation for Highland Health and Social Care Services was:
£595 million in 2016/17 | £619 million in 2017/18

Note: Council allocations in 2016/17 and 2017/18 include criminal justice social work contribution.

Source: Audit Scotland, 2018

Financial pressures make it difficult for IAs to make sustainable changes to the way services are delivered

9. The Act was intended to help shift resources away from the acute hospital system towards preventative and community-based services. However, there is still a lack of agreement about whether this is achievable in practice – or whether rising demand for hospital care means that more resource is needed across the system. We have seen some examples of small-scale changes in the balance of care, which are explored further in Part 2 (page 23). These examples show that change can be achieved, but IAs now need to take the next steps to achieve wider-scale impact on outcomes over the coming years.

10. IAs needed to achieve savings of £222.5 million in 2017/18. This is an increase of 8.4 per cent on the previous year and is 2.5 per cent of the total allocation to IAs from NHS boards and councils. The level of savings, as a percentage of IA income, varied from 0.5 per cent in Moray, Orkney, Renfrewshire and South Lanarkshire, to 5.3 per cent in Shetland and 6.4 per cent in Highland Lead Agency. In several instances, budgets were agreed at the start of the financial year based on achieving savings which had yet to be identified.

Financial position

11. It is not easy to set out the overall financial position of IAs. This is due to several factors, including the use of additional money from partner organisations, planned and unplanned use of reserves, late allocations of money and delays in planned expenditure. This makes it difficult for the public and those working in the system to understand the underlying financial position.

12. In 2017/18, IJBs reported an overall underspend of £39.3 million. This represented 0.4 per cent of their total income allocation for the year.[4] However, this masks a much more complex picture of IJB finances. Appendix 4 (page 47) sets out more details about the financial position of IJBs in 2017/18. Many IAs have struggled to achieve financial balance at the year-end. The reasons for this vary but include rising demand for services, financial pressures and the quality of financial planning. In 2017/18, this resulted in several IJBs needing additional, unplanned allocations from their partners and adding to, or drawing on, reserves as follows:

- 17 needed additional money from NHS boards amounting to £33.3 million
- 11 needed additional money from councils amounting to £19.1 million
- eight drew on reserves amounting to £9.1 million
- 14 put money into reserves, amounting to £41.9 million.

13. Twenty-two IJBs are required by their integration schemes to produce a recovery plan if they forecast an overspend on their annual budget. Several IAs have had to produce recovery plans and are finding it harder to achieve the actions contained within them:

- In 2016/17, 11 IJBs needed to draw up a recovery plan. Of these, four IJBs achieved the actions set out in their recovery plans, but the remaining seven needed additional allocations from either their council or NHS board.
- In 2017/18, 12 IJBs needed to produce a recovery plan but only two achieved their recovery plans in full. In some cases, where additional allocations are required, the integration scheme allowed the NHS board or council to reduce the following year's allocation to the IJB by the same amount. In these circumstances there is a risk that IJBs will not have sufficient resources to deliver the services needed in future years.

14. An IA's integration scheme states how the IA will manage any year-end overspend and the responsibilities of the NHS board and council. For example, Fife IJB's integration scheme states that any overspend will be funded by partner bodies based on the proportion of their current year contributions to the IJB. In 2017/18, this meant that NHS Fife and Fife Council agreed to make additional contributions of 72 per cent and 28 per cent respectively.

15. The Highland Lead Agency model is also facing financial pressures. In 2017/18, NHS Highland overspent on adult social care services by £6 million. This was largely due to pressures on Highland Lead Agency adult social care services. This contributed to NHS Highland needing a loan of £15 million from the Scottish Government in 2017/18. Due to the way the Lead Agency model was established and the underlying agency agreement, the risks all rest with NHS Highland. Any increases in costs must be met by the NHS board.

16. Fourteen IJBs reported underspends in 2017/18 and these have arisen for a variety of reasons, for example: achieving savings earlier than expected; contingencies not being required; slippages in spending plans and projects; and staff vacancies.

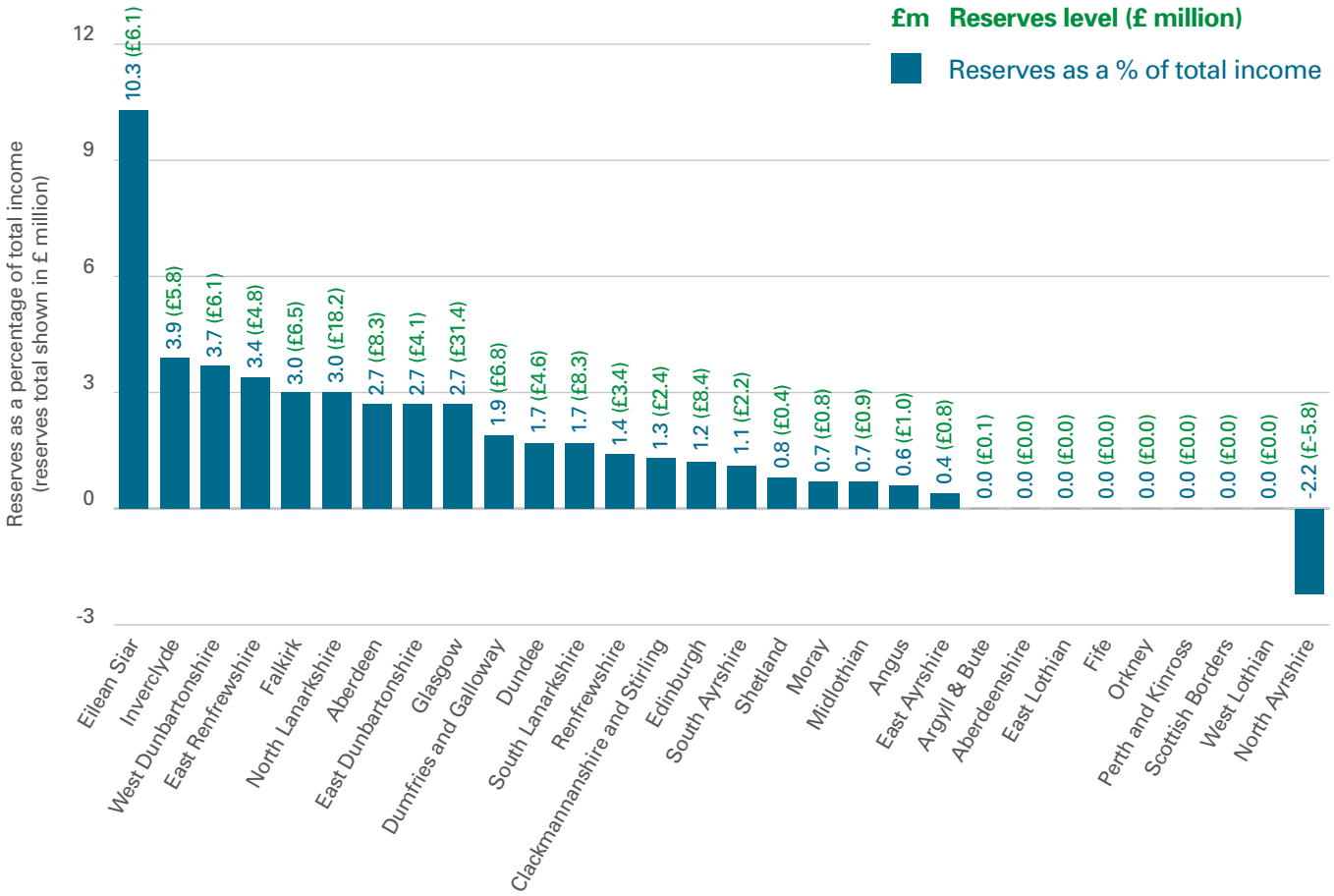
Reserves

17. The level of reserves held varies across IJBs, and not all integration schemes allow IJBs to hold reserves (Exhibit 3). In 2017/18, IJBs had built up reserves of £125.5 million, 1.5 per cent of their total income. This is not always a planned approach, and in some areas, reserves have arisen for several reasons including: the IJB receiving a late allocation of money; unspent strategic funding; staff vacancies; or year-end timing differences where money is received and allocated but unspent. Eilean Siar held the highest level of reserves as a percentage of its income at 10.3 per cent. The pressures on IJB budgets and the savings they need to achieve are significant, therefore the level of reserves in 2017/18 is not forecast to continue in future.

Exhibit 3

Reserves held by IJBs in 2017/18

There are significant differences in the levels of reserves held by IJBs.



Source: Integration Authority annual accounts, 2017/18

Hospital services have not been delegated to IAs in most areas

18. A key part of the reforms is that IJBs would direct some services provided directly within acute hospitals, to move care closer to people's homes and provide more joined-up care. Integration schemes, as approved by ministers, state that hospital services will be delegated to the IJB, as required under the Act. However, in practice, in most areas, the services have not been delegated. This has been a major source of debate and disagreement at a national and local level and is a fundamental issue which will hinder IJBs' ability to change the system.

19. The money for functions that are provided by large hospitals but are delegated to IJBs, such as unplanned care, is referred to as a 'set-aside' budget. Instead of paying this money to the IJBs along with payment for other delegated services, it is identified as a budget which should be directed by the IJB. The complexities around accurately preparing set-aside budgets has presented challenges to fulfilling this element of the Act. To date, the set-aside aspect of the Act is not being implemented. In line with Scottish Government guidance, NHS boards continue to manage the set-aside as part of their own resources.

20. In 2017/18, £809.3 million was included within IJBs' budgets for set-aside (where they were able to include a set-aside figure). This is 9.0 per cent of IJBs' income and is therefore a significant element of the health and social care budget that is not being directed by the IJBs. If IJBs are to use resources more strategically to prioritise prevention and care in a community setting, this issue needs to be resolved.

21. There are several reasons why all partners have struggled with this aspect of the Act, including fundamental issues in the data available to analyse set-aside-related activities. However, these technical issues do not appear to be the main issue. The main problem is a lack of common understanding and agreement on how to identify the set-aside budget and shared agreement on how to implement this aspect of the legislation.

Monitoring and public reporting on the impact of integration needs to improve

22. The context for integration is challenging, with many public bodies trying to work in partnership to achieve major changes while at the same time managing rising demand for services, financial pressures and continuing to deliver services and treat people. As we reported in *NHS in Scotland 2018*, the number of patients on waiting lists for treatment continues to rise while performance against targets is declining and an increasing number of NHS boards are struggling to deliver with the resources they have.[5] We have also reported that local government operates in an increasingly complex and changing environment with increasing levels of uncertainty.[6]

23. A significant number of measures are being used to monitor national and local progress which means IAs are reporting against a range of different measures to demonstrate progress (Exhibit 4, page 16). For the public to understand how the changes are working at a Scotland-wide level, these indicators need to be presented in a clear and transparent way.

24. It is important that the Scottish Government can demonstrate that resources provided have led to improvements in outcomes, in line with its national health and wellbeing outcomes. These outcomes are the Scottish Government's high-level statements of what health and social care partners are attempting to achieve through integration. These national outcomes are not being routinely reported at a national level, although IAs refer to them as part of their annual performance reports.

25. The Scottish Government introduced the National Performance Framework (NPF) in 2007 and launched a new framework in 2018. The NPF is made up of 11 national outcomes, each with indicators and aligned to the United Nations' sustainable development goals. There is a clear alignment between the aims of integration and several of the outcomes and indicators.[7]

26. The Ministerial Strategic Group for Health and Community Care brings together representatives from the Scottish Government, NHS, local government and IAs to monitor a set of six national indicators. These are used as indicators of the impact of IAs (Exhibit 5, page 18). These measures focus on the aim of integration helping to care for more people in the community or their own homes and reducing unnecessary stays in hospital. While these measures focus on health, performance can only improve with input from health and social care services. One of the six national indicators is supported by two measures: A&E attendances and achievement of the four-hour A&E waiting time target (3a and 3b at Exhibit 5, page 18).

27. Four of the indicators show improved performance, but there is significant local variation in performance between IAs. The performance measures do not themselves provide a direct indication of whether people's outcomes have improved, although they do represent key aspects of care which should ultimately improve people's lives.

Exhibit 4

Health and wellbeing outcomes and indicators

A significant number of measures are being used to monitor local and national progress.

National Performance Framework

Purpose

To focus on creating a more successful country, with opportunities for all of Scotland to flourish, through sustainable and inclusive economic growth

Values

We are a society which treats all our people with kindness, dignity and compassion, respects the rule of law, and acts in an open and transparent way

11 outcomes and 81 national indicators, for example:

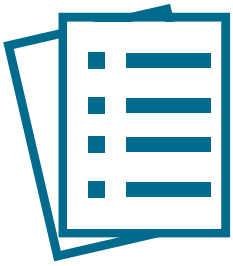
- **Outcome:** We are healthy and active
- **Indicators:** Healthy life expectancy, mental wellbeing, healthy weight, health risk behaviours, physical activity, journeys by active travel, quality of care experience, work-related ill health, premature mortality
- **Sustainable development goals:** gender equality, reduced inequalities, responsible consumption and production, good health and wellbeing

9 national health and wellbeing outcomes

- People are able to look after and improve their own health and wellbeing and live in good health for longer
- People, including those with disabilities or long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community
- People who use health and social care services have positive experiences of those services, and have their dignity respected
- Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services
- Health and social care services contribute to reducing health inequalities
- People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and wellbeing
- People using health and social care services are safe from harm
- People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide
- Resources are used effectively and efficiently in the provision of health and social care services

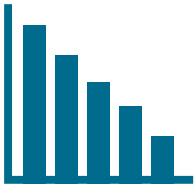
Cont.

Exhibit 4 (continued)



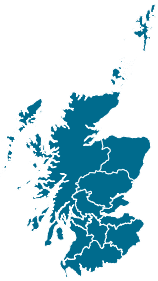
12 principles within the Act

- Be integrated from the point of view of the people who use services
- Take account of the particular needs of service users in different parts of the area in which the service is being provided
- Respect rights of service users
- Protect and improve the safety of service users
- Improve the quality of the service
- Best anticipate needs and prevent them arising
- Take account of the particular needs of different service users
- Take account of the particular characteristics and circumstances of different service users
- Take account of the dignity of service users
- Take account of the participation by service users in the community in which service users live
- Is planned and led locally in a way which is engaged with the community
- Make best use of the available facilities, people and other resources



6 national indicators

- Acute unplanned bed days
- Emergency admissions
- A&E performance (including four-hour A&E waiting time and A&E attendances)
- Delayed discharge bed days
- End of life spent at home or in the community
- Proportion of over-75s who are living in a community setting



Various local priorities, performance indicators and outcomes

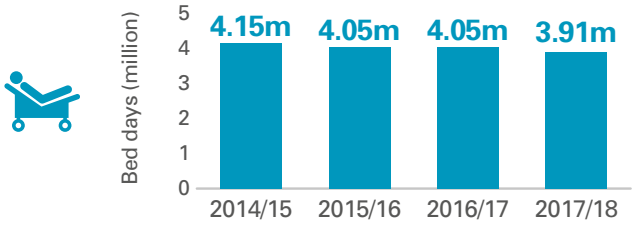
Source: Audit Scotland

Exhibit 5

National performance against six priority areas

National performance shows signs of improvement in some of the six key national indicators.

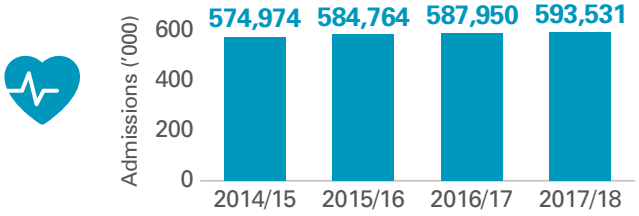
1. Acute unplanned bed days



Integration aims to reduce unplanned hospital activity

The number of acute unplanned bed days has reduced since 2014/15

2. Emergency admissions

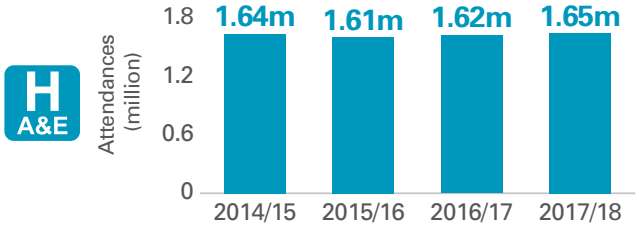


Integration aims to ensure that people's health and care needs are anticipated and planned appropriately, reducing unplanned hospital activity

The number of emergency admissions has risen each year since 2014/15

In 2017/18, local performance varied from 0.08 emergency admissions per head of population in NHS Orkney to 0.15 in NHS Ayrshire and Arran

3a. A&E attendances

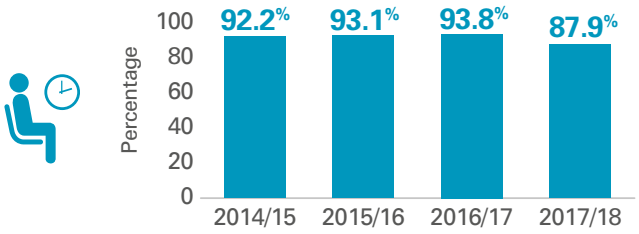


A&E attendances can be an indication of the degree to which community services are helping people receive care in the right place at the right time.

The number of A&E attendances has marginally increased since 2014/15

In 2017/18, local performance varied from 0.2 A&E attendances per head of population in NHS Grampian to 0.4 in NHS Greater Glasgow and Clyde

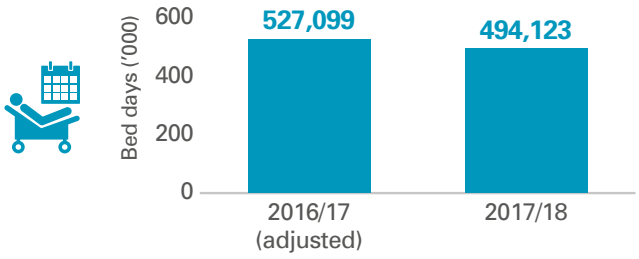
3b. Achievement of the four-hour A&E waiting time target



The achievement of the four-hour waiting time target has declined since 2014/15

Local performance varied in 2017/18 from 98.0% NHS Tayside to 75.4% NHS Lothian

4. Delayed discharge bed days (for population aged 18+)



Reducing delays in discharging people from hospital has been a long-standing aim for health and care services. With rising demand, some areas have struggled with this. Due to changes in data collection, comparable data is only available for two years.

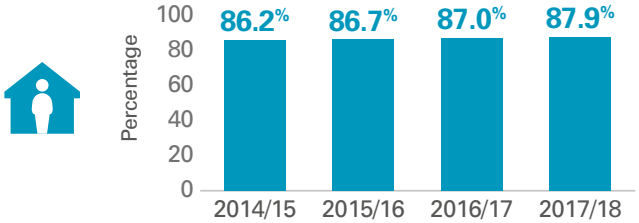
Delayed discharge rates have fallen since 2016/17

In 2017/18, local performance varied from 2.5% in Inverclyde to 26.5% in Eilean Siar delayed discharge bed days as a percentage of their population (18+)

Cont.

Exhibit 5 (continued)

5. End of life spent at home or in the community

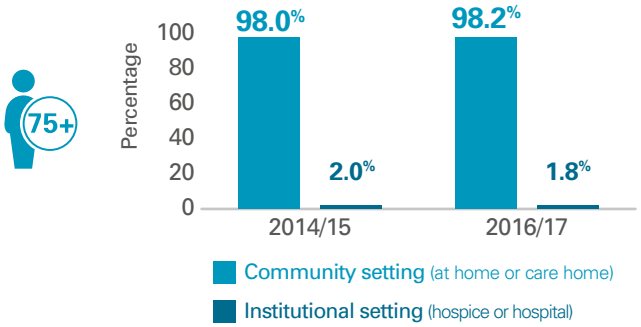


Integration aims to support people with health and care needs in their own home or in a community setting, especially at the end of life.

A gradual increase in the percentage of people's time spent at home or in a homely setting at the end of their life

In 2017/18, local performance varied from 95.1% of people's time spent at home or in a homely setting at the end of their life in Shetland to 85.2% in East Renfrewshire

6. Percentage of 75+ population in a community or institutional setting



Integration aims to shift the balance of care from an institutional setting to a community setting.

There has been a slight increase in the percentage of individuals aged over 75 who are living in a community setting. This is in line with the intentions of the Act.

Notes:

Indicator 1
1. These statistics are derived from data collected on discharges from non-obstetric and non-psychiatric hospitals in Scotland. Only patients treated as inpatients or day cases are included. The specialty of geriatric long stay is excluded.
2. Bed days for each year have been calculated based on the year in which the bed days were occupied. This differs from other analysis where length of stay or occupied bed days are reported by the year of discharge.
3. Unscheduled bed days relate to all occupied bed days within a continuous hospital stay following an emergency or urgent admission.
4. The Scotland total presented is the sum of all those resident in IA areas and excludes non-Scottish residents.
5. Approximately a quarter of IAs returned figures for people aged over 18 only. Where this is the case, bed days from 2016/17 for people aged under 18 in those partnerships have been applied to 2017/18 figures.
6. Based on data submitted to ISD in August 2018.

Indicator 2
1. ISD published data as at September 2018.

Indicator 3a
1. ISD published data as at August 2018.

Indicator 3b
1. ISD published data as at June 2018.
2. Performance for the month ending March for each year.

Indicator 4
1. ISD published data as at September 2018.
2. 2016/17 figures adjusted to reflect revised definitions across the whole year.

Indicator 5
1. ISD published data as at October 2018.

Indicator 6
1. Percentage of 75+ population in a community or institutional setting:
   - Community includes the following:
     - Home (unsupported) – refers to the percentage of the population not thought to be in any other setting, or receiving any homecare, on average throughout the year.
     - Home (supported) – refers to the percentage of the population estimated as receiving any level of homecare. Estimated from social care census carried out at the end of the reporting year (eg, Census carried out in March 2014 used to estimate home (supported) population during 2013/14).
     - Resident in a care home – based on care home census at the end of the reporting year (eg, Census at 31 March 2014 used to estimate 2013/14 care home population). The care home data is based on long-stay residents only. The proportion of incomplete long-stay residents aged 75+ cannot be calculated. Therefore, a scaling factor, based on the 65+ proportions, has been employed for the 75+ data. This assumes that there is the same degree of incompleteness in the census data returned for adults in each of the age bands.
   - Institutional includes the following:
     - Average population in hospital/hospice/palliative care unit throughout the year.
     - Hospital includes both community and large/acute hospitals.
     - Hospice activity is based on SMR records and will be incomplete as not all hospices submit this information.
2. Figures provided by ISD.

General
1. Population figures used taken from the National Records of Scotland mid-2017 estimates published in 2018.
2. Figures relate to all ages unless otherwise stated.

Source: Information Services Division (ISD) and Scottish Government

Integration Authorities' performance reports show local improvement

28. IAs are required to publish annual performance reports which contain information on local priorities and a range of local initiatives (Exhibit 6). These reports are an important way for IAs to inform the public about how well they have been performing against their stated priorities. The improvements that are set out in the performance reports are welcome and current pressures across the system have made them difficult to achieve. However, core indicators of performance are not improving in all areas of Scotland and nationally it is clear that there is much more to be done.

Exhibit 6

Examples of impact from integration

IAs have set out a number of local improvements in their performance reports.

Prevention and early intervention

Dumfries and Galloway

The D&G Handyvan provides information, advice and practical assistance with adaptations to people's homes. This is available to disabled people of any age and older people aged 60 and over. People are also supported to access financial assistance for major adaptations. This service helps people to feel more confident about continuing to live independently in their own home and to feel safe and secure in their home. People are less likely to have a fall, have improved health and wellbeing, and have a better quality of life. Often adaptations support people to be better connected with their friends and family and their wider community. 1,626 referrals were received during 2017/18. These resulted in 2,149 tasks being carried out by the service. 808 people were referred to prevent a fall, 577 people for home security, 16 people for minor adaptations and 225 people for small repairs.

Dundee

Social prescribing 'Sources of Support' (SOS) is one means of supporting people to better manage their health conditions. Link workers, working within designated GP practices, take referrals for people with poor mental health and wellbeing affected by their social circumstances and support them to access a wide range of non-medical services and activities that can help. In 2017/18, 256 patients were referred to three link workers and 220 people were supported. An external evaluation demonstrated that the service had a positive impact on both clients and on GPs themselves. 65 per cent of patient goals were met and 84 per cent had some positive outcome, including decreased social isolation, improved or new housing, financial and benefits issues being addressed, and increased confidence, awareness and self-esteem.

Outcomes from a GP perspective include reduced patient contact with medical services, providing more options for patients, raising awareness of non-clinical services, and increased GP productivity. 2017/18 saw a major scale-up of the SOS scheme through the Scottish Government Community Link Worker programme, extending the service from four GP practices to 16.

Delays in people leaving hospital

East Ayrshire

The Red Cross Home from Hospital Service supported about 1,700 people in 2017/18. The service is delivered across Ayrshire and Arran from University Hospitals Crosshouse and Ayr and supports people to be discharged as early as possible, reducing their length of stay and re-settling them in their home. Once home, the service helps to prevent falls and reduce social isolation, supporting people to regain their confidence, skills for living independently and organises telecare to support families to continue to care. A total of 1,730 bed days have been saved, equivalent to £302,750. 73 admissions to hospital have been avoided, and 625 bed days saved, equivalent to £109,375.

Perth and Kinross

There have been increases in staffing within social care discharge teams, Perth Royal Infirmary liaison services, and care home nursing. This, alongside improved funding procedures for care home placements, has supported speedier discharge to a care home setting or repatriation to such. There has been a reduction of 2,391 (12.5 per cent) delayed discharge bed days between 2016/17 and 2017/18 to 16,785.

Cont.

Exhibit 6 (continued)

Preventing admission to hospital

East Dunbartonshire

Rapid Response Service has established a different referral route for patients between A&E and the Community Rehabilitation Team to provide next-day response. During 2017/18, the service prevented approximately 33 per cent of people referred being admitted to hospital.

South Ayrshire

The Intermediate Care Team provide rapid multidisciplinary team support to people to support them to return home from acute hospital and to remain at home through GP referral. In particular, they have worked closely to establish pathways with the Combined Assessment Unit to prevent admission. The service provided by the Intermediate Care Team resulted in 674 hospital admissions being avoided and 301 early supported discharges during 2017/18. It is estimated locally that each avoided hospital admission saves five hospital bed days and each supported discharge saves three hospital bed days. Overall, it is estimated that the intervention provided by the Intermediate Care Team saved 3,370 bed days due to avoided admissions and 903 bed days due to early supported discharges.

Aberdeenshire

Set up in 2016, Aberdeenshire's Virtual Community Ward (VCW) aims to avoid unnecessary hospital admissions through bringing together multidisciplinary health and social care teams who provide care for patients who need regular or urgent attention. This GP-led approach involves the teams working closely together, generally meeting daily under a huddle structure. They identify and discuss vulnerable/at risk patients and clients, and coordinate, organise and deliver services required to support them. The VCW identifies individuals who need health and social care services at an earlier stage, which can improve patient outcomes and experience. Based on an evaluation carried out by the VCW team, 1,219 hospital admissions have been avoided because of the VCWs .

Referral/ care pathways

Aberdeenshire

During 2017/18 a test of change was carried out in one GP practice to trial people's first appointment with a physiotherapist rather than a GP. Ongoing evaluation suggests that this has been successful and has proved popular with patients who now have immediate access to a physiotherapist for assessment and advice. If follow up is required, this can be booked at the time. 221 people have been directed to the physiotherapist first; only 58 per cent required a face-to-face appointment and 26 per cent were discharged following telephone advice.

Renfrewshire

Over the past three years, the Primary Care Mental Health Team (Doing Well) has introduced a self-referral route to the service. This has led to a decrease in clients attending a GP to be referred to the mental health team. The number of self-referrals to the service has increased from 207 in 2013/14 to 1,237 in 2017/18. This self-referral route has successfully redirected work away from GP surgeries.

Midlothian

An advanced practitioner physiotherapist for Chronic Obstructive Pulmonary Disease (COPD) was appointed to support people attending hospital frequently because of their COPD to help them manage their symptoms at home and avoid admission to hospital. In the first year the service has worked with 65 patients and successfully avoided 30 hospital admissions. This delivered a potential reduction of 520 days spent in hospital by Midlothian residents and a much better patient experience. It was also a more cost-effective approach to delivering services for the partnership.

Cont.

Exhibit 6 (continued)

Reablement

Falkirk

A Reablement Project Team (RPT) was developed in Social Work Adult Services Assessment and Planning service in January 2017 to test out various reablement approaches and processes. The team consists of occupational therapists (with community care worker background) and social care officers. The reablement team support service users for up to six weeks. Individuals are reviewed on a weekly basis and care packages are adjusted as the person becomes more independent. Fewer people required intensive packages at the end of six weeks, which has freed up staff time and has reduced the use of external providers. Early indications suggest this work has led to a £200,000 reduction in purchasing care from external homecare providers.

Scottish Borders

The Transitional Care Facility based within Waverley Care Home is a 16-bed unit which allows older people to regain their confidence and independence so that they can return to their own homes following a stay in hospital. The facility is run by a multidisciplinary team of support workers, allied health professionals and social workers. 81 per cent of individuals discharged from Transitional Care return to their own homes and the hospital readmission rate for these individuals is six per cent.

Pharmacy

South Lanarkshire

The pharmacy plus homecare initiative has created an opportunity to amend consultant and GP prescribing practices. A reduction in prescribing can lead to less homecare visits. The IA estimates that savings could be in the region of £1,800 per patient (within the trial).

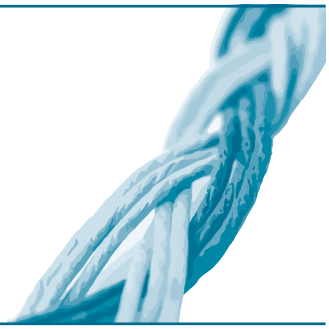
Angus

The Angus IA has improved how care homes manage medication. A new process developed by a Locality Care Home Improvement Group with GPs and pharmacy has led to zero medication waste in care homes.

Source: Audit Scotland review of Integration Authorities' Performance Reports, 2018

Part 2

Making integration a success

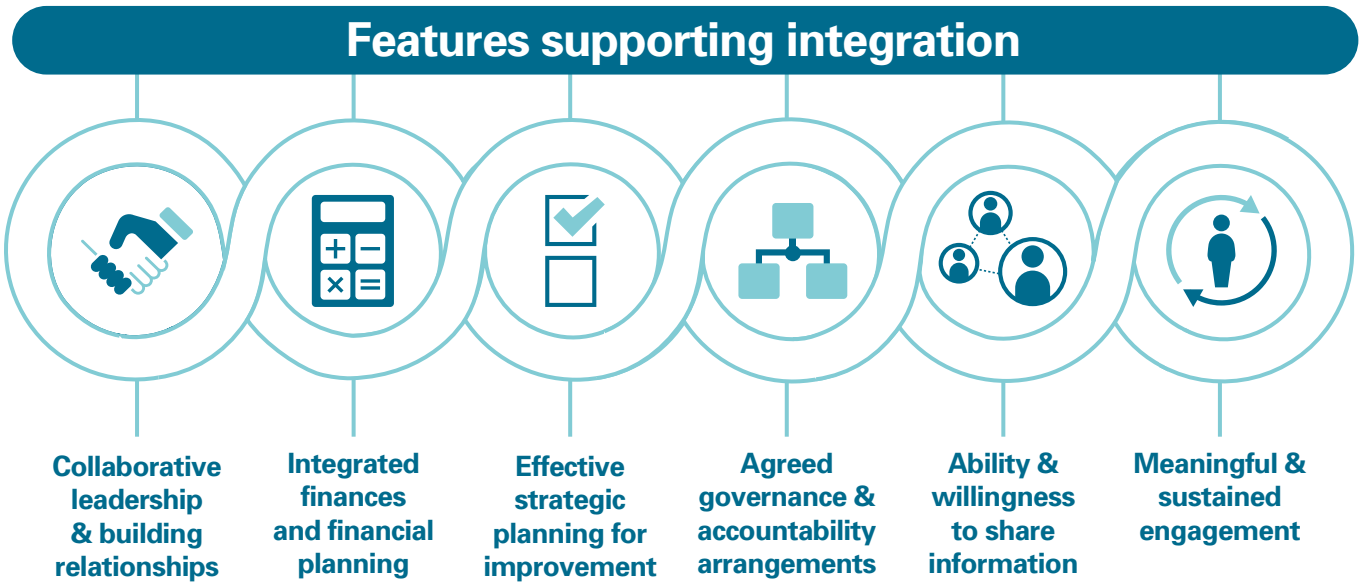


29. IAs are addressing some significant, long-standing, complex and inter-connected issues in health and social care. Our work has identified six key areas that, if addressed, should lead to broader improvements and help IAs to take positive steps toward making a systematic impact on health and care outcomes across their communities (Exhibit 7).

Exhibit 7

Features central to the success of integration

Six areas must be addressed if integration is to make a meaningful difference to the people of Scotland.



Source: Audit Scotland

A lack of collaborative leadership and cultural differences are affecting the pace of change

30. High-quality leadership is a critical part of the success of an organisation or programme of reform. Given the complexity of health and social care integration, it is important that leaders are highly competent, have capacity to deliver and are well supported. For transformation to succeed, the right leadership and strategic capacity need to be in place. Without this, the reforms will not succeed. We identified several risks in this area which need to be addressed:

- A significant number of IAs have had leadership changes with 57 per cent having had changes in their senior management team. As at October 2017, seven IJBs have a different Chief Officer (CO) in post than two years previously.

- There is significant variation in the role and remuneration of COs and Chief Financial Officers (CFO). Many have dual roles with positions held in partner organisations and there is a mix of full and part-time CFOs. This is a significant challenge, given the scale of the task facing IAs and the strategic role COs and CFOs have in directing change. In 2017/18, £3 million was spent on IJBs' CO remuneration and there are differences in salary levels, in part reflecting differences in roles and responsibilities.

- There is evidence of a lack of support services for IAs, in relation to HR, finances, legal advice, improvement, and strategic commissioning. This will limit the progress that they are able to make. It is important that the partner bodies support the IJB, including support services.

31. Top-down leadership which focuses on the goals of a single organisation does not work in the context of integration. NHS Education Scotland has described 'systems leaders' as having an ability to 'have a perspective from the wider system. They recognise that it is necessary to distribute leadership responsibilities to bring about change in a complex interdependent environment…They change the mind-set from competition to cooperation. They foster dialogue… which can result in new thinking… When leadership involves such a collective endeavour, the way people see their accountability matters.'[8] A lack of collaborative systems leadership and difficulties in overcoming cultural differences are proving to be significant barriers to change.

32. Leaders from all partners are operating in a complex and continually changing landscape and, without appropriate support in place, cannot fulfil their role effectively. Leaders need support if they are to deliver public services to improve wider outcomes and work collaboratively across organisational boundaries. This is hard to achieve, especially where there have been changes in key staff and local politicians, and in the context of the current financial and performance pressures. Accountability arrangements are important to encourage and incentivise the right kinds of leadership characteristics.

33. Cultural differences between partner organisations are proving to be a barrier to achieving collaborative working. Partner organisations work in very different ways and this can result in a lack of trust and lack of understanding of each other's working practices and business pressures. In better performing areas, partners can identify and manage differences and work constructively towards achieving the objectives of the IA. Overcoming cultural differences and improving understanding of each other's businesses will help partner organisations progress towards integration, particularly regarding integrated finances. Joint leadership development for people working in NHS boards, councils and IJBs can help with this. Exhibit 8 (page 25) provides an overview of the common leadership traits which are important in integrating health and social care services.

Exhibit 8

Traits of effective collaborative leaders

There are a number of leadership traits which are important in integrating health and social care services.

Influential leadership

- Clear and consistent message
- Presents a positive public image
- Ability to contribute towards local and national policy
- Shows an understanding of the value of services

Ability to empower others

- Encourages innovation from staff at all levels
- Non-hierarchical and open to working alongside others
- Respectful of other people's views and opinions
- Inspiring to others
- Creates trust
- Willing to work with others to overcome risks and challenges

Promotes awareness of IA's goals

- Confidence and belief in new technology to facilitate progress
- Facilitates planning of sustainable services
- Recruitment of staff to fit and contribute to a new culture
- Sets clear objectives and priorities for all
- Develops widespread belief in the aim of the integrated approach to health and social care

Engagement of service users

- People who use services feel able to contribute to change
- Ability to facilitate wide and meaningful engagement
- Open to and appreciative of ideas and innovation
- Ensures voices are heard at every level
- Transparent and inclusive

Continual development

- Encourage learning and development, including learning from mistakes
- Belief in training and understanding of who could benefit from it
- Encourage innovation, debate and discussion
- Driven to push for the highest quality possible

Source: Audit Scotland, 2018; from various publications by The Kings Fund; Our Voice; Scottish Government; Health and Sport Committee and the Scottish Social Services Council.

34. We have seen examples of good collaborative and whole-system leadership, including in Aberdeen City, where relationships have been built across the partnership. Although differences of opinion still exist and there is healthy debate, Aberdeen City is now better placed to implement widespread changes to improve outcomes. We saw:

- the promotion of a clear and consistent message across the partnership
- a willingness to work with others to overcome differences
- recruitment of staff to fit and contribute to a new culture
- development of openness and appreciation of ideas
- encouragement of innovation, learning and development, including learning from mistakes.

35. The Scottish Government and COSLA are co-chairing a group involving leaders from across councils and NHS boards. The aim of the group is to identify and overcome barriers to integration. The group has produced a joint statement on integration, confirming the shared responsibility of the Scottish Government, NHS Scotland and COSLA for ensuring the successful integration of Scotland's health and social care services. The statement acknowledges that the pace of integration needs to improve, and that the group needs to work together to achieve integration and to overcome challenges to better meet people's health and social care needs. The group is developing further support and training to support leadership for integration. The Scottish Government and COSLA are also co-chairing an Integration Review Reference Group. This group is reviewing progress on integration and will report its findings to the Ministerial Strategic Group for Health and Community Care. The group will conclude its work in January 2019. We will continue to monitor any actions resulting from the work of the group.

Integration Authorities have limited capacity to make change happen in some areas

36. IJBs are very small organisations, all of which have a CO and a CFO. Not all IJBs have the support they need, for example only half of IJBs have a full-time CFO and there have been difficulties in filling those posts in some areas. Each IJB has a chair and vice chair, but we have been told that many IJBs rely on its members working much more than contracted hours, and chairs and vice chairs have told us that they struggle to attend to IJB business during contracted time. Each IJB is made up of voting and non-voting members.

37. Typically, an IJB meets about six times a year. The IJB also has one or more Strategic Planning Group, which are consulted and give feedback on strategic plans and significant changes to integrated functions. For this structure to work, the IJB needs to draw on, and be supported by, skills and capacity from its partner NHS board and council. This can lead to a reliance on information and advice being provided by the statutory partner organisations which influences the decisions made by the IJB. In areas where information is being shared across the partnership, we can see that more progress is being made with integration. We saw this happening in Aberdeen City IJB, where senior officer and finance officer groups bring together staff from across partner organisations to share information and skills which are essential for joint decision-making. If this does not happen, the IJB has less capacity to make change and address challenges.

What is integration?
A short guide to the integration of health and social care services in Scotland

IJB membership
(page 10)

38. We saw several barriers affecting the way that IJBs are operating, and more action is needed to increase knowledge and understanding of those involved in the decision-making process:

- Topics for discussion at IJB and committee meetings are affected by problems with both the lack of time available and with people's knowledge.
- IJB papers are often lengthy and issued to members within timescales that do not allow for proper consideration.
- Papers are often technical and contain complicated financial information that lay representatives and representatives from voluntary sector bodies may struggle to understand.
- Officers are limited in the time available to provide IJBs with information. Many officers of the IJB fulfil their role alongside roles held within statutory partner bodies.
- High turnover of people in key positions in IJBs has affected the skills available and has led to a lack of continuity and extra time being spent in building trust and relationships.

Good strategic planning is key to integrating and improving health and social care services

39. In the past, health and social care services have not linked the resources they have to their strategic priorities or longer-term plans. IAs still have work to do to ensure that priorities are linked to available resources, and to demonstrate that new ways of working will be sustainable over the longer term. IAs can only achieve this change with the support and commitment of NHS boards and councils.

40. IJBs, with the support of council and NHS board partner bodies, should be clear about **how** and **when** they intend to achieve their priorities and outcomes, in line with their available resources; and ultimately how they intend to progress to sustainable, preventative and community-based services. This includes working with NHS boards and councils to: agree which services will be stopped or decommissioned to prioritise spend; plan effective exit strategies from current ways of delivering services; and being clear how they will measure improvements in outcomes. Exit strategies are an important element in the ability to move from one service provision to another.

41. Scenario planning will help IAs build a picture of what they will need in the future. This involves looking at current trends, such as the effects of an ageing population, current lifestyles and future advances in health and social care. IAs should then use this analysis to anticipate potential changes in future demand for services and any related shortfalls in available finances. Strategic planning groups of the IJB have a role to play in ensuring the needs of the community are central to service decisions (Case study 1, page 28).

Case study 1

Shetland Scenario Planning

As part of its Strategic Commissioning Plan, the Shetland IA identified a growing gap between service demand and resources. To support strategic planning, NHS Shetland hosted a session with health and social care staff, IJB representatives, NHS board representatives, councillors, community planning partners, third-sector organisations and representatives of people using services. It considered several high-level scenarios:

1. the lowest level of local healthcare provision that it could ever safely and realistically imagine being delivered on Shetland 5-10 years from now
2. a lower level of local healthcare provision in 5-10 years than it has now on Shetland – a 'step down' from where it is now in terms of local service delivery
3. a higher level of local healthcare provision in 5-10 years than it has now on Shetland – a 'step up' from where it is now in terms of local service delivery
4. a future that describes the highest level of local healthcare provision that it could ever realistically imagine being delivered on Shetland 5-10 years from now.

The group then concentrated on scenarios 2 and 3 and explored them in more detail.

This systematic approach towards strategic planning, involving a wide variety of stakeholders, allowed them to build consensus on the main priorities of the IJB. The key outputs from the scenario planning exercise involved clear actions that were linked to a wide range of plans and policies. The key messages from the scenario planning formed discussion points within the IJB meetings. Actions identified were then incorporated into the business programme and an action tracker is a standing agenda item.

Source: Shetland IJB, 2018

42. Although strategic planning is the statutory responsibility of the IAs, councils and NHS boards should fully support the IJB and provide the resources needed to allow capacity for strategic thinking. In addition, the Scottish Government has an important role to play in leading and enabling change to take place. There must be a consistent message and understanding of integration, but this is not always the case. For example, the current move towards some aspects of health planning taking place at a regional level is causing uncertainty for IAs. Many IAs are unclear as to how this fits with the need for local strategic planning and decision-making. For IAs to think long term, they must have confidence that Scottish Government policy will support integrated thinking.

43. Strategic planning also helps to encourage and promote joined-up working and a commitment to scaling up new ways of working. Angus IJB has shown a strong long-term commitment to its enhanced community support model. This has now been implemented in three of its four locality areas and therefore has the potential for long-term impact on people's outcomes (Case study 2, page 29).

Case study 2

Angus – Enhanced community support model

Angus IJB's Enhanced Community Support (ECS) workstream involves several multi-professional teams working together, including the third-sector. The teams provide care and support in people's own homes so that, where possible, hospital admission is avoided. As a result, staff can be more proactive, coordinate care and make referrals for additional support more quickly. The teams also hold weekly meetings to review the care that is being provided in a more coordinated way.

ECS has increased community and primary care capacity leading to an average of 37 empty hospital beds across Angus per day in 2017. This helped the IJB to close 21 of its 126 community hospital inpatient beds which are no longer needed. ECS has improved hospital readmission rates. It has also improved prevention and early intervention activity through an increase in the number of anticipatory care plans.

ECS has led to a more joined-up approach between the professional disciplines which has improved referral times and access to support. This has allowed people to be more independent, access local services and be supported to stay in their homes or a homely setting for longer.

The success of this approach has allowed the IJB to roll ECS out to three of its four localities, with plans to roll out to the final locality during 2018/19. The localities that have adopted this approach for the longest have seen improvements in the average length of stay and a reduction in the number of hospital admissions for people aged over 75.

Source: Angus IJB, 2018

44. A small number of IAs do not have detailed implementation/commissioning plans to inform their strategic plan. Of those which do, about half of these provide a link to resources. More needs to be done to show how the shift from the current ways of working to new models of care will happen and when positive changes to people's lives will be achieved.

45. Workforce pressures are a clear barrier to the implementation of integration plans and workforce planning is a particularly important element of strategic planning. Workforce planning remains the formal responsibly of councils and NHS boards. However, IJBs need to work closely with their partners to ensure that their plans for service redesign and improvement link with and influence workforce plans. IAs must be able to demonstrate what skills are required to ensure they can deliver services in the right place at the right time. IAs identify not being able to recruit and retain the workforce they need as a risk. The contribution of the third and independent sector should be part of workforce planning.

46. All three parts of the Health and Social Care National Workforce Plan have now been published, with the final part on the primary care workforce published in April 2018.[9] In our 2017 report, *NHS workforce planning*, we recommended that there is a need to better understand future demand and to provide a breakdown of the cost of meeting this demand.[10] We will publish a further report on workforce planning and primary care in 2019.

Housing needs to have a more central role in integration

47. Not enough links are being made between housing and health and social care which will improve outcomes and wellbeing. Housing services are an integral part of person-centred approaches and the wider delivery of health and social care integration. All IAs are required to include a housing contribution statement in their strategic plans and housing representation is mandatory on Strategic Planning Groups. Case study 3 illustrates strategic thinking within Glasgow City IJB which has used housing as a central aspect of health and social care. Three-quarters of IJBs reported some involvement of housing services in the planning of integrated health and social care services, although we found that the extent of this involvement varied greatly between partnerships.

Case study 3

The Glasgow Housing Options for Older People (HOOP) approach

The HOOP approach involves a small team working closely with social work, health and Registered Social Landlords (RSLs). The approach aims to: ensure a smooth transition for people from hospital to a homely setting; work closely with RSLs to prioritise people who are experiencing a delay in being discharged from hospital; develop knowledge of housing stock availability; and provide reciprocal information about RSLs tenants in hospital.

The team has worked on about 1,200 cases with surgeries in 19 sites across seven hospitals, six social work offices and six intermediate care units. The outcomes of the approach include helping:

- older people make informed choices along with their families, irrespective of tenure issues
- older people to return home or to community settings supported by a care package
- to reduce delayed discharge where there are housing issues
- prevent hospital admission and readmission, supporting older people with housing issues remain in the community
- secure appropriate accommodation for older people across the city suitable for their medical needs
- to increase knowledge of Glasgow's complex housing landscape among social workers and health professionals
- housing colleagues increase their knowledge about social work and health assistance to support older people returning home from hospital
- to future proof the city's new build investment by sharing information on customer needs and demand.

Source: Glasgow City IJB, 2018

Longer-term, integrated financial planning is needed to deliver sustainable service reform

48. Partners are finding it very difficult to balance the need for medium- to long-term planning, typically three to five years and five years plus, alongside annual settlements, current commitments and service pressures. We have called for longer-term financial planning in the health sector and local government for many years. While all IAs have short-term financial plans, only a third have medium-term plans and there were no longer-term plans in place at the time of our fieldwork. This is a critical gap as the changes under integration are only likely to be achieved in the longer term.

49. The Accounts Commission has previously reported that the 'Evidence from councils' annual audit reports generally demonstrates good medium-term (three to five years) financial planning, with some councils using scenario planning to provide a range of options'.[11] IAs should draw on the experience from councils to inform development of longer-term financial plans.

50. There is little evidence that councils and NHS boards are treating IJBs' finances as a shared resource for health and social care. This is despite the requirement to do this in the legislation, and budget processes set out in integration schemes describing budget-setting based on need. Partners must work with the IJBs to establish an approach to financial planning that considers the priorities of health and social care in the local community. Councils and NHS boards can be unwilling to give up financial control of budgets and IJBs can struggle to exert their own influence on the budget-setting process.

51. National data on the balance of spending between institutional care and care in the community is only available up to 2015/16. While this does not reflect any impact from IAs, it shows that the balance of spending changed little between 2012/13 to 2015/16 (Exhibit 9, page 32). Although this data is still collated, it is no longer published. This data should be publicly available and is a helpful indicator of whether IAs are influencing the shift of resources.

52. In October 2018, the Scottish Government published its *Medium Term Health and Social Care Financial Framework*.[12] The Framework is intended to help partners to improve strategic planning. It covers the period 2016/17 to 2023/24, and sets out trends in expenditure and activity, future demand and the future shape of health and social care expenditure.

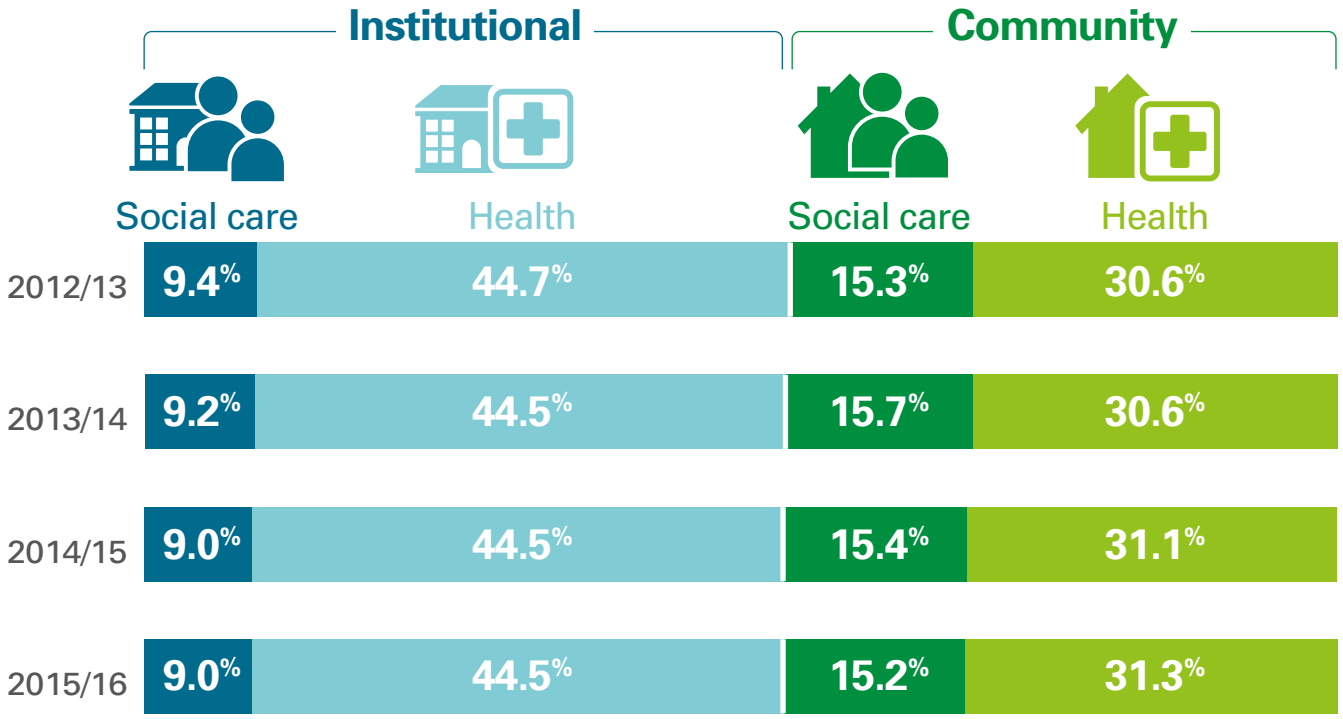
53. Attempts at integrating health and social care go back several years and it is not possible to identify the full cost of the reforms. This, in part, is due to the scale of the reforms and the interconnectedness with the rest of the health and social care system.

54. Due to ongoing financial pressures, most new service initiatives have been funded using additional financial support from the Scottish Government, rather than through the re-distribution of health and social care resources. Therefore, there should be an ongoing commitment from the Scottish Government to provide continued additional funding over coming years. This will provide financial stability to IAs while they implement new ways of working and plan how to redirect funding from current services.

Exhibit 9

The percentage of expenditure on institutional and community-based care

The percentage of expenditure on institutional and community-based care remained static between 2012/13 – 2015/16.



Source: Information Services Division, 2018

55. Major reforms have benefited from a degree of 'pump priming' money to help with change. In 2017/18, IAs total income included national funding which has been directed through NHS budgets, of:

- £100 million from the Integrated Care Fund to help shift the balance of care
- £30 million to help tackle delayed discharges
- £250 million to support payment of the living wage and help establish integration in its first year. This increased by £107 million in 2017/18.

56. The ring-fencing of funding intended to support delegated functions has not helped IAs' efforts to redirect resources, reducing their ability to use their resources flexibly. There are examples of small-scale transfers of resources and we appreciate that more time is needed for IAs to achieve this change (Case study 4, page 33). IAs need to demonstrate how they will sustain any improvements if specific dedicated funding is no longer available.

Case study 4

South Lanarkshire redirecting resources to provide more community-based care

In 2017, South Lanarkshire IJB decided to close 30 care of the elderly beds within Udston Hospital and invest in alternative community-based models of care. An assessment of need found that two-thirds of individuals on the ward could have been better cared for within a community setting. Recurring funding of about £1 million per annum was released as a result. The IJB planned for £702,000 of this to be redirected to community-based services, such as homecare and district nursing to build the area's capacity to support more people at home. To achieve this:

- engagement plans were developed to ensure people using care and their families, staff and elected members of the Udston area were involved in the changes
- financial modelling was undertaken to understand the profile of people on the ward and reallocate resources to more appropriate, alternative health and social services
- the IA worked in partnership with NHS Lanarkshire to ensure good governance.

The £702,000 provided a degree of financial flexibility to further develop intermediate care services and increase community-based rehabilitation services. The IJB plans to redesignate the Udston beds for use by step-down intermediate care patients to support a reduced reliance on the hospital and residential care.

Source: Bed Modelling in South Lanarkshire, IJB board paper, 30 October 2017

Agreeing budgets is still problematic

57. Fifteen IAs failed to agree a budget for the start of the 2017/18 financial year with their partners. This is partly down to differences in the timing of budget settlements between councils and NHS boards. It can also be due to a lack of understanding between councils and NHS boards of each other's financial reporting, accounting arrangements and the financial pressures faced by each. This lack of understanding can cause a lack of trust and reluctance to commit funds to an integrated health and social care budget.

58. There are difficulties with short-term and late budget settlements, but this should not preclude longer-term financial planning. IAs will only be able to plan and implement sustainable services if they are able to identify longer-term costs and funding shortfalls. This will also help to plan effective exit strategies from current services and larger-scale transfers of resources to community-based and preventative services.

It is critical that governance and accountability arrangements are made to work locally

59. Integrating services is a significant challenge, particularly when partners are dealing with current demand and constrained resources, while trying to better understand how services need to change. The Act should be a basis for all local partners to come together to implement changes. A perceived lack of clarity in the Act is adding to local disagreements and is delaying integration. This lack of clarity and misunderstanding is evident even among people working at senior levels and can impede good relationships.

60. Having a clear governance structure where all partners agree responsibility and accountability is vital. Disagreements can be particularly apparent when it is perceived that accountability for a decision rests with individuals who no longer have responsibility for taking them. Chief executives of councils and NHS boards are concerned that they will be held accountable for failures in how services are delivered when they are no longer responsible for directing those services. In practice, partners need to set out how local accountability arrangements will work. Integration was introduced to shift from a focus on what worked for organisations to what works for the person who needs a health and social care service. Applying this approach should help partners to implement the Act. In some areas partners are working through governance challenges as they implement the Act, and more should be done to share this experience.

61. Our first report on the integration of health and social care recommended that integration partners 'need to set out clearly how governance arrangements will work in practice…This is because there are potentially confusing lines of accountability...People may also be unclear who is ultimately responsible for the quality of care.' Clarity is still needed for local areas over who is ultimately responsible for service performance and the quality of care. In some instances, this uncertainty is hampering decision-making and redesign of services provision. Not enough has been done locally to address this.

62. IJBs have a commissioning role but most IJB COs also have delegated operational responsibility for those functions and services that are delegated to the IJB, with the exception of acute care. There are difficulties in understanding how the 'operational responsibility' aspect works in practice. Auditors report that members of IA leadership teams have differing views about governance, especially clinical governance, and roles and responsibilities. In some areas, councils and NHS boards are putting in place additional layers of reporting as if each were accountable for the actions of the IJB. The IJB approach was introduced in part to simplify arrangements, not to add complexity. There are also significant concerns about the impact of integration on the rest of the acute hospital system.

63. It is the IJB's role, through the CO, to issue directions to its partner council and NHS board about service delivery and allocation of resources. This can be made more difficult by disagreements about governance arrangements. It is complicated further by the reporting lines of the CO, who directly reports to both chief executives of the council and NHS board. COs have reported that it can be difficult to direct those who are effectively their line managers. This reinforces the need for strong relationship building and the establishment of a collective agreement over policy direction, funding arrangements and vision for integration.

Decision-making is not localised or transparent in some areas

64. The Act envisaged that decision-making would be devolved as locally as possible. In some areas, IAs, councils and NHS boards have not yet devolved decision-making in the spirit of the Act and locality plans and management structures are still in development. Officers, staff and local service providers have reported that this is because of a risk-averse response to integration that sees NHS boards and councils retain central control over decision-making. Decision-making by IAs is often influenced by statutory partners' priorities. Often, IJB members rely on their statutory partners for information, advice and policy formulation rather than taking the lead on planning and implementing new ways of providing services.

65. There are examples of IAs working hard to establish decision-making arrangements in their partnership. Aberdeen City has put in place governance systems to encourage and enable innovation, community engagement and participation, and joint working. This should leave it well placed for progressing integration and implementing new services in its community (Case study 5). We have also seen how IAs such as South Lanarkshire and Dundee City are beginning to develop locality-based approaches to service delivery (Case study 6, page 36).

Case study 5

Governance arrangements in Aberdeen City IA

Aberdeen City IJB worked with the Good Governance Institute to develop its risk appetite statement and risk appetite approach. The IJB wanted to consider which decisions and risks should, and importantly those which should not, be considered by the IJB. The idea was to ensure there was capacity for decisions to be made locally, so that staff could influence the outcomes of individuals by ensuring that care was tailored to individual needs. Staff and managers say they now feel trusted to make decisions and implement new ideas to benefit individuals in their communities.

The IJB considers that it has demonstrated an aspiration to develop and encourage innovation in local service provision, and local managers and staff understand that decision-making within localities and input of ideas is welcomed and encouraged within agreed risk parameters. Aberdeen City has worked hard to build relationships and trust throughout the partnership. It accepts that achieving its priorities will involve balancing different types of risk and that there will be a need to balance the relationship between different risks and opportunities. There is also an acceptance and tolerance that new ideas will not always be successful.

Source: Aberdeen City IJB, 2018

Case study 6

Locality approach in South Lanarkshire

In 2017, South Lanarkshire IJB realigned its management structure around its four localities. Each locality has a manager responsible for a range of multidisciplinary teams and a health and social care budget. Moving the management of services to a locality level has empowered local teams to review the models of care in their area to see what fits best for the local community. A public forum in each locality gives the local community a voice in shaping local services. Each locality has produced a local strategic needs assessment setting out local needs and priorities and directing attention towards more locally specific outcomes. A 'community first' model of care places the emphasis on developing more community capacity and support.

Staff report that multidisciplinary working and, where possible, co-location, has improved communication and learning across disciplines. They have better knowledge of skills within the wider integrated team, allowing the most appropriate professional to see people at the right time. Working with separate IT systems is a source of frustration and requires less efficient work arounds. Another challenge is balancing trying to change at pace with a need to maintain day-to-day workload. Teams have taken an incremental approach to change, starting with a small number of staff and people using the health and social care services, and, if the new model goes well, gradually increasing this until the change becomes normal practice.

Source: North Lanarkshire IJB, 2018

Best value arrangements are not well developed

66. As IJBs are local authority bodies, the statutory duty of Best Value applies to them. This means that IJBs, from the outset, must clearly demonstrate their approaches to delivering continuous improvement. In July 2017, IJBs submitted their first annual performance reports in accordance with statutory requirements. One of the reporting requirements is that they demonstrate Best Value in the delivery of services.

67. We found that some aspects of Best Value are widely covered within IJBs' annual performance reports and annual accounts, including financial planning, governance and use of resources. About half of all IJBs had a section in their annual performance reports setting out how they intended to demonstrate the delivery of Best Value. Overall the coverage varies between IJBs and is often not in enough detail to allow the public to judge the IJB's activity on continuous improvement.

IAs are using data to varying degrees to help plan and implement changes to services but there are still gaps in key areas

68. Information Services Division (ISD) is part of NHS National Services Scotland, a special NHS board. ISD provides Local Intelligence Support Team (LIST) analysts to each IA area, along with social care information known as SOURCE. Using a LIST analyst to tailor and interpret local data helps IAs to better understand local need and demand and to plan and target services. LIST also works with Community Planning Partnerships in several areas including care for prison leavers presenting to the Homeless Service and children affected by parental imprisonment.

69. Part of the work IAs are doing, supported by the LIST, is to better understand how to support the top two per cent of people using services who account for 50 per cent of hospital and GP prescribing expenditure. By doing this, they can better direct resources and take preventative steps to ensure these users receive more targeted care. This prevents unnecessary hospital admissions and improves personal outcomes through providing more appropriate care in a homely setting.

An inability or unwillingness to share information is slowing the pace of integration

70. There are several areas which need to further improve to help IAs and their council and NHS board partners make better use of data. These include:

- GP practices agreeing data-sharing arrangements with their IA
- IAs being proactive about sharing performance information, ideas and new practice with other IAs
- IAs and ISD agreeing data-sharing protocols for using data in national databases
- IAs identifying gaps in data about community, primary care and social care services and establishing how this information will be collected. This is something we have highlighted in several of our previous reports
- improving consistency in IAs' data, making comparisons easier.

71. Sharing of information, including both health and performance information, is a vital part of providing effective care that is integrated from the point of view of the people who use services. It is also vital in helping to anticipate or prevent need. Throughout our work we were told of examples where this was not happening in practice, because of local systems or behaviours. Examples include: GP practices being unwilling to share information from new service pilots with other IAs; IAs themselves being unwilling to share performance and good practice information with others; and difficulties in setting up data-sharing agreements between IAs and ISD. Different interpretations of data protection legislation are not helping with the ease with which information is being shared.

72. NHS and social care services are made up of many different specialties and localities, often with different IT systems, for example, systems to record X-ray results or record GP data. Many of these systems have been built up over years and commissioned separately for different purposes. Some services still rely on paper records.

73. This disjointedness has an impact on people who need care and on the ability of health and care professionals to provide the best support that they can. For example, people with multiple and complex health and care conditions can have to explain their circumstances to many different professionals within a short space of time. This can delay people getting the help they need, waste resources and gets in the way of care provision being more responsive to people's needs. Local data-sharing arrangements need to be in place so that professionals can appropriately share and protect the data they hold.

74. Time and money are being spent on fixing local IT problems when national solutions should be found. Local fixes are being put in place to help overcome data-sharing barriers. This includes bringing teams of staff together under one roof, so

they can discuss individual cases, rather than relying on electronic systems such as internal emails to communicate. Local areas are spending time and money implementing solutions which may continue to be incompatible in the future. There is a need for a coordinated approach to the solution, which includes the need to consider a national, single solution for Scotland.

75. New IT systems and technology are crucial to implementing new ways of working. For example, many areas are beginning to introduce virtual means of contacting people using care services, such as video links to people's homes so they do not have to visit a health or care centre. To do this successfully, a reliable communication infrastructure is needed, particularly in rural areas.

76. In April 2018, the Scottish Government published *Scotland's Digital Health & Care Strategy: Enabling, Connecting & Empowering*. As part of this, a new national digital platform is to be developed to enable the sharing of real-time data and information from health and care records as required, across the whole care system. We will monitor developments as part of our work programme.

Meaningful and sustained engagement will inform service planning and ensure impact can be measured

77. IAs were set up to have active public involvement, for example through the make-up of their boards and requirements that they publish and engage with communities about their plans. We found some good local examples of engagement. From our analysis of IA strategic plans, we saw evidence of community engagement that influenced the IA's priorities (Case study 7, page 39). Levels of ongoing engagement, and how much it shapes service redesign, are more difficult to judge, but several IAs explicitly mention the importance of engagement and see it as a priority.

78. Several third and independent sector organisations reported that they do not feel that IAs seek or value their input, although they have innovative ways to improve local services that will positively affect the lives of local people. Providers believe that service decisions are based on the funding available over the short term, rather than the needs of the community. Third-sector providers also report that there is often not time to attend engagement meetings, gather information for consultations or research lengthy committee papers. Therefore, IAs have a responsibility to help them become involved and to work with them earlier. IAs must discuss potential changes to services and funding with providers as early as possible.

79. Early engagement with staff, as with the public, has reduced since IAs published strategic plans. Staff want to know how they are contributing to the progress of integration. More communication and involvement will both help increase knowledge of the services available across partnerships and help overcome cultural differences and reluctance to accept change in ways of working.

80. Throughout this report we have recognised the challenging context IAs are operating in. This is inevitably having an impact on the extent to which they can meaningfully engage communities in discussions about improvements to services. IAs need to have in place wide-ranging and comprehensive arrangements for participation and engagement, including with local communities. Where local arrangements for engagement have been shown to work, these should continue. Engagement does not have to be managed and directed solely by the IA. If a local department or service has established relationships and means of engaging with third and independent sector providers which have proved successful, these should continue as before.

Case study 7

Edinburgh IJB: public engagement

The enhanced and proactive engagement approach adopted by Edinburgh IJB facilitated the involvement of the voluntary sector organisations in the co-production of strategic planning. Via the Edinburgh Voluntary Organisation Council, which sits on the IJB board as a non-voting member, the IJB invited the Lothian Community Health Initiatives' Forum (LCHIF) onto its Strategic Planning Groups (SPG). This allowed the LCHIF to get involved in developing the IJB's five strategic Commissioning Plans: Older People, Mental Health, Physical Disabilities, Learning Disabilities, and Primary Care.

LCHIF was subsequently invited to be part of the Older People's and Primary Care Reference Groups. Through involvement on the two reference groups, LCHIF and its members were able to contribute to the work that most reflected the services being delivered by them. The initial involvement of LCHIF on the SPG led to further engagement with other key influencing groups and networks which they felt ultimately benefited the sector, the forum and its members.

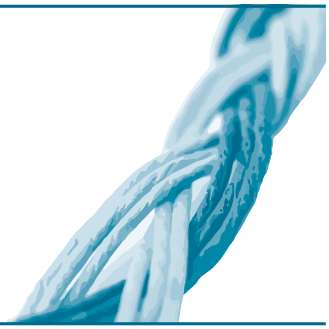
In addition to this involvement, the IJB has also embarked upon a review of its grants to the third-sector. This has been done in full collaboration and partnership with the third-sector. Through the SPG, a steering group was appointed, again with the involvement of LCHIF. This involvement contributed to a commitment being made to establish a grants forum in recognition of the ongoing dialogue that is required to ensure that prevention, early intervention and inequalities remains a priority for the IJB.

Source: Edinburgh IJB, 2018.

81. In September 2017, the Scottish Parliament's Health and Sport Committee published *Are they involving us? Integration Authorities' engagement with stakeholders*, an inquiry report on IAs' engagement with stakeholders.[13] The Committee also found a lack of consistency in stakeholder engagement across IAs. While some areas of good practice were cited, the Committee heard concerns over engagement being 'tokenistic', 'overly top down' and 'just communicating decisions that had already been made'. The Committee argued that a piecemeal approach to engagement with stakeholders cannot continue and that meaningful engagement is fundamental to the successful integration of health and social care services.

82. There is also a role for the Scottish Government in continuing to develop how learning from successful approaches to integration is shared across Scotland. IAs are not being proactive about sharing success stories and the principles behind the planning and implementation of new ways of working which have worked well. Much could be learnt from the work done to date in local areas and IAs should be encouraged to engage with each other and share knowledge and performance information.

Endnotes



1 More details about the joint inspections are available at the Care Inspectorate website.

2 *Health and social care integration*, Auditor General and Accounts Commission, December 2015.

3 *English local authority reserves,* Chartered Institute of Public Finance and Accountancy, June 2015.

4 This takes account of North Ayrshire IJB, which was the only IJB to have an accumulated negative reserve balance. This amounted to £5.8 million and was because of overspends in social care services that were not funded by additional allocations from the NHS board or council.

5 *NHS in Scotland 2018*, Auditor General, October 2018.

6 *Local government in Scotland: Challenges and performance 2018*, Accounts Commission, April 2018.

7 National Performance Framework, Scottish Government, June 2018.

8 *Systems thinking and systems leadership*, NHS Education for Scotland, 2016.

9 *National Health and Social Care Workforce Plan Part 3 – improving workforce planning for primary care in Scotland*, Scottish Government, April 2018.

10 *NHS workforce planning*, Auditor General, July 2017.

11 *Local government in Scotland: Challenges and performance 2018*, Accounts Commission, April 2018.

12 *Medium Term Health and Social Care Financial Framework*, Scottish Government, October 2018.

13 *Are they involving us? Integration Authorities' engagement with stakeholders*, Health and Sport Committee, Scottish Parliament, September 2017.

Appendix 1

Audit methodology

Our objective: To examine the impact public bodies are having as they work together to integrate health and social care services in line with the Public Bodies (Joint Working) (Scotland) Act 2014.

Our audit questions:

- What impact is integration having and what are the barriers and enablers to this change?
- How effectively are IAs planning sustainable, preventative and community-based services to improve outcomes for local people?
- How effectively are IAs, NHS boards and councils implementing the reform of health and social care integration?
- How effectively is the Scottish Government supporting the integration of health and social care and evaluating its impact?

Our methodology:

- Reviewed documents, such as integration schemes, IAs' strategic plans, IJBs' annual audit reports, annual performance reports, national performance data and other key documents including the Scottish Government's National Health and Social Care Financial Framework.
- Interviews, meetings and focus groups with a range of stakeholders including third-sector and independent sector providers. Our engagement involved hearing about experiences of engaging with IAs and how services had changed through integration.
- Interviews at four case study sites – Aberdeen City IJB, Dundee City IJB, Shetland Islands IJB and South Lanarkshire IJB. We met with:
  - Chief Officers and Chief Finance Officers
  - Chairs and vice-chairs of IJBs
  - NHS and council IJB members
  - Chief social work officers
  - IJB clinical representatives (GP, public health, acute, nursing)
  - IJB public representatives (public, carer and voluntary sector)
  - Heads of health and social care, nursing, housing and locality managers and staff
  - NHS and council chief executives and finance officers
  - IT, communications and organisational development officers.

Appendix 2

Advisory group members

Audit Scotland would like to thank members of the advisory group for their input and advice throughout the audit.

Member	Organisation
Alison Taylor	Scottish Government
Alistair Delaney	Healthcare Improvement Scotland
Allison Duncan	IJB Vice Chair
Eddie Fraser	IJB Chief Officer
Fidelma Eggo	Care Inspectorate
Gerry Power	Health and Social Care Alliance
Jeff Ace	NHS Chief Executive
John Wood	Convention of Scottish Local Authorities (COSLA)
Julie Murray	Society of Local Authority Chief Executives
Robin Creelman	IJB Vice Chair
Tracey Abdy	IJB Chief Finance Officer

Note: Members sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

Appendix 3

Progress against previous recommendations

Recommendations	Progress
Scottish Government should:	
• work with IAs to help them develop performance monitoring to ensure that they can clearly demonstrate the impact they make as they develop integrated services. As part of this: – work with IAs to resolve tensions between the need for national and local reporting on outcomes so that it is clear what impact the new integration arrangements are having on outcomes and on the wider health and social care system.	IAs are reporting locally on outcomes but this is not being drawn together to give a national picture of outcomes for health and social care.
• monitor and publicly report on national progress on the impact of integration. This includes: – measuring progress in moving care from institutional to community settings, reducing local variation in costs and using anticipatory care plans – reporting on how resources are being used to improve outcomes and how this has changed over time – reporting on expected costs and savings resulting from integration.	We found there are a significant number of indicators and measures being used nationally and locally to understand whether integration is making a difference and to monitor changes. But, for the public to understand how the changes are working at a Scotland-wide level, these indicators need to be presented in a clear and transparent way. The Scottish Government has introduced a series of national outcomes for health and social care. The outcomes are not being routinely reported at a national level. The savings estimated to be made from integration were expected to derive from a reduction in unplanned bed days, fewer delayed discharges, improved anticipatory care and less variation in bed day rates across partnerships. The savings from these have not been specifically monitored by the Scottish Government, although actual and projected performance across these measures is reported to the Scottish Government's Ministerial Steering Group.
• continue to provide support to IAs as they become fully operational, including leadership development and sharing good practice, including sharing the lessons learned from the pilots of GP clusters.	Some leadership development has been commissioned from the Kings Fund by the Integration Division at Scottish Government but there is a lack of joint leadership development across the health and social care system to help to embed and prioritise collaborative leadership approaches. There is an appetite for examples of good practice from local partnerships but still a lack of good learning resources.

Cont.

Recommendations	Progress
Integration Authorities should:	
• provide clear and strategic leadership to take forward the integration agenda; this includes: – developing and communicating the purpose and vision of the IJB and its intended impact on local people – having high standards of conduct and effective governance, and establishing a culture of openness, support and respect.	We found that a lack of collaborative leadership and cultural differences are proving to be significant barriers to change in some areas.
• set out clearly how governance arrangements will work in practice, particularly when disagreements arise, to minimise the risk of confusing lines of accountability, potential conflicts of interests and any lack of clarity about who is ultimately responsible for the quality of care and scrutiny. This includes: – setting out a clear statement of the respective roles and responsibilities of the IJB (including individual members), NHS board and council, and the IJB's approach towards putting this into practice – ensuring that IJB members receive training and development to prepare them for their role, including managing conflicts of interest, understanding the organisational cultures of the NHS and councils and the roles of non-voting members of the IJB.	There is a lack of agreement over governance and a lack of understanding about integration which is acting as a significant barrier to progress in some areas. There are still circumstances where clarity is needed over who is ultimately responsible for service performance and the quality of care. In some instances, this uncertainty is hampering decision-making and redesigning how services are provided. Not enough has been done locally to address this.
• ensure that a constructive working relationship exists between IJB members and the chief officer and finance officer and the public. This includes: – setting out a schedule of matters reserved for collective decision-making by the IJB, taking account of relevant legislation and ensuring that this is monitored and updated when required – ensuring relationships between the IJB, its partners and the public are clear, so each knows what to expect of the other.	IAs have helped to improve engagement with the public and providers in the local area in some instances but there is more to do.
• be rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny, including: – developing and maintaining open and effective mechanisms for documenting evidence for decisions – putting in place arrangements to safeguard members and employees against conflict of interest and put in place processes to ensure that they continue to operate in practice – developing and maintaining an effective audit committee – ensuring that effective, transparent and accessible arrangements are in place for dealing with complaints. – ensuring that an effective risk management system is in place.	We found that decision-making is not localised or transparent in some areas and risk management arrangements are not well developed.

Cont.

Recommendations	Progress
• develop strategic plans that do more than set out the local context for the reforms; this includes: – how the IA will contribute to delivering high-quality care in different ways that better meets people's needs and improves outcomes – setting out clearly what resources are required, what impact the IA wants to achieve, and how the IA will monitor and publicly report their progress – developing strategies covering the workforce, risk management, engagement with service users and data sharing, based on overall strategic priorities to allow the IA to operate successfully in line with the principles set out in the Act and ensure these strategies fit with those in the NHS and councils – making clear links between the work of the IA and the Community Empowerment (Scotland) Act and Children and Young People (Scotland) Act.	IAs are beginning to link their resources to strategic priorities but more needs to be done to show when their planned outcomes will be achieved. They also need to show how the shift from the current ways of working to new models of care will happen.
• develop financial plans that clearly show how IAs will use resources such as money and staff to provide more community-based and preventative services. This includes: – developing financial plans for each locality, showing how resources will be matched to local priorities – ensuring that the IJB makes the best use of resources, agreeing how Best Value will be measured and making sure that the IJB has the information needed to review value for money and performance effectively.	There is some evidence of small-scale transfers of resources, but most IAs have funded changes to services using ring-fenced funding, such as specific additional integrated care funding provided by the Scottish Government. This is instead of shifting resources from an acute setting, such as hospitals, to community settings such as local clinics and GP surgeries. While this may have achieved performance improvement in things such as delayed discharges, ring-fenced funding may not be available long term. Therefore, IAs need to ensure the financial sustainability of ongoing support for changes made. Financial planning is not integrated, or long term and financial pressures make meaningful change hard to achieve. Arrangements for understanding and measuring Best Value arrangements are not well developed.
• shift resources, including the workforce, towards a more preventative and community-based approach; it is important that the IA also has plans that set out how, in practical terms, they will achieve this shift over time.	We found there has been limited change in how resources are being used across the system at this stage – see above.

Cont.

Recommendations	Progress
Integration Authorities should work with councils and NHS boards to:	
• recognise and address the practical risks associated with the complex accountability arrangements by developing protocols to ensure that the chair of the IJB, the chief officer and the chief executives of the NHS board and council negotiate their roles in relation to the IJB early in the relationship and that a shared understanding of the roles and objectives is maintained.	We found a lack of agreement over governance and a lack of understanding about integration remain significant barriers in some areas. There are still circumstances where clarity is needed over who is ultimately responsible for service performance and the quality of care. In some instances, this uncertainty was hampering decision-making and redesigning how services are provided. In our opinion, not enough has been done locally to address this.
• review clinical and care governance arrangements to ensure a consistent approach for each integrated service and that they are aligned to existing clinical and care governance arrangements in the NHS and councils.	Auditors report that members of IA leadership have differing views about governance, especially clinical governance, and roles and responsibilities.
• urgently agree budgets for the IA; this is important both for their first year and for the next few years to provide IAs with the continuity and certainty they need to develop strategic plans; this includes aligning budget-setting arrangements between partners.	We found that at present, not all councils and NHS boards view their finances as a collective resource for health and social care. Some councils and NHS boards are still planning budgets around their own organisations rather than taking account of their IJBs local strategic priorities. The ambition for integration is that the health and social care resources in the local area would be brought together and used to deliver integrated services with improved outcomes for people. While this is happening in some areas, councils and NHS boards in other areas can be unwilling to give up financial control of budgets and IJBs can struggle to exert influence over their budgets. Some IAs have little or no involvement in the budget-setting process. At a very basic level IJBs struggle in some areas to agree budgets. Fourteen IJBs failed to agree a budget for the start of the 2017/18 financial year.
• establish effective scrutiny arrangements to ensure that councillors and NHS non-executives, who are not members of the IJB board, are kept fully informed of the impact of integration for people who use local health and social care services.	We have seen that IJB board papers are shared with council and NHS board partner organisations. In some areas though, rather than streamlining governance and scrutiny arrangements, councils and NHS boards are putting in place additional layers of reporting as if each were accountable for the actions of the IJB.
• put in place data-sharing agreements to allow them to access the new data provided by ISD Scotland.	IAs and ISD are have difficulties in agreeing data-sharing protocols for using national databases.

Appendix 4

Financial performance 2017/18

IJB	Position (pre-additional allocations) Overspend/ (underspend)	Additional allocation/ (reduction) Council	Additional allocation/ (reduction) NHS board	Use of reserves	Year-end position Deficit/ (Surplus)
	(£million)	(£million)	(£million)	(£million)	(£million)
Aberdeen City	2.1	0	0	2.1	0
Aberdeenshire	3.5	1.5	2.0	0	0
Angus	(0.4)	0	0	0	(0.4)
Argyll and Bute	2.5	1.2	1.4	0	0
Clackmannanshire and Stirling	2.2	0.6	0.6	1.1	0
Dumfries and Galloway	(2.5)	0	0	0	(2.5)
Dundee City	2.5	0	2.1	0.4	0
East Ayrshire	3	2.2	1.3	0	(0.5)
East Dunbartonshire	1.1	0	0	1.1	0
East Lothian	0.7	0.6	0.1	0	0
East Renfrewshire	(0.4)	0	0	0	(0.4)
Edinburgh	7.4	7.2	4.9	0	(4.7)
Eilean Siar	(3.0)	0	0	0	(3.0)
Falkirk	1.3	0	1.4	0.2	(0.3)
Fife	8.8	2.5	6.4	0	0
Glasgow City	(12.0)	0	0	0	(12.0)
Inverclyde	(1.8)	0	0	0	(1.8)
Midlothian	(0.7)	0.2	0	0	(0.9)
Moray	1.9	0	0	1.9	0
North Ayrshire	3.5	0	1.0	0	2.6
North Lanarkshire	(11.7)	0	0.6	0	(12.3)
Orkney	0.7	0.2	0.5	0	0
Perth and Kinross	(1.4)	(2.6)	1.3	0	0
Renfrewshire	4.8	2.7	0	2.1	0
Scottish Borders	4.5	0.3	4.2	0	0
Shetland	2.4	(0.3)	2.9	0	(0.2)
South Ayrshire	0.3	0	0	0.3	0
South Lanarkshire	(1.2)	0	1.0	0	(2.2)
West Dunbartonshire	(0.6)	0	0	0	(0.6)
West Lothian	1.8	0	1.8	0	0

Note: Arithmetic differences arising from roundings.
Source: Audited Integration Authority annual accounts, 2017/18

Health and social care integration

Update on progress

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 19 February 2019

Corporate Leadership Team Risk Update

Item number	7.3
Report number	
Executive/routine	
Wards	All
Council Commitments	

Executive summary

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

The information presented in this report reflects the Council's top risks and the key controls in place to mitigate them as at 31 December 2018. These risks and the associated controls have been scrutinised and challenged by the CLT and are presented to the GRBV Committee for oversight and review.

CLT reassessed the Council's top risks on 11 January 2019 and work is currently in progress to thoroughly update the risks and the associated controls and actions. The output of this work will be reported in the next quarterly CLT Risk Update to GRBV Committee. As an early indication, medium-term financial planning, potential impacts of Brexit including impacts of an early election, public safety during busy periods, and long-term sustainability planning are likely to be escalated to the CLT risk register.

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Report

Corporate Leadership Team Risk Update

1. Recommendations

1.1 Members of the Governance, Risk and Best Value Committee are asked to:

1.1.1 review and scrutinise the CLT Risk Update and be assured by the risk management framework, controls and mitigations in operation; and

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

2. Background

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

2.2 The Council has an Enterprise Risk Management Policy and operational procedures in place which describe why, when and how risk management should take place. The Policy and associated Risk Appetite Statement were reviewed and approved by the Corporate Policy and Strategy Committee on 7 August 2018.

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

2.4 Risk can be defined as "*an uncertain event (or set of events) that, should it (or they) occur, will have an effect upon our objectives*". Risk, therefore, must involve some degree of uncertainty. Reporting on aspects of the Council's performance, or on issues which are currently occurring, are, by definition, outside the scope of this report.

2.5 Some risk and associated mitigation measures lie outside the control of the Council. The Council's risk management framework seeks to reduce the Council's exposure to risk where practicable and proportionate, recognising that some mitigation measures may be the responsibility of third parties.

2.6 The CLT Risk Update was last presented to the GRBV Committee on 27 November 2018.

3. Main report

3.1 The information in this report and presented in the appendices reflects the Council's top risks and the key controls in place to mitigate them, as at 31 December 2018.

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

3.3 In addition to those risks on the CLT Risk Register, the CLT Risk and Assurance Committee also considers new and emerging threats and uncertainties. As part of normal 'business as usual' activities, appropriate teams and groups are monitoring, managing and reporting these areas as necessary. These themes (and any others which may arise) are kept under review and considered for inclusion in the CLT Risk Register where appropriate.

3.4 The Council's current top risk is considered to relate to increased demand for health and social care services and the associated impacts of this. The GRBV and Corporate Policy and Strategy Committees receive regular information on performance and progress in this area. It is recognised that this risk requires the sustained implementation of long-term actions in the Health and Social Care Improvement Plan before the score can be reduced. Due to the timescales and potential impacts involved, it is likely that this risk will remain as one of the Council's top risks for the short to medium term.

3.5 Due to the methodology used to score risks, some may appear as 'red'. It should be noted that it may not always be practicable or proportionate to undertake mitigation measures which reduce the scoring to a level where risks move out of the red zone, and/or work to reduce risk may take some time to become fully effective in reducing the scoring of a risk.

3.6 In accordance with good practice, the CLT carried out a full reassessment of the Council's top risks on 11 January 2019. Work is currently underway to thoroughly consider the articulation of controls and further actions for each risk, ensuring that these are both appropriate and effective in reducing risk. It is likely that this work will result in changes to the top risks. The output from this work will be reported in the next quarterly CLT Risk Update to be presented to GRBV.

3.7 As an early indication, the following risks are likely to be escalated to the CLT risk register:

3.7.1 medium-term financial planning (to 2022);

3.7.2 potential impacts of Brexit including impacts of an early election;

3.7.3 public safety during busy periods; and

3.7.4 long-term sustainability planning.

3.8 Brexit remains a high-profile issue, with great uncertainties around the potential national, political and economic impacts. The national political environment is being closely monitored, and initial assessments suggest that the main potential impacts to the Council are increased electoral uncertainty in the short term, increased supply chain/contractor risk in the medium term, and the effects of changes to workforce legislation in the medium/long term. CLT, Directorates and Services are actively considering potential impacts upon their areas, and the Council's cross-party Brexit Working Group meets to consider impacts to the Council and city.

3.9 Improvements to the risk management framework, based upon good practice in the public and private sector, are being constantly reviewed and considered for implementation as part of a continuous improvement approach. These enhancements are designed to refine and enhance several areas of the risk management framework and will be recommended for inclusion in the next update of the Policy and Procedure documents as appropriate. During the last reporting period the Chief Risk Officer and Head of Legal and Risk met with Police Scotland to discuss aspects of their risk management framework and consider opportunities to incorporate good practice.

3.9 The Corporate Risk Team is currently undertaking work to update the Council's risk registers at all levels, and migrate the outputs to Pentana, the Council's new risk management software. This is intended to enhance the recording and reporting of information, and it should be noted that activities to manage risks remain ongoing across all areas of the Council whilst this work is in progress.

4. Measures of success

4.1 Effective risk management aims to ensure that key risks to the Council are identified, managed, and communicated appropriately and that suitable controls are put in place to mitigate risks to acceptable levels. This aims to protect the Council's assets, people, finances and reputation, while spending less time reacting to sudden events, and improving decision-making at all levels of the organisation.

5. Financial impact

5.1 Although each risk may have an associated financial impact, there is no direct financial impact arising specifically from this report.

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

6. Risk, policy, compliance and governance impact

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

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

7. Equalities impact

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

8. Sustainability impact

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

9. Consultation and engagement

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

10. Background reading/external references

10.1 Corporate Leadership Team Risk Update: report to GRBV 27 November 2018

10.2 Enterprise Risk Management Policy

10.3 Council's Risk Appetite Statement

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11. Appendices

Appendix 1 – CLT Top Risks with Key Controls and Further Actions as at 31 December 2018

Appendix 2 – Guidance for assessing impact and likelihood of risks

Appendix 1 - CLT Top Risks with Key Controls and Further Actions as at 31 December 2018

Risks are sorted based on highest to lowest 'Current score'

Risk description	Original		Key Controls	Current		Key Further Actions	Change of Current Score since last report to GRBV
	I	L		I	L		
Health and Social Care Increased demand for services and associated demographic changes results in significant financial pressures which, when compounded by historic funding arrangements and traditional service models, creates a significant risk that the Council fails to implement and/or deliver appropriate health and social care arrangements, as required by the Edinburgh Integration Joint Board (EIJB). The potential impact of failure to manage this risk effectively could include direct harm to people, safeguarding breaches, inappropriate or insufficient care packages being offered and significant reputational damage to the Council with additional impact on funding of other Council budgets.	5	4	• Scrutiny of health and social care performance by Governance, Risk and Best Value Committee (GRBV) and Corporate Policy and Strategy Committee (CP&S) • Access to external experts for capacity and capability and knowledge sharing • Partnership working with service areas and IJB (IJB Procurement Board) • IJB Audit Programme managed by the Council's Chief Internal Auditor who is also the Chief Internal Auditor for the IJB • IJB risk register reported to IJB Audit and Risk Committee • Interim Head of Strategic Planning in post (started Jan 2019)	5	4	• Work currently in progress to implement the actions in the Health and Social Care Improvement Plan • Review and update the Edinburgh Health and Social Care Partnership risk register (scheduled for 31 Jan 19) • Work in progress to establish effective risk management and escalation processes within localities. • Review of governance for the Partnership and IJB by the Chief Officer, supported by the Good Governance Institute. • Recruitment for Head of Strategic Planning currently in progress.	=
ICT capabilities Despite increased scrutiny, and robust performance and contract management arrangements within the Council, there is a risk that the level of ICT service provided to the Council is below that required for the Council to deliver its services effectively, efficiently, safely or in line with planned revenue savings initially budgeted. This risk includes reliability and availability of hardware systems and software, as well as maintaining accreditations required to deliver Council services.	5	5	• Agreed Business Impact Assessment in place • Re-set of CGI/CEC contract agreed and approved by both the Finance and Resources Committee and CGI Board. All contract change requests agreed and signed by relevant parties. • Internal audit of CGI contract management completed • Standardised quarterly scrutiny of CGI performance by GRBV. • Device refresh project in delivery phase to replace hardware across the Council's ICT estate over the next 12 months. • Cyber and Information Security Group established, chaired by the Executive Director of Resources, to deliver against the Scottish Government's Public-Sector Action Plan on Cyber Resilience • External vulnerability scan of complete Council ICT estate completed • Cyber Essentials certification achieved	4	3	• CEC and CGI finalising a revised performance dashboard and key performance indicators for more rigorous performance management. • Revised governance and penalties regime being finalised as part of the re-set arrangements. • Review of CEC IT capabilities and operating model by the Head of Customer and Digital Services. • Delivery of Citizen Digital Enablement (CDE) and Enterprise Resource Planning (ERP) projects is progressing.	=
Building Standards verification If the Council's response to the Scottish Government intervention on the Building Standards Service is ineffective the Council may lose its verification ability leading to significant income and reputational damage.	4	4	• Scrutiny by GRBV including report by Internal Audit presented 8 May 2018 • Working alongside Scottish Government to deliver improved outcomes • Dedicated programme management resource in place • Regular reporting to Project Board • Building Standards Improvement Plan agreed and in place. Current progress ahead of schedule • Significant investment in ICT technology. Roll-out of Idox, Enterprise and Uniform systems in line with Building Standards Improvement Plan • Weekly prioritisation and allocation of resources based on service demands • New performance dashboard in place. Daily tracking of performance against targets • Leadership development and coaching programme in place • Improved communication with customers through news blog and surveys	4	3	• Completion of all remaining actions in the Building Standards Improvement Plan • Development of quality assurance framework • Introduction of a workforce profile • Introduce self-assurance in line with ISO standards and Customer Service Excellence	=

Capital asset management Due to the age of a number of properties across the Council's operational estate, there is risk that properties are not of a sufficiently safe and sustainable standard for their continued use, potentially resulting in structural failures and/or negative health and safety consequences for staff, service users or members of the public. Associated with this, the Asset Management Strategy requires that decisions are made to dispose of properties in a planned manner. The risk associated with the implementation of the strategy is that disposal decisions are not made in a timely manner, which results in additional costs pressures for both the capital and revenue budgets and consequently demographic pressures cannot be responded adequately to by the property portfolio, particularly for education and health and social care services.	**5**	**5**	• Committee approved Asset Management Strategy and Asset Management Works budget in place. • Progress against the Asset Management Strategy reported regularly to Finance and Resources Committee. Asset registers in place with prioritised budget spend on those deemed of greatest risk to public safety • General Inspections carried out annually as part of rolling condition surveys • Corporate Health and Safety Policy • Asbestos, Fire Safety and Water Safety Policies • Initial Condition Survey of all premises completed • Public and employers' liability insurance policies • Significant additional funding committed to property repair through budget process • Commissioned first year of programme of upgrade works, focussing on areas of greatest need • Statutory compliance testing • Fire Safety, Asbestos and Water Safety Standing Groups chaired by Head of Property and Facilities Management meets regularly • Asset Management Strategy Transformation Update report to Finance and Resources Committee on 27 September 2018	**4**	**3**	• Significant progress has been made with the planned Asset Management Works programme during 2018/19 with a specific focus on properties assessed as having overall condition C status from the estate wide condition survey. • Advance planning for the programme of Asset Management Works for 2019/2020 is underway.	=
Change Key deliverables, benefits and timescales for achieving change across the Council may not be achieved in line with business expectations, requirements, budgets and resources. This may result in adverse impacts on service delivery, the Council's finances and reputation, the anticipated need for further savings to deliver balanced budgets may create additional pressure on our infrastructure, capital and revenue funding and affect the execution of the Council's business plan, adverse reputational impact, and industrial relations.	**5**	**5**	• Improved programme and project governance being applied through the CLT Change Board and new Business Case gateways process • Plans for the key projects in terms of scoping and resources being reviewed • Key transformation programmes supported by Programme / Project Management expertise • Effective Long-Term Financial Planning in place, aligned to the Council's Business Plan and Performance Framework • Provision for demographic change built into long term financial planning assumptions • Welfare Reform (including Universal Credit) progress reported to Corporate Policy and Strategy Committee regularly • Regular review of financial challenges and assumptions with Members Budget Core Group and Finance and Resources Committee • Monthly Performance Dashboard reporting to Directorates • Savings and implementation plans are monitored and reviewed, monthly budget reporting • GRBV scrutinises Council Finance and Performance outcomes, assumptions and delivery. • Council review of progress against Business Plan Political Commitments • Council Performance Dashboard and Local Government Benchmarking Results for 2017/18 considered by the Corporate Policy and Strategy Committee in August.	**4**	**3**	• Implementation of Change Strategy and enhanced portfolio governance and business case approvals • Clear and robust programme/project plans • Greater focus on delivery assurance and benefits realisation • Refreshed Directorate Business Plans to be produced • Annual External Audit of Council's Accounts and financial planning assumptions to be reported.	=

Housebuilding programme
 	
Due to capacity within the house-building industry, the availability of suitable land, uncertainties around planning assumptions used in financial models (demographics, demand, economics etc) there are risks to the delivery of the Council's housebuilding programme, including subsequent knock-on impacts in relation to Council income and reputation.
	4	**3**	• Short, medium and long-term planning through the Housing Revenue Account (HRA) planning process involving input from appropriate functions including Finance, Legal and Risk
			• Risk management workshops undertaken with the HRA, the Granton project, 'Edinburgh Homes'/Scottish Futures Trust to identify key risks to delivery. Risks being managed by appropriate teams
			• City Region Deal Executive Board meets regularly
			• Housing stock investment strategy
				4	**3**	• Development of the new Local Development Plan ("City Plan 2030") in accordance with timetable outlined in the Development Plan Scheme:
						  ○ Pre-Main Issues Report engagement
						  ○ Release of Main Issues Report
						  ○ Main Issues Consultation
						  ○ Proposed Plan
						  ○ Receive representations
						  ○ Submission to Scottish Ministers
						  ○ Examination and Report of Examination
						  ○ Plan as Modified
						  ○ Adoption (anticipated May 2021)
							=

Health and Safety (H&S) There is a risk of non-compliance with the Council's legislative requirements and associated suite of health and safety policies and/or failure to comply with procedures or applicable legislation which could lead to an incident resulting in harm to staff, service users or members of the public, liability claims, regulatory breaches, fines and associated reputational damage.	5	4	• Progress on Corporate H&S Strategic Plan is reported annually to CLT and Finance and Resources Committee. • Rolling H&S audit programme identifies areas for improvement. • H&S performance is measured and reported to CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups • H&S risks and issues reported to CLT on a weekly basis, H&S is a standing CLT agenda item • Corporate H&S Training programme available across the whole organisation and completion figures are reported quarterly to CLT Risk and Assurance Committee quarterly, Council H&S Group and Service-level H&S Groups • H&S is part of the Council's Induction Programme • Council's Health and Safety Policy – refresh completed and approved by Corporate Policy and Strategy Committee. • Asbestos Policy • Fire Safety Policy • Water Safety Policy • 3-year Corporate H&S Strategy approved by the Corporate Policy and Strategy Committee. • IOSH Leading Safely courses delivered to the Council's Wider Leadership Team • Content improvements made to the Council's intranet in respect of Health and Safety issues.	4	3	• Greater uptake and attendance at H&S training sessions, with high levels of attendance at IOSH Managing Safely, positively role-modelled by CLT. • Directorates developing local Health and Safety Plans to target specific areas for improvement and have been co-produced through risk management workshops.	=
Follow-up to Internal Audit actions There is a risk around the failure to close out agreed actions following internal audits. This influences Internal Audit's opinion on the effectiveness of the Council's control environment.	4	5	• Services and Directorates consider risks to their areas (including from historic actions) and escalate through Risk and Assurance Committees in each Directorate. • Internal Audit report regularly to CLT, Risk and Assurance Committees and GRBV • Improved visibility through use of new IA system TeamMate • Individual Executive Directors are presenting their annual assurance schedules for 2017/18, including Internal Audit and Controls issues for GRBV scrutiny	4	3	• Consider opportunity to build on the self-assurance framework in place in Communities and Families	=
Major incident A sudden high impact event causes harm to people and damages infrastructure, systems or buildings. Buildings, staff and/or systems are non-operational for a time, resulting in a reduced ability to deliver services. Failure to deliver an appropriate level of service in the event of a sudden operational requirement may lead to harm to people and reputational damage to the Council.	5	5	• Council Business Continuity and Emergency Plans are in place • All Chief Officers have been briefed about the Council's Incident Management response arrangements and on-call responsibilities • Information Technology Disaster Recovery (IT DR) arrangements in place • Effective and regular liaison and partnership working between the Council and other responder organisations at a local and national level including contingency planning for major events • Externally contracted services include DR and business continuity provisions • Lessons learned from key events including winter weather • New governance arrangements in place in the event of Op UNICORN • Rolling programme of IT disaster recovery tests being delivered	3	4	• Council participation in multi-agency scenario testing of emergency plans.	=
Customer experience and expectations Customer dissatisfaction around delivery of citizen facing services (e.g. waste management, roads, etc.) may lead to an increase in complaints with consequential financial pressures and reputational damage.	4	5	• Waste Services Improvement Plan in place and being progressed • Roads Service Improvement Plan in place and approved by the Transport and Environment • Customer Transformation Programme being delivered in partnership with front-line services • Customer Skills Training being deployed across all Customer Contact Centre staff	3	4	• Enhancements to Council social media responses to issues and proactive campaigns, such as during the Edinburgh Festivals. • Learning from Garden Waste review. • Work currently in progress to develop balanced scorecards and associated key performance indicators (KPIs) for use across the Council	=

			• Improved social media skills and capability being jointly delivered by Communications and Customer • Channel Shift and Process Automation aspects of the Customer Transformation Programme are being delivered to improve accessibility and responsiveness of services • Corporate Policy and Strategy Committee to receive regular reports and updates on Customer Transformation and Customer Contact Centre improvements and service delivery. • Use of Caseworker system to track correspondence and engage with residents				

Homelessness
 	
Due to planned welfare changes, the introduction of Universal Credit, changes to the benefit payment process, and a buoyant private rented market, greater demands will be placed on homelessness services across the city. Move-on, permanent accommodation for homeless people is not sufficient to meet this demand and there is insufficient capacity in temporary accommodation, leading to more people rough-sleeping or in sub-standard conditions, and to breaches in the Council's statutory duties.
	5	**5**	• Homelessness Taskforce established and meeting monthly. Recommendations and progress reported to Housing and Economy Committee
			• Several current and future workstreams coordinated through the Homelessness Taskforce including:
			  ○ Young Persons Accommodation
			  ○ Shared housing
			  ○ Training for Council officers
			  ○ Housing First
			  ○ Review of Allocations Policy
			  ○ Access to Private Sector Accommodation
			  ○ Developing ICT systems
				3	**4**	• Discussion with Scottish Government to access funding from National Taskforce
						• Increase access to mid-market rent (MMR)
						• Customer engagement events
						• Rolling programme of training for Council officers on a locality basis
							=

Workforce Capacity and Capability The risk is that the Council is unable to recruit, retain, develop, engage and reward its employees effectively, including those in specialist roles to enable service delivery in a sustainable and affordable manner. There is a risk that the Council does not have adequate arrangements in place for the support and monitoring of Armed Forces reservists within the workforce	**3**	**5**	• Council People Strategy provides strategic priorities for workforce management and development. • People Plans developed for each Directorate of the Council. • Deployment of effective learning and development, including staff induction and new line manager induction sessions. • Commitment to Living Wage • Use of a new candidate portal to simplify the recruitment process • Support for the Armed Forces Reservists Project • Employee Survey undertaken and results shared with staff • New HR operating model implemented to enable greater focus on professional support provided to cross cutting workforce thematic issues, such as recruitment and retention. • Council's workforce implications arising from Brexit continue to be closely reviewed and monitored via Services, HR, and Employment Law.	**2**	**5**	• Implementation of new recruitment campaign for teaching staff. • Further development and review of HR policies and procedures to ensure these are agile, enabling and support recruitment and retention. • Improvements to recruitment process and deployment of new-starter portal to provide earlier access to relevant information for new appointees. • Finalisation of leadership development approach for the Council	=
Information Governance A major loss of data from the Council's control could result in fines, claims, loss of public trust and reputational damage. This includes both physical records (papers, files, folders etc) and data lost as a result of cyberattacks. This risk takes into account new requirements under the new General Data Protection Regulation.	**5**	**5**	• Information Security policy • Suite of information governance policies and procedures • Laptop and media encryption • Service automation controls in place • IT Security Managed Service procured with requirements to adopt CESG (Communications Electronics Security Group – now part of the National Cyber Security Centre) and ISO (international standards) best practice approaches and improve the security defences, monitoring and awareness of the security threat landscape • Leavers process includes removal of access to IT applications • Cybersecurity campaigns • Internal Audit testing of phishing • Cyber and Information Security Group established, chaired by the Executive Director of Resources, to deliver against the Scottish Government's Public-Sector Cyber Resilience Action Plan on Cyber Resilience	**3**	**3**	• CEC and CGI finalising a revised performance dashboard and key performance indicators for more rigorous performance management to support ICT information governance requirements, including security issues. • Monthly management information demonstrating any threats. • Refresh of IT Acceptable Use Policy. • Implementation of SharePoint technology as part of the device/hardware 12-month refresh project to improve security and storage arrangements across the ICT estate. • Review of Public Sector Cyber Action Plan commitments and delivery, with an on time status update submitted to the Deputy First Minister.	=

			• Cyber Essentials certification achieved • GDPR implementation tracked by the Information Governance Unit.				
Major Programme and Project Delivery and Assurance (Delivering major change) Due to availability of appropriately-skilled project and programme management resource, there is a risk that the Council is unable to ensure the effective management and successful delivery, on time and budget, of major programmes and projects. This risk also outlines the need for the Council to prioritise and deploy project delivery resource effectively, according to business needs, ensuring that benefits are realised and learning is shared effectively across all delivery activity.	**4**	**4**	• Oversight of major programmes and projects by the relevant Executive Committees and the Governance, Risk and Best Value Committee (every six months) • CLT Change Board provides monthly portfolio management and oversight for all programmes and projects • Internal Audit recommendations relating to Change Management delivered, and light touch project management training rolled out • Council approval of additional monies (up to £1m) to support project management resourcing to develop proposals comprising the broader Change Strategy	**3**	**3**	• All significant change to have an approved business case detailing resources and skills required to deliver • Further Internal Audit of Portfolio Governance Framework planned for Q1 2019	=
Tram extension project There are risks associated with the delivery of the proposed tram extension project, including reputational risks to the Council. Although the Council has not yet committed to this project it is now considered appropriate to report it as a risk.	**3**	**5**	• Governance arrangements in place as appropriate to the current status of the project • Tram Project Board (including external subject matter expert) established and meets regularly • External project management and engineering expertise engaged • Project risk register reviewed and reported to Project Board on a regular basis • Quantitative Risk Analysis undertaken by external project management consultancy • Final Business Case to include updated modelling (carried out externally) • Council due to consider Final Business Case ahead of a vote in March 2019 • Lessons learned from the Edinburgh Tram Inquiry to be considered at all appropriate opportunities • Public consultation undertaken	**3**	**3**	• The current plan of work is considered appropriate to address the risk. Any further actions will be considered where appropriate.	=

Appendix 2 - Guidance for assessing impact and likelihood of risk

Likelihood	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Probability	0-15%	16-35%	36-60%	61-80%	81-100%
Chance of occurrence	Hard to imagine, only in exceptional circumstances	Not expected to occur, unlikely to happen	May happen, reasonable chance of occurring	More likely to occur than not	Hard to imagine not happening
Timeframe	Greater than 10 years	Between 5-10 years	Likely between 3-5 years	Likely between 1-3 years	Likely within 1 year

Impact	1 Negligible	2 Minor	3 Moderate	4 Major	5 Extreme
Effect on outcomes	Minimal effect	Minor short term effect	Part failure to achieve outcomes	Significant failure to achieve obligations	Unable to fulfil obligations
Financial effect	**Corporate:** up to £250k Services: up to £100k	**Corporate:** £250k - £750k Services: £100k - £300k	**Corporate:** £750k - £5m Services: £300k - £1m	**Corporate:** £5m - £20m Services: £1m - £5m	**Corporate:** £20m + Services: £5m +
Reputational damage	None	Minor	Moderate loss of confidence and embarrassment	Major loss of confidence and adverse publicity	Severe loss of confidence and public outcry

Likelihood	1 Negligible	2 Minor	3 Moderate	4 Major	5 Extreme
5 Almost Certain	Low	Medium	High	High	High
4 Likely	Low	Low	Medium	High	High
3 Possible	Low	Low	Medium	Medium	High
2 Unlikely	Low	Low	Low	Low	Medium
1 Rare	Low	Low	Low	Low	Low

Impact

Governance, Risk and Best Value Committee

10.00am, Tuesday, 19 February 2019

Quarterly Status Update – ICT

Item number	7.4
Report number	
Executive/routine	
Wards	All
Council commitments	

Executive Summary

The purpose of this report is to provide a quarterly progress update upon the Council's ICT programme of work. The Council and our ICT partner, CGI, have continued to work in partnership to increase the pace of delivery to improve core ICT services, achieve continuous improvement and progress the associated major systems changes and developments which will better enable and enhance our citizen facing services and the internal business operations of the Council.

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Report

Quarterly Status Update – Digital Services ICT Programme

1. Recommendations

1.1 It is recommended that the Committee reviews and scrutinises the quarterly update.

2. Background

ICT strategy

2.1 The City of Edinburgh Council's current strategy is to focus on understanding citizen and colleague needs to deliver the outcomes that matter to them. By defining the Council's approach around the benefit that citizens and colleagues will receive, through enablement by ICT and Digital, we will maximise the value that can be delivered from our reducing resource base. This will help us to deliver a 'One Council' focus to designing and sourcing our ICT and Digital provision whilst enabling citizen and colleague-centric delivery, i.e. what the Council needs to deliver the services where and how service users need them.

CGI – The Council's ICT Partner

2.2 Our partnership with CGI will save the Council an estimated £6m per annum against the 2015/16 ICT baseline spend, totalling £45m over the first seven years. This savings delivery is on track to be achieved and is fully assumed as part of the Council's Medium Term Financial Framework and planning assumptions.

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

2.4 As part of the re-set to the partnership agreement with CGI, we have agreed to alter some of the commercial elements and OBS requirements to ensure that further value for money can be achieved, during the remainder of the initial contract period,

and to bring the content of relevant OBS up-to-date with current Council requirements and the technology now available from the market.

3. Main report

3.1 Since the last update to the Governance, Risk, and Best Value Committee (GRBV), there has continued to be improvements to ICT delivery and the management of ICT incidents, along with and progress with ICT change projects.

3.2 In June 2018, the partnership agreement was re-set, and during September 2018 all the associated and detailed contract variation changes were formally agreed, providing both the Council and CGI clarity on the aims and deliverables to provide a stronger platform for future success. Following the reset, focus has continued on the six priority ICT change projects, specifically:

- Enterprise Resource Planning (ERP);
- Citizen Digital Enablement (CDE);
- Housing Repairs and Mobile Working;
- Web Content Management Refresh;
- Enterprise Content Management and Intranet; and
- Business Intelligence.

Project	Status (December)	Target completion date	Status Update
Enterprise Resource Planning (ERP)	Green	Initial Phase expected to complete in Q4 2019	Weekly working groups in place; Project Board meetings chaired by the Executive Director of Resources as the Senior Responsible Officer are fortnightly; weekly status reporting and risk management is in place through the Pentana corporate risk management tool. Operational teams, ICT, CGI Technical Architect, Comms and Internal Audit all included in regular meetings. “As Is” Process Mapping is 100% complete with formal validations and sign offs being progressed. “To Be” Process Mapping has just started and is 9% complete. All Process Mapping expected to complete by end of Q1 2019. Partner selection for Finance upgrade complete and Debt Management partner will be finalised in Q1 2019. Overall delivery timelines remain on schedule and Finance are being tracked in detail against budget on a weekly basis.
Customer Digital Enablement (Channel Shift)	Green	September 2019	Current CRM solution successfully upgraded to introduce web chat, a knowledge base, e-mail integration, and new garden waste on-line transactions.

Project	Status (December)	Target completion date	Status Update
			Activity is now focused on solidifying systems and enhancing the overall service to provide a self-service platform for digital enablement. Over December, workshops with Council business stakeholders successfully completed enabling design activities on the new CRM system to start in mid- January. This project was at Amber, prior to the Festive break whilst contract terms for an upgraded CRM were being finalised, this work has now completed the first week in January and contracts are now concluded.
Housing Repairs and Mobile Workings	Green	June 2019	Activity is now underway to deliver an enhanced technology solution for the Housing repairs team. This will also provide a strategic mobile workforce capability that can be utilised by the Council in other business areas. This project was at Amber prior to the festive break, whilst project mobilisation concludes. As at the first week in January project mobilisation is underway and Total Mobile are working on site
Web Content Management	Green	Phase 1 – new March 2019 Phase 2 - December 2019	Work is underway with the City of Edinburgh Council web content provider, to overhaul the look, feel and personalisation of the Council website. This will provide a modern and intuitive approach to engaging with City of Edinburgh Council by both residents and visitors. The aims are to allow residents to access council services easily and also for the City of Edinburgh Council to proactively communicate with residents by pushing important messaging out via the Web. This project was Amber, whilst contract terms were being finalised prior to the festive break. During 1st week in January this work is now concluded and Jadu are working on site.
Intranet / Enterprise Content Management	Amber	September 2019	Analysis has been completed on the new Enterprise Content Management and Intranet solution which will be utilising Microsoft SharePoint. A proof of concept is underway in relation to the City Region Deal and will provide a platform for engaged internal communications and document control. This project remains at Amber, whilst requirements being finalised, and project mobilisation concludes.
Business Intelligence	Red	December 2019	The Business Intelligence (BI) project will deliver a consolidated reporting service that provides visual operational performance and the ability to undertake key trend and analysis activity.

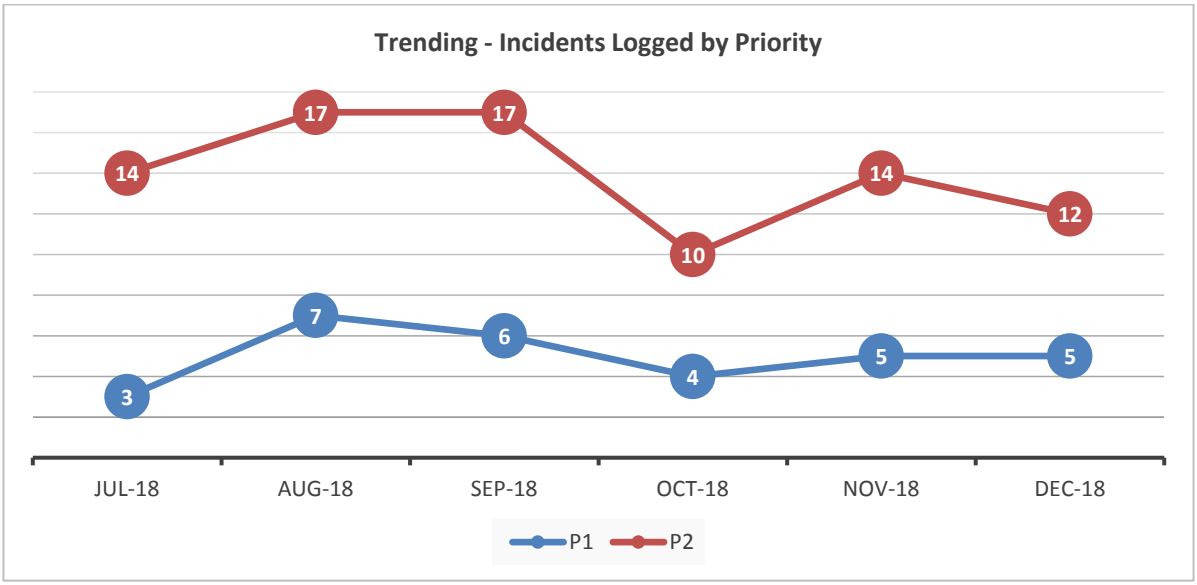
Project	Status (December)	Target completion date	Status Update
			Clarification on BI requirements is currently in progress with both the City of Edinburgh Council and CGI, to ensure alignment on both current and future needs and capability. Status is currently Red due to the planned delayed project start-up, and complexity regarding the requirements gathering exercise. CGI and Council teams are now working in close partnership to develop a "Go-To-Green" plan which will bring the project back into schedule, which we aim to have in place across January.

Core ICT Service Performance

3.3 Service performance is driven through a set of twenty-five key contractual measures which, in turn translate to a set of key performance indicators (KPIs).

3.4 Since the last report to Committee, there has been a slight reduction in overall SLA attainment. This is primarily due to two high impacting incidents that occurred during December 2018.

3.5 There has been a continued stabilisation in the number of Priority 1 and reduction in the Priority 2 severity incidents experienced compared with last quarter.

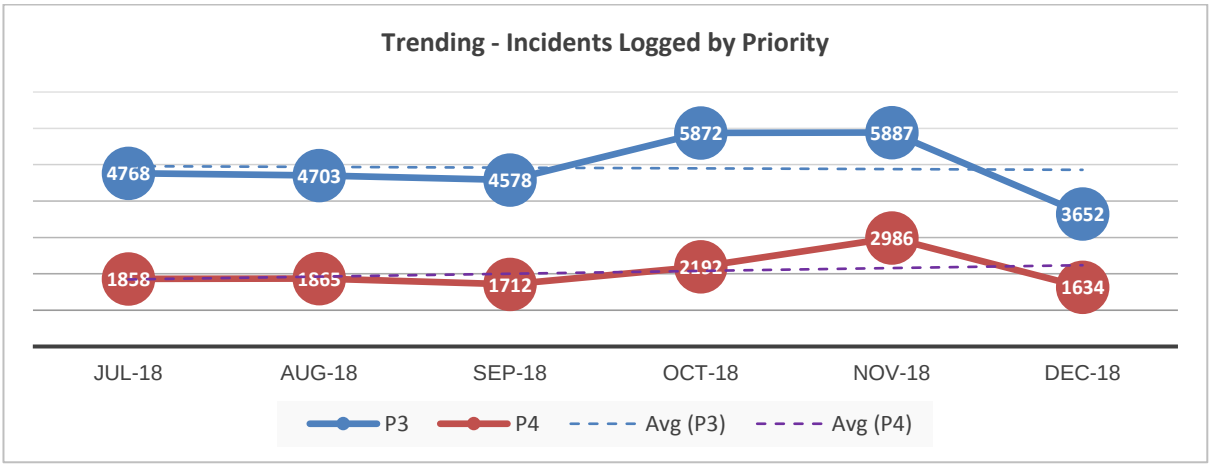


3.5.1 Resolution SLA Performance – Priority 1 and Priority 2

Ref	Description	Target	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018
KPI01	# Priority 1 Incidents where resolution is > 4 Hrs	1	1	1	1	1	0	2
KPI02	# Priority 2 Incidents where resolution is > 8 Hrs	2	1	0	0	1	1	2

3.6 External benchmarking of these highest severity incidents indicates that our incident rate remains below the industry average, however we continue to investigate, where possible, root cause of these incidents as part of our Problem Management Process.

3.7 The volume of non-critical Priority 3 and Priority 4 incidents remains has reduced positively across December and the volume is consistent with a very linear average over the 2 quarters. The ratio of incidents to users remains less than 0.5 calls per user per month.



3.7.1 Resolution SLA Performance – Priority 3 and Priority 4

Ref	Description	Target	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018
KPI03	% Priority 3 Incidents resolved in < 24 Hrs	90.0%	92.9%	94.5%	93.0%	95.0%	92.7%	90.2%
KPI04	% Priority 4 Incidents resolved in < 48Hrs	90.0%	97.4%	98.0%	97.9%	98.4%	96.6%	93.1%

Performance challenges and planned improvements to service

3.8 Further enhancements have been made to the new remote access solution that replaces Direct Access, which will increase capacity to allow more users to access systems remotely at the same time, for example in emergencies such as when severe weather hits and more people must work from home. This solution is currently in end user testing phase before being deployed along with the device replacement project.

Wider ICT Change Projects

3.9 In addition to the reset projects described above, over the reporting period significant progress has been made in driving forward the wider ICT work programme, with focus on upgrading ICT infrastructures, improving customer service, enabling more flexible and agile ways of working, and upgrading and modernising core business applications. Key deliverables in this area over the last few months include:

3.9.1 **IDOX** - a major upgrade of the Council's Planning and Building Standards system (IDOX) was completed on time and on budget for 8 November, providing a wide range of enhanced features that improve the capability for internal service users, and the customer experience for the general public users. This formed a major element of the Building Standards Improvement Plan.

3.9.2 **CaseWorker** - successfully went live, ahead of schedule, on Wednesday 5 December providing elected members, political groups and member services teams with an effective way to track constituency case work and correspondence. The system supports increased efficiency for elected members and their support staff.

3.9.3 **Device Refresh project** – since the device refresh commenced, desktops in libraries and in 17 primary schools and 4 secondary schools have been placed. In excess of 2,500 devices out of the 14,000 in the whole ICT estate have been replaced. A recently updated deployment schedule for the "corporate" ICT estate has been produced, this is included at Appendix A of the report for information.

3.11 In addition to the major projects detailed above, which is not an exhaustive list, there is also a large volume of small and complex changes.

Governance and Contract Management

3.12 The Council and CGI have an effective operational governance model in working order and there are various boards and oversight meetings used to manage the entire ICT programme. This includes regular reporting to the Corporate Leadership Team's Change Board, in accordance with the Council's approved approach to managing major projects and change.

3.13 An Internal Audit in respect of CGI Contract Management arrangements was completed, with PWC involvement, with no High rated findings identified. A total of 2 Medium rated findings were identified, which are currently being progressed by ICT and CGI.

Cybersecurity Management

3.14 Security Improvements are being addressed by the Council and CGI teams collaboratively. These improvements cover a range of security disciplines from user account management through to network improvement workshops. Patch Management has seen a significant change to drive improvement that is being implemented currently. Vulnerability testing has continued across the corporate infrastructure and work continues to continually improve the ICT estate. The Windows 2003 server decommissioning projects are continuing with only a small number of servers now needing to be remediated.

3.15 A Workshop was also held to review and improve the reporting of the security operational profile of the Council by CGI. A monthly patching cycle for critical and high vulnerabilities on P1 and P2 (Critical) devices was introduced in November.

3.16 The Council successfully achieved the CyberEssentials accreditation standard required by the Scottish Government by all public bodies at the end of October 2018.

3.17 The Council's Public Service Network (PSN) remediation plan continues to progress with monthly reporting to the Cabinet Office in Whitehall. The Council's formal resubmission for PSN accreditation is due to be ready in March 2019.

4. Measures of success

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

4.2 A wholly revised series of key performance indicators (KPIs) that take much more explicitly into account customer/end user satisfaction, as well as service performance and delivery issues, is being currently being developed by the Council and CGI.

5. Financial impact

5.1 Our partnership with CGI will save the Council at least £6m per annum against the 2015/16 ICT baseline spend, totalling £45m over the first seven years, is on track to be achieved and is assumed as part of the Council's Medium Term Financial Framework and planning assumptions.

5.2 The Council has realised further financial benefits arising from the re-set variation agreement which are not detailed in this report owing to their commercial confidentiality.

6. Risk, policy, compliance, and governance impact

6.1 The Council's Corporate Leadership Team (CLT) risk register formally identifies ICT capabilities as a risk and is ensuring that sufficient mitigations and active management of risks continues to be undertaken. This is further complemented by risk reporting and management in respect of information governance, including GDPR implementation.

6.2 The Council's Change Board actively monitors and tracks progress on all council wide programmes ensuring that targeted action is taken should timelines, benefits or costings deviate from the original business case, this includes the ICT programme.

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 There are no formal consultation and engagement implications arising from this report.

10. Background reading/external references

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

10.2 Quarterly Status Update – ICT Programme – report to Governance, Risk and Best Value Committee – 30 October 2018

Stephen S. Moir

Executive Director of Resources

Contact: Nicola Harvey, Head of Customer and Digital Services

E-mail: Nicola.harvey2@edinburgh.gov.uk | Tel: 0131 469 5016

11. Appendices

11.1 IT Refresh Corporate Device Schedule

Appendix 11.1 – IT Refresh Corporate Device Schedule

Status	Directorate	Service/s	Planned Refresh Date
Committed - schedule finalised	**Chief Executive**	Elected Members, Strategy and Communications, Members Support	March 2019
	Multiple	CLT, Heads of Services and relevant executive Support	March 2019
	Resources	Lothian Pension Fund	February 2019
	Resources	Digital (ICT) Team	February 2019
	Communities and Families	Libraries	February 2019
Planned - schedule awaiting business agreement via gate meetings	**Communities and Families**	Non-Teaching (Corporate) Teams	March to April 2019
	Resources	Finance (Finance, Procurement and Business Partnering)	Early March 2019 - to accommodate year-end
	Resources	Legal and Risk	June 2019
	Resources	Human Resources	May 2019 - avoiding critical payroll activities
	Resources	Customer	May to June 2019
	Resources	Property and Facilities Management	July 2019
Provisional - broad date for refresh subject to more detailed planning and business negotiation	**Health and Social Care**	Health and Social Care Partnership	June to July 2019
	Place	Culture	February 2019
	Place	Planning and Building Standards	March 2019

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	Place	Planning and Transport	March 2019
	Place	Housing Property	April 2019
	Place	Remainder of Place	May to August 2019

Governance, Risk and Best Value Committee

10.00am, Tuesday 19 February 2019

Capital Monitoring 2018/19 – Month Nine – referral from the Finance and Resources Committee

Item number	7.5
Report number	
Wards	All
Council Commitments	

Executive summary

On 1 February 2019, the Finance and Resources Committee considered a report which set out the overall position of the Council's capital budget at the month nine position (based on month eight data) and the projected outturn for the year. The report has been referred to the Governance, Risk and Best Value Committee as part of its work-plan.

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Terms of Referral

Capital Monitoring 2018/19 – Month Nine – referral from the Finance and Resources Committee

Terms of referral

1.1 The month nine position showed that the Council was projected to require loans fund advances of £55.126m and would be in receipt of grants and capital income amounting to £145.500m. Together this would fund projected capital investment of £200.626m. Loans fund advances were projected to be lower than the revised budget as a result of slippage in the programme.

1.2 The Housing Revenue Account (HRA) capital investment programme was projecting to require loans fund advances of £16.209m and would be in receipt of grants and capital income amounting to £63.990m. Together this would fund projected capital investment of £80.199m.

1.3 The Finance and Resources Committee agreed:

1.3.1 To note the projected capital outturn position on the General Fund and HRA at month nine.

1.3.2 To note the prudential indicators at month nine.

1.3.3 To note that the Head of Finance was closely monitoring the capital receipts position.

1.3.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work-plan.

For Decision/Action

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

Background reading / external references

Finance and Resources Committee 1 February 2019

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

Appendix 1

Finance and Resources Committee

10.00am, Friday, 1 February 2019

Capital Monitoring 2018/19 – Month Nine

Item number	
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The month nine position shows that the Council is projected to require loans fund advances of £55.126m and will be in receipt of grants and capital income amounting to £145.500m. Together this will fund projected capital investment of £200.626m. Loans fund advances are projected to be lower than the revised budget as a result of slippage in the programme.

The Housing Revenue Account (HRA) capital investment programme is projecting to require loans fund advances of £16.209m and will be in receipt of grants and capital income amounting to £63.990m. Together this will fund projected capital investment of £80.199m.

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Report

Capital Monitoring 2018/19 – Month Nine

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 nine;

1.1.2 Note the prudential indicators at month nine;

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 month nine position (based on month eight data) and the projected outturn for the year.

3. Main report

Existing Capital Plans

3.1 The position at month nine, based on period eight data, is summarised in the table below.

	Outturn Variance at Month Nine £000	Outturn Variance at Month Five £000	Movement from Month Five £000
Net (slippage) / acceleration in gross expenditure	(38,167)	(23,558)	(14,609)
Net surplus / (deficit) in capital receipts and grant income	(9,928)	(13,949)	4,021
Net increase / (decrease) in loans fund advances	(28,239)	(9,609)	(18,630)

3.2 The position at month nine can be seen in Appendix 1, which shows the Capital Investment Programme gross expenditure budget of £200.626m funded by grants and other capital income of £145.500m and loans fund advances of £55.126m.

3.3 There were no rephasing adjustments to the revised gross expenditure budget since those reported to Finance and Resources Committee on 4 December 2018.

3.4 The Capital Investment Programme for 2018/19 amounts to £238.793m an increase of £12.287m since period five (£226.506m) which primarily relates to an increased allocation from the Scottish Government for the Affordable Housing Supply Programme, funded by the Transfer of Management of Development Funding (TMDF) grant, and the acquisition of the remaining equity stake in one of the National Housing Trust Limited Liability Partnerships, funded from the Council Tax Discount Fund.

3.5 The projected slippage in gross expenditure has increased by £14.609m to £38.167m (Period 5, £23.558m). Acceleration in depot rationalisation projects (£3.338m) and Saughton Park (£4.43m) has been more than offset by slippage identified in highways, street lighting and transportation projects (£9.573m), timing of the on-lending to Edinburgh Living LLP for the acquisition of homes (£3.713m), contingency provision for completion of Wave 3 schools projects (£2.913m), conversion of Queensferry High School to a DBFM project, delay in Meadowbank project (£1.00m) and determination of the full extent and funding for project at Hunters' Hall (£0.995m). Projected general slippage against the programme of £5.789m has reduced by £0.348m, reflecting the budget rephrasing approved in the report to the Committee on 4 December 2018.

3.6 Further slippage in the ICT programme (£4.206m) is expected arising from a reprofiling of the payment profile of the revised delivery schedule following the contract reset with CGI. This change will not impact on the revised delivery schedule reported to Governance, Risk and Best Value Committee on 31 July 2018 which is now in place and will be managed by the Head of Customer and Digital Services.

3.7 Projects for infrastructure requirements under the Early Years Initiative are still expected to slip by £11.297m however this is an improvement to the position anticipated at period five (£14.025m). 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 the Early Years Initiative which will be incorporated in the revised Capital Investment programme and reported to the committee.

3.8 Explanations for significant slippage and acceleration for General Fund projects projected at month nine are presented in Appendix 2.

3.9 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, amounting to £5.789m, 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

3.10 Projected capital receipts from the sale of surplus assets, including those ringfenced for specific projects, are anticipated to be lower than the budgeted level by £9.928m, compared to £13.949m at period five. The improvement from period five relates primarily to the improvement in the delivery programme for projects in the Early Years Initiative and the reduction in the carry forward of the Early Years grant noted in paragraph 3.7.

3.11 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)

3.12 The Housing Revenue Account is forecasting slippage in gross expenditure of £0.736m compared to a balance budget at month five.

3.13 The HRA budget for capital receipts of £19.431m includes a budget of £13.508m of receipts from Edinburgh Living LLP for the sale of mid-market and market rent homes constructed by the HRA within the overall house building programme. The HRA is now projected to receive £9.156m in capital receipts from Edinburgh Living LLP and grant income of £1.628m from the Scottish Government for the sale of completed homes in 2018/19. In addition, grant income of £2.772m is projected for homes currently under construction. Total capital income forecast in 2018/19 therefore amounts to £13.556m which exceeds the revised budget of £13.508m. This represents a change of profile of the pipeline of delivery and the total receipts achieved across the programme remain the same.

3.14 The full HRA capital investment budget position is shown in Appendix 3. At month nine, the forecast is gross expenditure of £80.199m, capital receipts and grant income of £63.990m and loans fund advances of £16.209m.

3.15 Explanations for significant slippage and acceleration for HRA projects projected at month nine are presented in Appendix 4.

3.16 The slippage is primarily due to difficulties in progressing improvements in mixed tenure blocks. This has largely been offset by the acceleration of the new build programme and the acquisition of ex-Council homes to consolidate Council owned blocks. An update on the Mixed Tenure Improvement Strategy was reported to Housing and Economy Committee on 24 January 2019, which set out the changes to policy and practice and the resources required to support the mixed tenure investment programme.

3.17 Despite the projected slippage, the capital programme is forecasting an outturn of over £80m in 2018/19, which has nearly doubled in the last two years.

Prudential Indicators

3.18 The Prudential Indicator monitoring at month nine is shown in Appendix 5.

3.19 Members are asked to note that the Council's Capital Financing Requirement is expected to breach its Operational Boundary for External Debt by £29m at 31 March 2019 but remain within the authorised limits. The Operational boundary breach is forecast to extend for the full period of the reported Indicators with the highest amount of the breach being £87m at 31 March 2023.

3.20 The Prudential Code, under which Local Authorities are required to operate notes that cashflow variations may lead to the occasional breach of the operational boundary. The setting of this operational boundary is a matter of careful judgement. If it is set too high, then it may be too near the authorised limit for it to operate effectively and enable appropriate action to be undertaken or assurance given to ensure the authorised limit is not breached. Alternatively, if it is set too low, it will be breached so frequently that it will cease to act as a credible warning indicator.

3.21 The breach of the Operational boundary reported in paragraph 3.19 is as a result of the inclusion of payments, cumulatively estimated at £136m in 2018/19, relating to the residual waste contract with FCC as a credit arrangement following clarification of the proper accounting treatment of the service concession as detailed below at Indicator 5 in Appendix 5. The asset will be recognised on the Council's balance sheet at 31 March 2019 as it moves into operational use. The Council entered into this contract with FCC in 2016 and the funding to support these contract payments had previously been built into revenue budgets and therefore the liabilities are fully funded.

3.22 The Authorised Boundary for External Debt is not anticipated to be breached.

3.23 Revised boundary limits will be brought for Members approval at the Council budget meeting on 21 February 2019.

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 £55.126m. The overall loan charges associated with this over a 20-year period

would be a principal amount of £55.126m, interest of £35.106m, resulting in a total cost of £90.232m 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 £1.392m, followed by an annual cost of £4.442m for 20 years.

5.2 The projected 2018/19 HRA outturn outlines loans fund advances of £16.209m. The overall loans charges associated with this over a 20-year period would be a principal amount of £16.209m, interest of £10.322m, resulting in a total cost of £26.531m based on a loans fund rate of 5.0%. The loan charges will be interest only in the first year, at a cost of £0.411m followed by an annual cost of £1.306m 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 - _half-year position – Finance and Resources Committee, 4 December 2018

Stephen S. Moir

Executive Director of Resources

Contact: Denise Pryde, Senior Accountant

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11. Appendices

Appendix 1 - Capital Monitoring 2018/19 – General Fund

Appendix 2 - Slippage and Acceleration on Projects – General Fund

Appendix 3 - Capital Monitoring 2018/19 – HRA

Appendix 4 - Slippage and Acceleration on Projects – HRA

Appendix 5 - Prudential Indicators 2018/19

Capital Monitoring 2018/19

General Fund Summary

Period 9 (based on Period 8)

Expenditure	Approved Budget £000	Adjusts £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000	%
Communities and Families	54,597	(2,935)	51,662	21,030	31,778	(19,884)	38.49%
Edinburgh IJB	2,727	(2,711)	16	169	182	166	n/a
Place	110,084	6,356	116,440	62,215	113,044	(3,396)	2.92%
Resources - Asset Management Works	17,575	4	17,579	9,890	16,081	(1,498)	8.52%
Resources - Other	16,221	(8,203)	8,018	978	3,965	(4,053)	50.55%
Lending	45,078	-	45,078	4,771	41,365	(3,713)	8.24%
General slippage in programme 5% (excluding lending and TMDF)					(5,789)	(5,789)	n/a
Council Wide Projects							
Developers Contributions invested for expenditure in future years			-	7,748	-	-	n/a
Total Gross Expenditure	**246,282**	**(7,489)**	**238,793**	**106,801**	**200,626**	**(38,167)**	**-15.98%**

Income							
Capital Receipts							
General Services	11,715		11,715	828	11,715	-	0.00%
Ringfenced Asset Sales	6,395	266	6,661	349	6,661	-	0.00%
Less Fees Relating to Receipts	-	-	-	(38)	(38)	(38)	n/a
Total Capital Receipts from Asset Sales	*18,110*	*266*	*18,376*	*1,139*	*18,338*	*(38)*	*-0.21%*
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	4,688	7,007	9,455	7,007	-	0.00%
Capital Grants Unapplied Account drawdown	3,451	91	3,542	1,037	958	(2,584)	72.95%
Total Capital Receipts	*37,853*	*5,045*	*42,898*	*11,631*	*40,276*	*(2,622)*	*-6.11%*
Grants							
Scottish Government General Capital Grant	49,405	-	49,405	32,937	49,405	-	0.00%
Cycling, Walking and Safer Streets	691	-	691	-	691	-	0.00%
Management Development Funding	41,269	8,000	49,269	23,695	49,269	-	0.00%
Early Years and Childcare - Expansion	12,400	-	12,400	12,400	12,400	-	0.00%
Other Specific Government Grants	765	-	765	2,427	765	-	0.00%
Less Early Years Carried Forward					(7,306)	(7,306)	n/a
Total Grants	*104,530*	*8,000*	*112,530*	*71,459*	*105,224*	*(7,306)*	*-6.49%*
Total Income	**142,383**	**13,045**	**155,428**	**83,090**	**145,500**	**(9,928)**	**-6.39%**

Balance to be funded through Loans Fund Advance	**103,899**	**(20,534)**	**83,365**		**55,126**	**(28,239)**	**-33.87%**

CAPITAL MONITORING 2018/19 - Period 9
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

Type	*Explanation*
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 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Communities and Families					
Early Years 2020	-11,297	-14,025	2,728	Delays resulting from the late announcement of complete funding package	1
St Crispins	-309	-309	0	Delays due to flood risk assessment	1
Queensferry PS	0	-304	304	Better progress on site than anticipated	4
Leith Victoria PS	-336	-207	-129		2
Broomhills PS	320	0	320	Better progress on site than anticipated	4
New South Edinburgh PS	282	0	282	Better progress on site than anticipated	4
Duncan Place development	167	0	167	Spend in advance of settlement of ring fenced capital receipt	4
Oxgangs YPC	-86	-82	-4	Delay in appointing contractor. The contractor has now been appointed and the project is scheduled to complete in Summer 2019	1
Wave 3 unallocated contingency	-2,913	0	-2,913	Contingency for completion of Wave 3 projects at St Johns PS, St Crispins and park at former Portobello HS site	2
Park at Former Portobello HS site	-598	0	-598		2
New Queensferry HS	-1,848	0	-1,848	Funding to revert to revenue as this is now a DBFM contract	3
New Craigmillar HS	-323	0	-323	issue of NPR has been delayed by derogation process of Authority Construction Requirements	1
Rising School Rolls 5 projects	-996	0	-996	Rising Rolls 5 – 2 classroom new build at Stockbridge PS was in the scope to be delivered and then slipped to following year into Rising Rolls 6	2
Rising School Rolls 6 projects	1,354	0	1,354	Better progress on site than anticipated	4
Library Suspense	-350	0	-350	Out of Hours project to be implemented as library hubs develop.	2
George IV Bridge Library	-365	0	-365	Project on hold awaiting further funding	2
Hunters Hall Cycle Hub and Pitch	-995	0	-995	Full scope and funding for the project is still under development	2
Meadowbank Sports Centre	-1,000	0	-1,000	The appointment of the contractor has allowed for a reprofiling of the budget to reflect the phasing of works.	2
Net (slippage) / acceleration on various projects	-591	0	-591		4
Total Communities and Families	**-19,884**	**-14,927**	**-4,957**		

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Edinburgh Integrated Joint Board					
Net (slippage) / acceleration on various projects	166	0	166		4
Total Edinburgh Integrated Joint Board	**166**	**0**	**166**		
Place					
North Bridge major refurbishment	-6,932	-6,835	-97	The appointment of the contractor has allowed for a reprofiling of the budget to reflect the phasing of works.	3
Burnshot Bridge	-467	0	-467	Delays in project start. Delayed for one month.	2
Bridge Strengthening	-599	0	-599	Two projects are the cause. Market St = Delayed from October to Spring. Greendykes Footbridge = legal issues surrounding developer going into liquidation.	2
Bus Priority Schemes / Bus Shelters	-251	0	-251	Full budget spend not possible due to volume of order with associated lengthy manufacture & delivery time.	2
Home Owners' Adaptation Grants	-229	0	-229	Demand led grant assistance scheme	2
Street Lighting LED - rephasing	-660	-119	-541	The appointment of the contractor has allowed for a reprofiling of the budget to reflect the phasing of works (Delays in receiving new lanterns. Amey doing other low cost works from later years of the programme, therefore no delay in overall project)	3
St Andrews Square	-435	-433	-2	Delays in the programme to align with the work being planned for George St	2
Walking Pojects	-475	-583	108	Projects on hold to a lack of internal staff	2
Seafield depot - Phase 2	203	500	-297	The project has accelerated due to better than expected progress by the contractor	4
Bankhead Waste Transfer Station depot	3,135	2,939	196	The project has accelerated due to better than expected progress by the contractor	4
Cycle projects	500	-449	949	Acceleration of Community Links and Sustrans funded projects in advance of receipt of grant income.	4
Cycle project - Meadows to George St	265	0	265	Acceleration of Community Links and Sustrans funded projects in advance of receipt of grant income.	4
Cycle project - West Edinburgh Active Travel Network	270	0	270	Acceleration of Community Links and Sustrans funded projects in advance of receipt of grant income.	4
Water of Leith - phase 2	-1,044	-1,051	7	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	4,430	0	Expenditure incurred in advance of receipt of grant income support	4
Salvesen Steps	-512	0	-512	Full scope and funding for the project is still under development	2
LDP Roads Obligations (ex WETA)	-500	0	-500	LDP development infrastructure requirements being determined	2
Net (slippage) / acceleration on various projects	-95	605	-700		4
Total Place	**-3,396**	**-996**	**-2,400**		
Resources - Asset Management Works					
Slippage across the Asset Management Works programme	-1,498	-1,498	0		2

	Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Total Resources - Asset Management Works	**-1,498**	**-1,498**	**0**		
Resources - Other					
ICT Contract	-4,206	0	-4,206	Reset of contract	2
Net (slippage) / acceleration on various projects	153	0	153		2
Total Resources - Other	**-4,053**	**0**	**-4,053**		
Lending					
Edinburgh Living LLP	-3,713	0	-3,713	Delays in the completion of MMR homes for sale to Edinburgh Living LLP	2
	-3,713	**0**	**-3,713**		
Council Wide / Corporate Projects					
Net (slippage) / acceleration on various projects	-5,789	-6,137	348		2
Total Council Wide / Corporate Projects	**-5,789**	**-6,137**	**348**		
Total for all Services	**-38,167**	**-23,558**	**-14,609**		

Summary of Variance Category

1	Slippage due to unforeseen delays	-12,015	-14,025	2,010
2	Slippage due to optimistic budget	-26,074	-10,002	-16,072
3	Slippage due to timing of payments	-9,440	-6,954	-2,486
4	Acceleration on a project	10,406	8,474	1,932
5	Projected final underspend	-1,044	-1,051	7
		-38,167	-23,558	-14,609

Appendix 3

CAPITAL MONITORING 2018/19

Housing Revenue Account Summary

Period 9

	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Projected Variance £000	Projected Variance %
Expenditure					
Core Housing Improvement	33,744	15,170	29,100	-4,644	-13.8%
Other Housing Improvement	5,665	5,623	7,573	1,908	33.7%
House Building Programme	41,526	27,935	43,526	2,000	4.8%
Total Gross Expenditure	80,935	48,728	80,199	-736	-0.9%
Income					
Capital Receipts	19,431	9,817	15,079	-4,352	-22.4%
Developers and Other Contributions	27,740	0	33,162	5,422	19.5%
Specific Capital Grant	11,349	1,874	15,749	4,400	38.8%
Total Income	58,520	11,691	63,990	5,470	9.3%
Loans Fund Advances					
Loans Fund Advances	22,415		16,209	-6,206	-27.7%
Total	22,415		16,209	-6,206	-27.7%

CAPITAL MONITORING 2018/19 - Period 9 - HRA Projects
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

Type	*Explanation*
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 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
HRA (non GF)					
Housing Investment on Existing Homes	-4,643	0	-4,643	Enagement with and concensus from owners and private landlords remains as a major risk to progress mixed tenure related improvements, such as door entry system, external fabric, and place making project. A Mixed Tenure Improvement Strategy report to the Housing and Economy Committee on 24 January 2019 proposed changes to policy/ practice and the resources required to support the delivery of improvements in mixed tenure areas. The contract tendering work of some parts of the programme was delayed as staff resource was diverted to deal with urgent emerging issues, such as those in relation to the high rise blocks in the city.	1
Neighbourhood Investment	300	0	300	The streamlined process that was put in place last year is now fully embedded and allows more projects to be delivered more quickly.	4
Community Care (adaptation to Council homes)	-358	0	-358	The budget is set each year based on trends from previous years, but is flexible to respond to demand. The year end projection is based on current caseload.	1
House Building Programme & wider regeneration	2,454	0	2,454	The new build programmes continues to spend broadly in line with budget with good progress on the small sites and in Craigmillar town centre. In the last reporting period new homes the Council has taken handover of 44 new affordable homes at Clermiston, 37 at Calder Gardens and 29 at West Pilton Grove.	4
Net (slippage)/ accelerration on various projects	1,511	0	1,511	Most of the accelerration is relating to acqusition of ex-Council homes, in aid of consolidating Council owned blocks.	4

		Period 9 £000	Period 5 £000	Movement between periods £000	Explanations for Significant Slippage / Acceleration	Variance Category
Total Housing Revenue Account		**-736**	**0**	**-736**		
Summary of Variance Category						
1	Slippage due to unforeseen delays	-5,001	0	-5,001		
2	Slippage due to optimistic budget	0	0	0		
3	Slippage due to timing of payments	0	0	0		
4	Acceleration on a project	4,265	0	4,265		
5	Projected final underspend	0	0	0		
		-736	0	-736		

PRUDENTIAL INDICATORS 2018/19 - Period 9

Indicator 1 - Estimate of Capital Expenditure

	2017/18 Actual £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000	2021/22 Estimate £000	2021/22 Forecast £000	2022/23 Estimate £000	2022/23 Forecast £000
Council Wide / Corporate Projects	364	0	0	0	0	0	0	0	0	0	0
Unallocated funding	0	0	0	10,411	10,411	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	41,365	25,618	18,118	57,542	75,424	73,665	55,104	87,065	76,692
Communities and Families	35,989	51,008	31,778	61,297	80,527	31,167	31,167	14,207	14,207	165	165
Edinburgh Integration Joint Board	496	16	182	4,240	4,073	5,000	5,000	5,000	5,000	0	0
Place	85,267	116,440	113,044	132,000	135,396	103,314	103,314	29,963	29,963	31,785	31,785
Resources	3,503	8,018	3,965	7,500	11,553	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	-5,789	0	-6,816	0	4,131	0	4,740	0	1,114
Total General Services	145,462	238,139	200,626	283,591	297,285	227,023	249,036	148,351	134,530	139,465	130,206
Housing Revenue Account	72,816	80,934	80,199	165,278	108,954	144,967	142,251	150,617	177,531	167,179	171,392
Total	218,278	319,073	280,825	448,869	406,239	371,990	391,287	298,968	312,061	306,644	301,598

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 Actual %	2018/19 Estimate %	2018/19 Forecast %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 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.

Indicator 3 - Capital Financing Requirement

	2017/18 Actual £000	2018/19 Estimate £000	2018/19 Forecast £000	2019/20 Estimate £000	2019/20 Forecast £000	2020/21 Estimate £000	2020/21 Forecast £000	2021/22 Estimate £000	2021/22 Forecast £000	2022/23 Estimate £000	2022/23 Forecast £000
General Services (including finance leases)	1,128,069	1,101,731	1,078,058	1,208,898	1,198,491	1,258,050	1,254,134	1,214,231	1,220,050	1,147,338	1,157,549
Edinburgh Living LLPs	0	12,870	9,156	33,614	22,397	86,647	93,353	159,189	147,405	244,291	222,200
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	377,822	438,190	415,545	466,873	414,058	488,779	474,986	489,859	518,770
Total	1,575,864	1,597,646	1,563,969	1,784,353	1,740,084	1,919,263	1,869,238	1,969,892	1,950,134	1,989,181	2,006,212
New Residual Waste Facility Service Concession		0	136,406	0	132,686	0	128,836	0	124,851		120,726
Total Capital Financing Requirment		1,597,646	1,700,375	1,784,353	1,872,770	1,919,263	1,998,074	1,969,892	2,074,985	1,989,181	2,126,938

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

Indicator 4 - Authorised Limit for External Debt

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £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 and similar assets

Indicator 5 - Operational Boundary for External Debt

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £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 and similar assets

Memorandum

Operational Boundary for External Debt	1,671	1,828	1,964	2,014	2,062
Forecast Capital Financing Requirement from Indicator 3 without Waste contract	1,564	1,740	1,869	1,950	2,006
Headroom	107	88	95	64	56
Forecast impact on CFR of Waste Contract	136	133	129	125	121
Forecast Breach of Operational Boundary for External Debt	-29	-45	-34	-61	-65

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

	2018/19 Forecast £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000
Loans Fund Pooled Interest Rate 5.0%					
General Fund Services (excluding Lending)					
Loans Fund Advances in year	13,761	141,677	122,612	38,426	12,514
Year 1 - interest only	348	3,581	3,099	971	316
Year 2 - principal and interest	1,109	11,416	9,880	3,096	1,008
Housing Revenue Account (HRA)					
Loans Fund Advances in year	16,209	59,511	24,289	90,200	77,152
Year 1 - interest only	411	1,886	1,274	1,136	804
Year 2 - Core Programme - principal and interest	538	1,388	1,349	2,225	3,200
Year 2 - House Building Programme - principal and interest	624	3,752	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 19 February 2019

Revenue Monitoring 2018/19 – Month Nine Position – referral from the Finance and Resources Committee

Item number	7.6
Report number	
Wards	All
Council Commitments	

Executive summary

On 1 February 2019, the Finance and Resources Committee considered a report which set out the projected Council-wide month nine revenue budget position for the year based on detailed analysis of period eight data, building on the period two and five based updates considered by the Committee in 2018. The report has been referred to the Governance, Risk and Best Value Committee as part of its work programme.

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Terms of Referral

Revenue Monitoring 2018/19 – Month Nine Position – referral from the Finance and Resources Committee

Terms of referral

1.1 Significant, demand-led pressures continued to be highlighted within service areas, primarily in Communities and Families and Health and Social Care. While means had been identified to address the additional unbudgeted cost of the proposed employer's pay award for non-teaching staff in 2018/19, the overall Council-wide position reflected only marginal improvement from the half-year update, pointing to a year-end overspend of £1.972m without the identification and implementation of further mitigating measures. This position furthermore reflected application of a number of one-off savings, sustainable solutions for which would require to be identified going forward.

1.2 Failure to mitigate these pressures by the year-end would result in a reduction of the Council's unallocated reserves and, without recurring means of addressing underlying structural pressures within Directorates/Divisions, threatened the integrity of the wider budget framework.

1.3 The Finance and Resources Committee agreed:

1.3.1 To note that a number of significant pressures continued to be highlighted by Executive Directors, such that an overall year-end overspend of £1.972m, without the identification and implementation of further mitigating actions, was forecast as of month nine.

1.3.2 To note that in light of continuation of this projected overspend position, relevant Executive Directors and the Chief Officer of the Health and Social Care Partnership / Edinburgh Integration Joint Board (EIJB) had been instructed by the Chief Executive, as a matter of urgency, to identify 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.

1.3.3 To note the balanced projected position on the Housing Revenue Account (HRA) after making a £33.162m gross contribution towards housing investment.

1.3.4 To refer the report to the Governance, Risk and Best Value Committee as part of its work programme.

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 1 February 2019

Laurence Rockey

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Links

Appendices	Appendix 1 – report by the Executive Director of Resources

Appendix 1

Finance and Resources Committee

10.00am, Friday 1 February 2019

Revenue Monitoring 2018/19 – Month Nine Position

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

Executive Summary

The report sets out the projected Council-wide month nine revenue budget position for the year based on detailed analysis of period eight data, building on the period two- and five-based updates considered by the Committee in 2018.

Significant, demand-led pressures continue to be highlighted within service areas, primarily in Communities and Families and Health and Social Care. While means have been identified to address the additional unbudgeted cost of the proposed employer's pay award for non-teaching staff in 2018/19, the overall Council-wide position reflects only marginal improvement from the half-year update, pointing to a year-end overspend of £1.972m without the identification and implementation of further mitigating measures. This position furthermore reflects application of a number of one-off savings, sustainable solutions for which will require to be identified going forward.

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.

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Report

Revenue Monitoring 2018/19 – Month Nine 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 £1.972m, without the identification and implementation of further mitigating actions, is forecast as of month nine;

1.1.2 note that in light of continuation of this projected overspend position, relevant Executive Directors and the Chief Officer of the Health and Social Care Partnership / Edinburgh Integration Joint Board (EIJB) have been instructed by the Chief Executive, as a matter of urgency, to identify 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 £33.162m 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 nine-month position for the Council's 2018/19 revenue expenditure budget based on analysis of actual expenditure and income to the end of November 2018.

3. Main report

3.1 This report represents the third 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 meeting on 11 October, prior to consideration of the half-year position report on 4 December 2018.

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 nine, an overall overspend of £1.972m is forecast as shown in the table below. This variance reflects £12.113m 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	822,454	561,227	571,947	10,720	834,567	12,113
Non-directorate specific areas	163,142	1,202	1,202	0	158,292	(4,850)
Movements in reserves	(1,134)	(1,134)	(1,134)	0	(5,425)	(4,291)
Sources of funding	(984,462)	(656,308)	(656,308)	0	(985,462)	(1,000)
In-year (surplus) / deficit					**1,972**	**1,972**

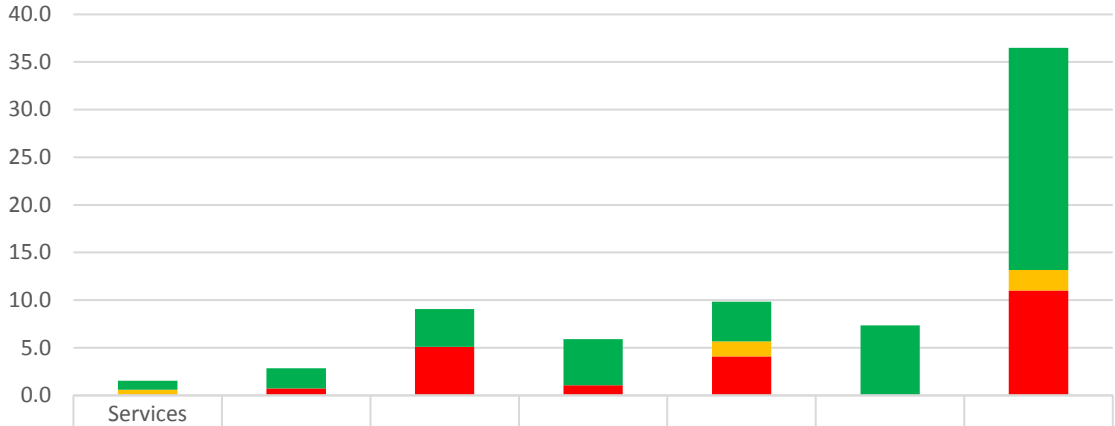
3.4 In light of this projected position, relevant Executive Directors and the Chief Officer of the EIJB have been instructed by the Chief Executive to identify, as a matter of urgency, further proposed actions to bring the Council's overall revenue budget for 2018/19 into balance by the year-end. In 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. An update in this regard is included in the revenue budget report elsewhere on today's agenda.

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 November, 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 – November 2018



	Services reporting to Chief Executive	Communities and Families	Health and Social Care	Place	Resources	Corporate savings	All savings
Green	0.925	2.115	3.950	4.831	4.151	7.335	23.307
Amber	0.600	0.000	0.000	0.000	1.575	0.000	2.175
Red	0.000	0.725	5.100	1.072	4.104	0.000	11.001

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 December, 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. It became apparent early in 2018/19 that

further management savings would be required in 2019/20 and a decision was therefore taken, within Communities and Families, to address all required management savings through one review. Work has begun on scoping out the posts that will be included in the review and the process and timescales are being discussed with Human Resources ahead of discussions with relevant trade unions.

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 shortfall of £4.104m in savings forecast against the 2018/19 approved savings for Asset Management Strategy and staff turnover savings. The primary factors influencing the inability to deliver the planned savings relate to a lack of property disposals and the necessary rationalisation of the operational property portfolio,

combined with additional cost pressures arising from additional properties, with higher running costs, being added to the portfolio in-year. Without a reduction in the operational property portfolio, then the ability to achieve a commensurate reduction in costs within the FM service is also curtailed.

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 nine, the Executive Director of Communities and Families is forecasting an in-year overspend of £4.0m, primarily linked to increasing costs in several demand-led areas of service. This represents a slight positive movement of £0.1m since the equivalent position reported to the Committee's previous meeting on 4 December 2018.

3.10 To date, projected unfunded gross budget pressures of £12.7m 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 £8.7m have been identified, leaving a net residual budget pressure of £4.0m.

3.11 The report to the Committee's meeting on 4 December 2018 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 half-year update reported to the Committee's meeting on 4 December 2018 pointed to an anticipated year-end overspend, without the identification and implementation of further savings measures, of £7.041m. This position primarily reflected a combination of additional expenditure relative to approved levels in the areas of Direct Payments, Individual Service Funds and Care at Home and higher-than-budgeted transport costs, alongside a shortfall in income. The overall level of overspend was expressed net of £3.780m of non-recurring EIJB contributions.

3.13 Based on consideration and analysis of period eight data, the overall position remains unchanged at this time. 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. Re-alignment of the

purchasing budget (which represents some two-thirds of overall service expenditure) was also completed by the end of December, improving the monitoring, transparency and accountability of spend in this area.

3.14 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.

3.15 The Chief Executive has written to the Chief Officer of the Edinburgh Health and Social Care Partnership, re-emphasising the urgent need for development of both a suitably-robust EIJB recovery plan for 2018/19 and detailed and sustainable savings proposals for 2019/20, given the resulting and increasing impact on the remainder of the Council's activity. Members of the Committee have also met with the Chief Officer of the Edinburgh Health and Social Care Partnership and the Chief Financial Officer of the EIJB to discuss the EIJB's current and anticipated financial challenges and, more critically, their plans to re-attain financial sustainability, with these officers also in attendance at today's meeting.

Place

3.16 The half-year based report considered by the Committee on 4 December 2018 emphasised that the primary focus of the Place Senior Management Team and Finance Business Partners in 2018/19 has been on enhancing budget transparency and sustainability. This approach has involved both a full realignment of budgets, informed by analysis of actual expenditure, income and planned savings, and a comprehensive half-year review of budget management performance. These actions have put in place the foundations of strengthened financial accountability across the Directorate.

3.17 In view of the timescales required to embed this objective fully, a number of related budget substitutions have required to be identified to deliver the approved level of 2018/19 savings. As of period eight, however, a number of these measures have not been fully implemented and, as such, the projected overspend at this time remains unchanged at £1.072m. The Senior Management Team will, however, continue to identify potential measures, such that the overall position may be improved further by the year-end.

Resources

3.18 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 £4.104m in the Property and Facilities Management Division due to non-achievement of savings previously assumed from the Asset Management Strategy and related employee turnover savings.

3.19 The Resources Directorate continues to progress the identification of additional savings measures to offset any further budget pressures which may emerge, both to ensure the achievement of 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

3.20 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

3.21 The half-year update report considered by the Committee on 4 December 2018 advised members of a number of mitigating measures offsetting pressures in directorates, 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.

3.22 In view of residual in-year pressures across the Council as a whole, however, the report indicated that analysis of all non-directorate budgets and provisions would continue for the remainder of the year.

Revised employee pay award, 2018/19

3.23 Members will be aware that the employer's initial offer to the representative non-teaching trade unions was a one-year pay settlement, with a 3% increase for all staff whose current pro-rated salaries do not exceed £80,000 and a flat-rate £1,600 increase for staff above this level. The proposed deal also involved full consolidation of the Living Wage within Local Government pay structures.

3.24 Consultative ballots amongst members of UNISON, UNITE and the GMB resulted in a strong rejection of the employer's offer. On 14 December 2018, following consultation with member councils, COSLA tabled a revised, three-year proposal comprising increases of 3.5%, 3% and 3% respectively for all staff for the years 2018/19, 2019/20 and 2020/21[1]. As of the time of writing, the results of the consultative ballots on the revised offers are not known, although UNISON, the largest representative union for local government employees, has recommended acceptance to its members.

3.25 While a 3% across-the-board increase is consistent with budget framework assumptions in the two later years, the 3.5% increase for most non-teaching staff in 2018/19 gives rise to a recurring pressure relative to the approved level of pay award provision of £1.8m. This additional liability is offset presentationally in Appendix 1 against the saving noted at 3.21 (iv) above, resulting in a net overall pressure of £0.2m.

3.26 As noted at 3.22, in view of the remaining projected overspend for the year, work has continued to identify any further in-year, and ideally recurring, contribution that could be made from non-directorate budgets. In this regard, detailed modelling of projected loans charge expenditure, taking account of pool interest rates, anticipated capital expenditure levels, the impact of in-year loan redemption and capital receipts, has identified an offsetting (and recurring) saving of £1.8m, increasing the overall in-year underspend in this area to £4.8m.

3.27 A report elsewhere on today's agenda notes the impact of the 2018/19 pay award on the incremental savings requirement for 2019/20. As the offsetting loans charge saving above is similarly recurring, this is available to contribute towards the increased funding gap. However, the use of loan charge savings to meet on-going revenue costs reduces the options available to fund future capital expenditure.

3.28 Discussions with regard to the teachers' pay award remain on-going, with the employer's revised proposal comprising increases of 3% for most staff in each of 2018/19, 2019/20 and 2020/21, along with restructuring of, and extension to, the teachers' main grade scale. As with non-teaching staff, the budget framework assumes a 3% across-the-board increase in each year concerned. Given the tri-partite nature of teachers' pay negotiations, funding for any further increase is assumed to be provided by the Scottish Government. An update on the current state of negotiations will be provided at the meeting.

Project and Change management temporary support

3.29 At the meeting of Council on 25 October 2018, members approved the use of up to £1m of previously-uncommitted monies to facilitate the engagement of dedicated fixed-term project managers to develop individual proposals for key projects

[1] The offer for 2018/19 still involves a £1,600 flat-rate increase for staff whose pro-rated salaries are above £80.000, with 3% increases in the two subsequent years.

comprising the broader Change Strategy. To date, recruitment has been completed, or is underway, in the following areas:

(i) Asset Management Strategy and service re-provisioning;

(ii) Depot Review;

(iii) Workforce Modernisation;

(iv) Fleet Review;

(v) Operational Efficiencies; and

(vi) LEAN/Continuous Improvement Team.

3.30 Regular updates on progress in recruitment and achievement of project milestones will continue to be provided to the Finance and Resources Committee, together with details of expenditure incurred.

Sustainability of budget framework

3.31 While the non-directorate savings identified thus far offset the majority of service-specific pressures, given the extent to which the measures concerned are either one-off in nature or already assumed in the budget framework going forward, 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)

3.32 As of month eight, a balanced position continues to be projected on the Housing Revenue Account (HRA) after making a £33.162m gross contribution towards housing investment, including £27.816m drawn down from the Renewal and Repairs and Council Tax Discount Fund earmarked reserves.

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.

6.3 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 reiterated to Executive Directors and the Chief Officer of the EIJB their responsibilities to identify mitigating measures 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 2018/19 – month three position, Finance and Resources Committee, 16 August 2018

10.2 Revenue Monitoring 2018/19 – progress update, Finance and Resources Committee, 11 October 2018 (referred to Council on 25 October 2018 for ratification of additional project management support to Change Strategy)

10.3 Place Directorate – Financial Monitoring 2018/19 – month five position, Housing and Economy Committee, 1 November 2018

10.4 Revenue Monitoring 2018/19 – month six position, Finance and Resources Committee, 4 December 2018

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11. Appendices

One – 2018/19 Revenue Budget – projected expenditure analysis

2018/19 Revenue Budget - Projected Expenditure Analysis
Period 9

Appendix 1

	Revised Budget	Period Budget	Period Actual	Period Variance	Projected Outturn	Outturn Variance	Percentage Variance
Service areas	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	
Services reporting to Chief Executive	9,443	6,487	6,592	105	9,443	0	0.0
Communities and Families	383,767	256,460	260,225	3,765	387,767	4,000	1.0
Health and Social Care	198,895	132,597	137,973	5,376	205,936	7,041	3.5
Place	58,964	39,309	41,010	1,701	60,036	1,072	1.8
Resources	167,811	123,991	123,764	(227)	167,811	0	0.0
Lothian Valuation Joint Board	3,575	2,383	2,383	0	3,575	0	0.0
Service areas total	**822,454**	**561,227**	**571,947**	**10,720**	**834,567**	**12,113**	**1.5**
Non-service specific areas							
Loan Charges	112,596				107,796	(4,800)	(4.3)
Other non-service specific costs less sums to be disaggregated:	25,875	n/a	n/a	n/a	26,075	200	0.8
- Apprenticeship Levy	1,857	1,202	1,202	0	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)	0				0	0	n/a
- 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	(291)	n/a	n/a	n/a	(291)	0	0.0
Interest and investment income	(10,103)	0	0	0	(10,103)	0	0.0
Non-service specific areas total	**163,142**	**1,202**	**1,202**	**0**	**158,292**	**(4,850)**	**(3.0)**
Movements in reserves							
Net contribution to / (from) earmarked funds	(1,134)	(1,134)	(1,134)	0	(5,425)	(4,291)	(378.4)
Movements in reserves total	**(1,134)**	**(1,134)**	**(1,134)**	**0**	**(5,425)**	**(4,291)**	**(378.4)**
Sources of funding							
General Revenue Grant	(360,928)	(240,619)	(240,619)	0	(360,928)	0	0.0
Non-Domestic Rates	(340,474)	(226,983)	(226,983)	0	(340,474)	0	0.0
Council Tax	(283,060)	(188,707)	(188,707)	0	(284,060)	(1,000)	(0.4)
Sources of funding total	**(984,462)**	**(656,308)**	**(656,308)**	**0**	**(985,462)**	**(1,000)**	**(0.1)**
In-year (surplus) / deficit	**0**	**(95,013)**	**(84,293)**	**10,720**	**1,972**	**1,972**	**0.2**

Governance, Risk and Best Value

10.00am, Tuesday, 19 February 2019

Annual Assurance Schedule – Strategy and Communications

Item number	7.7
Executive/routine	
Wards	
Council Commitments	

Executive Summary

The purpose of the report is to present the Annual Assurance Schedules for Strategy and Insight and the Communications Service to Governance, Risk and Best Value Committee for scrutiny. An action plan is also appended in response to areas where it has been identified that controls needed to be improved.

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Report

Annual Assurance Schedule – Strategy and Communications

1. Recommendations

1.1 To note the Strategy and Insight and Communications annual assurance schedules, submitted for scrutiny.

2. Background

2.1 Each year the City of Edinburgh Council requires that Executive Directors complete Certificates of Assurance that represent their view of the effectiveness and appropriateness of controls in their areas of responsibility. These Certificates support 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. The schedule will help highlight any areas of concern.

2.3 Strategy and Insight and Communications were different divisions when the assurance exercise was carried out but these services have since been realigned into the Strategy and Communications service.

2.4 Strategy and Communications comprises 145.7 staff across a wide range of corporate support and front line delivery services and support for the region in the delivery of the City Region Deal and can be broken into five main areas. These are:

Democracy, Governance, and Resilience (58.5 FTE)

2.5 This team has primary responsibility for the organisation and delivery of all elections and council decision making through the clerking, organisation and recording of council business, also directly supporting elected members in carrying out their constituency responsibilities. The team is also responsible for the oversight of council information including freedom of information requests, council records and archives and implementation activity in relation to GDPR. The team is also responsible for council resilience and business continuity planning.

Strategic Change and Delivery (31.6 FTE)

2.6 Strategic Change and Delivery are the council's corporate resource for overseeing and managing the delivery of change. The team is responsible for the monthly Change Board which takes a portfolio approach to the council's most significant and

high-risk projects. A small pool of project managers also sits within the team and are allocated to support the delivery of significant change projects. The team is responsible for the development and delivery of the budget and change strategy, working in partnership with finance. In addition, the team manages much of council's data and performance information, including the Coalition Commitments

Policy and Insight (19.3 FTE)

2.7 Policy and Insight are the council's corporate policy resource and provide policy and strategy capacity to corporate priorities. Recent examples include the development of the Economy Strategy, the Transient Visitor Levy, and the Poverty Commission. In addition, the team is responsible for the council's community planning arrangements including the management of the Edinburgh Partnership, participatory budgeting, and community grants administration. This team is also responsible for the council's approach to insight and produces the Edinburgh People Survey, the budget engagement, and the oversight of the Consultation Hub.

Communications (21.3 FTE)

2.8 The Communications team are responsible for the council's strategic communications advising senior councillors and the CLT on all issues affecting (or likely to affect) the council's reputation and include managing the council's relationship with the media, the management of social media and strategic campaigns. Recent strategic campaigns include the 20mph campaign, street cleaning and fostering. The team also have responsibility for internal communications.

Civic Services (8.60 FTE)

2.9 This team manages and supports the Office of Lord Provost and Lord Lieutenant of Edinburgh across the full range of civic duties which are undertaken in the capital city. The team also assists and advises the civic representatives of the Lord Provost (Depute Lord Provost and Bailies of the Council) as well as the Deputy Lieutenants of the Lord Lieutenant in fulfilling Royal duties. Specific responsibilities of the team include the Clerk to the Lieutenancy with a key role in the interface with the Palace. Detailed business support is also provided to the Lord Provost in chairing the Edinburgh2050 City Vision Project and as President of the OneCity Trust which is actively addressing poverty and inequality across the city.

2.10 The Division also runs the Programme Management Office for the £1.3billion Edinburgh and South East Scotland City Region Deal on behalf of our regional partners.

3. Main report

3.1 The Strategy and Insight and Communications schedules (appendix 1) were completed and returned to the Democracy, Governance and Resilience Service, 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.

3.2 The Certificates of Assurance require Heads of Service and Executive Directors to confirm that:

3.2.1 They have considered the effectiveness of controls in their service area/directorate, including controls in place to mitigate major risks to their service area/directorate's objectives.

3.2.2 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

3.2.3 They have identified actions that will be taken to continue improvement.

3.3 The schedule is completed by the Head of Service/Executive Director or by a nominated senior manager.

3.4 Before signing their Certificate of Assurance, the Head of Service/Executive Director should ensure that the schedule has been completed accurately.

3.5 An action plan for Strategy and Communications is attached at appendix two. This includes actions in relation to identified internal control weaknesses. In each instance a responsible officer and a deadline for completion is included.

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, Governance, Legal Services, Financial Services and Human Resources.

10. Background reading/external references

10.1 City of Edinburgh Council – 28 June 2018 – Unaudited Annual Accounts 2017-18

Andrew Kerr

Chief Executive

Contact: Laurence Rockey, Head of Strategy and Communications

E-mail: Laurence.rockey@edinburgh.gov.uk | Tel: 0131 469 3493

11. Appendices

Appendix 1 – Strategy and Insight and Communications Annual Assurance Schedules

Appendix 2 – Strategy and Communications Action Plan

Appendix 1

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**	Strategy & Insight	
Completed by	**Andy Nichol**	**Job title**	Programme Manager	**Date completed**	04/05/2018
Signed off by	**Laurence Rockey**	**Job title**	Head of Service, Strategy & Insight		
Print name of signatory		**Date of signature**			

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

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.	Please describe and/or give examples of the controls and procedures that you have in place and how these are monitored, tested, and reported.	The divisional senior management team meet weekly and consider risk, health and safety, project delivery, audit recommendations and HR issues. An approvals hierarchy with appropriate levels of authorisation is in place. There are identified budget managers responsible for scrutinising monthly expenditure against budget with the Finance Manager invited to Management meetings on a monthly basis together with the HR Client Manager to ensure propriety in that regard.	Compliant	
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.	There are contracts and service level agreements in place for both Iron Mountain and Public I. We are not responsible for any services through Council companies.	Compliant	
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.	Internal controls and procedures have been evolving to reflect changes in structure, roles and responsibilities and have been reviewed/updated to reflect this on an ongoing basis. Senior managers in place by April 2018 and these processes require to be embedded.	Partially compliant	Note: formal review arrangements will need to be put in place going forward.

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 major issues were identified although there were unresolved audit actions which were addressed Council wide with a particular focus from the division to ensure that actions plans were in place.	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.	No	No	
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: 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.	The Division adheres the Council's approach to risk management, and the activities and responsibilities required to ensure that risk management was embedded comprehensively and consistently across the Council as considered by the Governance Risk and Best Value Committee and referred to the Corporate Policy and Strategy Committee for approval. New and escalating risks are highlighted and reviewed as part of the normal management arrangements.	Compliant	

			Risk is a regular standing item on the agenda for the Divisional Senior Management Team and each section maintains a Risk Register and similarly considers Risk on a regular basis within team meetings. This ensures identification and escalation of key risks. The Head of Service participates on the **CLT Risk Committee** which serves to ensure that risks are escalated appropriately.		
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.	As described above, these actions are monitored through regular consideration Team meetings, the Senior Management Team and escalated as appropriate to the CLT Risk Committee. Risk management arrangements in the Division include the requirement to identify and assess the effectiveness of controls and procedures in place to manage the risks identified above. Each risk owner is required to assess whether the level of residual/current risk management for that risk is at a tolerable level. As part of their annual plan, Internal Audit also review how well we manage our key risks. Internal Audit recommendations are dealt with promptly.	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.	As a result of changes to the wider organisational structure, Strategy & Insight initially participated within the Resources **Risk Management Group** comprising officer representation from each Service Team in the Resources and Chief Executive's Directorate. As described above, Strategy & Insight now addresses risk management arrangements on its own Divisional basis to ensure identification and escalation of key risks. As the Divisional arrangements have only recently been introduced, the risk management arrangements have been developed and ably supported through close liaison with Risk and will be regularly reviewed going forward.	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.	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 Divisional arrangements support these escalation requirements and benefit from the Head of Service being a member of the CLT Risk Committee.	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.	The risk management arrangements described above are designed to identify, record and ensure mitigation of bribery risks. The Division also gives due consideration to the Annual Fraud Prevention and Detection Report considered by the Finance and Resources Committee.	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.	Regular communication is provided on whistleblowing within the division.	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.	Implementation of internal audit recommendations is subject to monthly tracking by the Divisional Senior Management Team and Corporate Leadership Teams. Arrangements for addressing Internal audit actions is prioritised consistently within team objectives across the Division. This supports the focus that the Governance, Risk and Best Value Committee is giving to the implementation of audit actions.	Partially Compliant	

2.9	Your service area should have appropriate resilience arrangements in place, including: 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. All who should have received the appropriate training.	Please confirm your compliance with each requirement and how you ensure each is managed.	1. The Chief Executive's area is not included in these arrangements but has a representative on the Council Resilience Group. 2. There is a Resilience Co-ordinator. Deputies are under review across the Council. 3. There is a counterterrorism co-ordinator but the deputy is vacant. 4. N/A	Compliant	
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.	Service managers have worked with the Resilience service to ensure business continuity plans are in place for all key services.	Compliant	Work will be undertaken with services across the division to identify any need for further business continuity plans.
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.	Please describe these arrangements and how they are monitored and reported.	As part of the 'essential learning on key policies and procedures', all staff are encouraged to ensure they read and understand the policies and procedures annually. Working closely with HR, any instances of non-compliance are promptly followed up via Heads of Service/Senior Managers and discussed at team meetings. Staff are required to sign the declaration and submit this to their line manager which is then recorded in MyPeople.	Compliant	

			In addition, staff induction checklists are used by all managers, when introducing a new member of staff to the Council. The Division's HR Client Manager is regularly invited to the Divisional Senior Management Team to assist with awareness of, and adherence to, workforce management policies.		
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.	Staff are briefed through a variety of communication and training methods and controls are in place. Strategy & Insight benefits from the specific subject expertise within Governance & Democratic Services in relation to these matters (particularly Contract Standing Orders). These matters are regularly discussed and disseminated across the service area. SMT meets and discusses issues that come up to ensure there is advice and a robust challenge environment. HR and Finance representatives attend this meeting.	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.	Recruitment does not proceed without full oversight by our HR Client Manager. It is a standing item on the agenda for the Divisional Senior Management Team and only properly trained staff participate in recruitment and selection. HR will also participate in the interview part of the recruitment process where that is considered appropriate.	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.	Induction training is completed for all new staff within each service area and the induction checklist is used by managers where relevant. There are separate checklists for new employees and employees taking up a managerial post. Similarly, the leavers checklist is rigorously followed to ensure all necessary steps are taken in relation to those leaving the organisation.	Compliant	
3.5	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.	Please describe the controls you have in place, including monitoring and reporting arrangements.	Robust controls exist to ensure that all recruitment processes are followed before new employees are allowed to commence employment. Strategy & Insight benefits from the specific subject expertise within Governance & Democratic Services in relation to these matters (particularly PVG/Disclosure checks which it also undertakes where necessary in relation to elected members and the committees on which they serve).	Compliant	
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.	The Division adheres to the Corporate Health & Safety policy which was approved at Committee last year. That detailed specific roles and responsibilities of CLT, Executive Directors, Heads of Service etc and was communicated via the Divisional Management Team to ensure all staff are aware. The policy is also included as part of the annual 'Essential learning' referred to above. All Senior Managers are IOSH accredited in relation to Health and Safety and are	Compliant	

			commensurate with health and wellbeing requirements and best practice. Health and Safety is standing weekly item discussed at CLT and regularly features on the agenda for the Divisional Senior Management Team and for their own respective team meetings.		
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.	The Division places great emphasis on Continuing Professional Development. As part of our wider divisional team building, three staff-led groups operate addressing ways of working, communications and Learning & Development. As part of the 'essential learning on key policies and procedures', all staff are encouraged to ensure they read and understand the policies and procedures annually. Working closely with HR, any instances of non-compliance are promptly followed up via Heads of Service/Senior Managers and discussed at team meetings. Staff are required to sign the declaration and submit this to their line manager which is then recorded in MyPeople. In addition, staff induction checklists are used by all managers, when introducing a new member of staff to the Council.	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.	Senior Managers and Tier 4 Managers have undertaken Conversations Spotlight training to utilise staff/performance conversations to support staff to perform at their best. This training has been cascaded across all managers in order to develop managers and staff alike and to positively impact on performance and relationships. There is a divisional huddle every week, whereupon updates are provided from the management team and team members. External (to the division) speakers have also been invited to informa dn update the division. Team meetings are in place across all teams. 1-1s are encouraged throughout the division. SMT meets and discusses issues that come up to ensure there is advice and a robust challenge environment. HR and Finance representatives attend this meeting.	Compliant	
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.	As part of the 'essential learning on key policies and procedures', all staff are encouraged to ensure they read and understand the policies and procedures annually. Working closely with HR, any instances of non-compliance are promptly followed up via Heads of Service/Senior Managers and discussed at team meetings. Staff are required to	Compliant	

			sign the declaration and submit this to their line manager which is then recorded in MyPeople. In addition, staff induction checklists are used by all managers, when introducing a new member of staff to the Council. Each service area maintains its register of gifts and hospitality register. An annual review of the conflicts of interest (secondary employment etc) is undertaken and managers are asked to review this as part of individual's PRD or in separate meetings as necessary.		
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.	N/A	N/A	
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.	Not applicable – Strategy and Insight has no responsibility for Arm's Length External Organisations.	Compliant	
4.3	You must regularly consult and engage with recognised trade unions.	Please describe the arrangements you have in place.	The division plays a constructive role in the quarterly Joint Consultative Group with Members; Resources and Chief Executive Joint Consultative Committees and the CLT monthly Partnership at Work Forum. These ensure regular	N/A	

			engagement, consultation and involvement of the Trades Unions		
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.	Council wide A variety of communication and training methods are employed to ensure staff area aware of all relevant new and existing Council policies. Approval is sought by the relevant Committee for Council policies and are reviewed either annually or more frequently as appropriate to ensure they are current, relevant and fit for purpose.	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).	As part of the 'essential learning on key policies and procedures', all staff are encouraged to ensure they read and understand the policies and procedures annually. Working closely with HR, any instances of non-compliance are promptly followed up via Heads of Service/Senior Managers and discussed at team meetings. Staff are required to sign the declaration and submit this to their line manager which is then recorded in MyPeople. In addition, staff induction checklists are used by all managers, when introducing a new member of staff to the Council. Work is needed to ensure that all policies are identified and appropriate.	Partially Compliant	A review of divisional policies will take place to ensure their relevancy and to consolidate a much as is possible.

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.	Please refer to 5.1 above. In advance of procedures/policies being reported to Committee, these are discussed/shared with CLT in advance for comment/approval. Many policies are contained in the Business plan or change strategy ensuring that they are planned and have an implementation process.	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.	The staff are aware of the parameters that apply and operate within these, eg. Head of Service as Proper Officer.	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.	This only applies to the Head of Service who is designated Proper Officer with specific responsibilities by Council via the Scheme of Delegation.	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.	Service managers are subject matter experts and ensure compliance with relevant legislation eg. Resilience, Information Governance, Elections. External regulators, internal audit and external audit all inspect these services	Compliant	

			for compliance with relevant legislation and regulation to applicable frequencies.		
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.	Responsibility for Information Governance rests corporately within the Service area. Staff awareness is promoted through a variety of communications and training methods, including regular messages around available training (e-learning and face to face), and essential learning. Initiatives are supported by a robust information governance framework.	Compliant	
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.	Data sharing is limited, but agreements are in place where required. Those arrangements are being assessed as part of the Council's preparations for GDPR to ensure compliance and to make any necessary revisions to existing arrangements.	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 are required under Council policy. These are carried out as a matter of routine across the division.	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.	The Council's data protection breach procedures are well established, used, and communicated on a regular basis.	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 at local, divisional and corporate levels are recorded on the Information Governance Risk Register.	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.	Employees are aware of their responsibilities for managing records appropriately and have well established practices for creating, receiving, storing, managing and disposing of records. However, following the recent completion of the Division's organisational review and restructure, there is a need to ensure all processes are properly documented.	Partially Compliant	A new shared drive is being created that will review and transfer any appropriate information whilst destroying information no longer needed.
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.	Retention rules are implemented. However, there is a need to ensure that these are implemented and documented consistently, following the Division's organisational review and restructure.	Partially compliant	A new shared drive is being created that will review and transfer any appropriate information whilst destroying information no longer needed

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.	Similar to what was detailed at Item 3.6 above, the Division adheres to the Corporate Health & Safety policy which was approved at Committee last year. That detailed specific roles and responsibilities of CLT, Executive Directors, Heads of Service etc and was communicated via the Divisional Management Team to ensure all staff are aware. The policy is also included as part of the annual 'Essential learning' referred to above. All Senior Managers are IOSH accredited in relation to Health and Safety and are commensurate with health and wellbeing requirements and best practice. Health and Safety is standing weekly item discussed at CLT and regularly features on the agenda for the Divisional Senior Management Team and for their own respective team meetings.	Compliant	
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.	Health and Safety is a regular, standing item on the agenda for the Divisional Senior Management Team meetings and for respective Team meetings. The ensures a regular focus on Health and Safety performance and the health and safety governance framework, which is aligned to the Council's risk management framework. This ensures robust governance for oversight and decision making for health and safety.	Compliant / Partially compliant / Not compliant	

			All Senior Managers are IOSH accredited in relation to Health and Safety and are commensurate with health and wellbeing requirements and best practice. Managers have been made aware of their, and their staff's, responsibilities with regard to identifying, and acting as appropriate upon, all health and safety risks. Where relevant, actions to mitigate risks identified through team stress risk assessments have also been included in improvement plans. Any risks identified are discussed and monitored at both CLT (at which our Head of Services participates) and the Senior Management Team.		
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.	As noted above. This is monitored regularly through risk and Health & Safety reporting at CLT (at which the Head of Service participates) and via the Divisional Senior Management Team. The Head of Strategy and Insight also sits on the Council Health and Safety Group, chaired by the Chief Executive. All relevant matters are cascaded to staff. Again it is relevant to note that all Senior Managers are IOSH accredited in relation to Health and Safety and are commensurate with health and wellbeing requirements and best practice.	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.	As noted above, staff are required to confirm understanding of the main aspects of the policy as part of the annual core policies 'refresher' checklist. Designated fire wardens and trained first aiders have been identified across the Directorate. Again it is relevant to note that all Senior Managers are IOSH accredited in relation to Health and Safety and are commensurate with health and wellbeing requirements and best practice. Induction training is completed for all new staff within each service area and the induction checklist is used by managers where relevant. There are separate checklists for new employees and employees taking up a managerial post. Where necessary, training needs analysis is carried out and training plans agreed and implemented as appropriate. Health & Safety training is provided to H&S staff as part of CPD.	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.	The Executive Director of Resources attends the quarterly Council H&S Group	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.	Please describe your performance monitoring arrangements, including frequency of reporting, and provide detail of any such reports during the reporting period.	Strategy & Insight is the corporate lead for performance monitoring and leads on the preparation of performance reports for consideration at the Corporate Leadership Team (CLT) and Divisional Senior Management Teams. Key indicators and exceptions are specifically considered to identify and ameliorate issues, establish best practice and enhance performance and value for money. The Service Area oversees formal performance reporting to Full Council (in relation to The Edinburgh Partnership, Council Performance Indicators, Complaints, Local Government Benchmarking Framework) and for all other Executive Committees. Inadequate performance is highlighted within an accompanying exception report and reported to the appropriate team or committee.	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.	Performance reports are accompanied by exceptions reports and are considered at CLT each month. Exception reports include information about the underperforming indicator as well as new related data and analysis. Standing Performance Indicator Items appear on CLT and the Divisional SMT agenda. This scrutiny ensures that high profile performance measures are regularly reviewed and are kept in focus by senior management team	Compliant	A divisional plan is being created

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 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. 5. Addressing recommendations from the SPSO in relation to the service area.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	The City of Edinburgh Council follows the Public Service Ombudsman's Customer Complaints rules based on stage 1 and stage 2 complaint reporting and investigation. Complaints are recorded on the Council's Capture database. This database also produces reports on adherence to timescales and performance statistics. Services are supported by corporate teams to identify their complaint area hotspots, along with customer insight to target service improvement activity and service re-design. Training takes place to ensure all staff are up to speed on all current complaint policies, guidelines and supporting material such as Managing Customer Contact in a fair and positive way. Again the Division benefits from having the corporate lead role in terms of engagement and relationship management with the Scottish Public Services Ombudsman.	Compliant	
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.	Yes, arrangements are in place through relevant staff having attended Oracle training and consulting the Procurement service when necessary.	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.	Divisional managers and budget holders are commensurate with Contract Standing Orders – the fundamental principles, their responsibilities and those of the Head of Service and the thresholds for approval and monitoring requirements. This is supported by system controls which are applied and maintained by the Financial Systems team, with standard procedures applied across all Council services. A transaction authorisation hierarchy is maintained within the Oracle financial system for all Council services. Monthly expenditure and income statements are monitored by all budget managers for review and verification of expenditure and income. The Head of Service meets with the Finance Manager on a regular basis to monitor ongoing progress against budgets with the Finance Manager attending Senior Management Team meetings on a monthly basis in this connection.	Compliant	
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.	Contracts are rigorously monitored in line with Contract Standing Orders.	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.	Contracts are rigorously monitored in line with Contract Standing Orders and in an open, thorough and transparent manner.	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.	Strategy & Insight is the lead area for the Council's Change Strategy and is responsible for regularly reviewing the portfolio of programmes and projects and assisting the Corporate Leadership Team and elected members in fulfilling their oversight and scrutiny responsibilities.	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.	Strategy & Insight benefits from being the corporate lead for both the Change Strategy and for Corporate Governance. This ensures that all project/programme arrangements have robust governance arrangements which demonstrate best practice and align with the Council's Standing Orders.	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.	Again, the Division's corporate expertise in relation to Change programmes, Governance and performance monitoring means that projects are properly established and effective systems provide rigorous oversight enabling any deviations to be quickly identified and ameliorated or escalated as appropriate.	Compliant	

			These programme controls are complemented by democratic scrutiny.		
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.	Potential projects and programmes are developed and prioritised in relation to the extent to which they will improve service delivery, offer innovative and transformational approaches and release savings. Once approved, project owners are responsible for monitoring progress and benefits. The Change Team oversees the process and supports projects and programme managers. Progress is reported monthly to the Corporate Leadership Team with scrutiny provided by the Corporate Leadership Team. Major projects have all had necessary documentation in place. However, more minor projects, in particular those with no external expenditure do not always have clear business plans or track benefits.	Partially 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.	These requirements are fully built into the arrangements overseen by the Change Team.	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.	System controls are applied and maintained by the Financial Systems team, with standard procedures applied across all Council services. A transaction authorisation hierarchy is maintained within the Oracle financial system for all Council services with appropriate approval limits set. Monthly expenditure and income statements are monitored by all budget managers for review and verification of expenditure and income. The Head of Service meets with the Finance Manager on a regular basis to monitor ongoing progress against budgets with the Finance Manager attending Senior Management Team meetings on a monthly basis in this connection	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.	I am extremely confident that the arrangements in place are effective and appropriate. No control problems or variances have been identified during 2017/18, which could have an effect on the Annual Account	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.	Given the nature of the Service Area's activities, such instances are comparatively rare. Should they arise these would be highlighted as part of our corporate budget monitoring and financial planning processes.	Compliant	

			There have been no reported instances in the period		
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.	Subject to adherence to controls in relevant areas, the office-based nature of most of the Service Area's activity militates against theft, loss and unauthorised use of assets but staff are reminded of their responsibilities as part of the annual policy refresh exercise and at other times as appropriate. No significant losses have been identified within the Service Area for the year to March 2018.	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 scope of provision is reviewed on an on-going basis and any changes made after assessment of the anticipated financial consequences. The Council's insurance section identify and provide insurance provision for the Council.	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.	The Service Area has complied with all statutory/regulatory requirements have been complied with during the year. The Councils Corporate Accounts team keep accountants and services advised of any changes in statutory/ regulatory arrangements.	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.	In addition to the periodic and other external reviews noted elsewhere, the Service Area's principal procedures, guidance, policies and risk management are subject to regular review and have not provided evidence of specific concerns in these areas.	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.	N/A	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.	N/A	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.	The Division is well versed in supporting national inspections such as Best Value Audits by Audit Scotland. There are no such reports in the relevant period that could impact on the signing of the Annual Governance Statement.	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.	This is not appropriate for the period in question. The Division is however experienced in monitoring and implementing, or overseeing the implementation, of recommendations. The explanation at 2.8 above, in relation to internal audit recommendations, is also relevant here.	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.	A review of the Resilience service by Internal Audit commenced in February 2018. A final report is pending. Major project management governance	Yes	
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.	Audit actions are now discussed monthly at SMT and clear owners are identified and progress is tracked.	Partially Compliant	Arrangements are now in plac but historically were not.
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.	Many of the issues and recommendations are, of course, continuous and subject to ongoing review, enhancement and improvement. The recent self-attestation exercise reviewing the implementation of previous historic IA actions has highlighted some areas in the Directorate where further action is required to allow	Compliant	Historic IA action and open an overdue IA Actions arising during 2017/18 are part of a CLT Plan for improved compliance and reporting. Until these actions are validated and closed or sufficiently mitigated, then thi assessment is unable to show as Compliant.

			these to be fully embedded within services.		

Reviewed by		**Role**	Executive Director (where applicable)	**Date**	
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**	Communications	
Completed by	**Simon Higgins**	**Job title**	Head of Communications	**Date completed**	26 March 2018
Signed off by		**Job title**			
Print name of signatory		**Date of signature**			

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

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:

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Democracy, Governance and Resilience Senior Manager
Strategy & Insight
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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.	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 are in place for activities delivered by the team. All communications activities are monitored against targets and objectives by service managers and the service area involved. Regular review meetings are held at SMT's and with lead officers. The service adhere to the councils internal controls for financial, risk, resilience, procurement controls.	Compliant	
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.	Communications does not deliver services through any of these routes.	Compliant	N/A
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.	Internal controls and procedures are reviewed on a regular basis. We are implementing a customer satisfaction framework. Service standards are reviewed and feedback sought continuously.	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.	Communications activity does not have a direct impact on the annual accounts.		

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.	Communications does not operate funding/operating arrangements.	N/A	N/A
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: 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.	Yes preferred supplier tenders are in place for additional support requirements. Other procurement exercises will be carried out as required. An SLA is in place with Marketing Edinburgh and regular review meetings are in place.	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.	Regular monitoring by Head of Service and management team in place.	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.	Regularly reviewed	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	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.	Escalation available to Resources Board	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.	Register of gifts and hospitality	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.	Team communications and regular review	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.	Management Team	Compliant	

2.9	Your service area should have appropriate resilience arrangements in place, including: 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. All who should have received the appropriate training.	Please confirm your compliance with each requirement and how you ensure each is managed.	Resilience plan in place. Management structure in place. Counterterrorism not in place. Once location incident manager – management team.	Partially Compliant	
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.	In place.	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 eg. home/remote working.	Please describe these arrangements and how they are monitored and reported.	Staff briefing, team meetings, management team, 1-1 discussions, objectives.	Compliant	

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.	N/A		N/A
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.		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 new starters are taken through this by their line manager agreed with head of communications.	Compliant	
3.5	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.	Please describe the controls you have in place, including monitoring and reporting arrangements.	Council policies are implemented across the team.	Compliant	

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.	All issues reviewed at management team and Managed in line with Council policy.	Compliant	
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.	Essential training required reviewed and managed at management team.	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.	regular 1:1/supervision meetings, performance/spotlight conversations.	Compliant	
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.	Corporate policies followed across the team supervised and monitored by line managers.	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.	N/A		N/A
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.	N/A		N/A
4.3	You must regularly consult and engage with recognised trade unions.	Please describe the arrangements you have in place.	Head of service is a member of the resources joint consultative committee.	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.	Induction.	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).	N/A		N/A
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.	N/A		N/A
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.	Signed off and managed by the management team.	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.	N/A	Compliant	N/A

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.	Managed via the management team.	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.	Training in place and reviewed as part of each additional project if data gathering is required.	Compliant	
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.	N/A	Compliant	N/A
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.	Undertaken when appropriate.	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.	Done so in management team and team meetings.	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.	As part of resources risk committee.	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.	N/A		
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..	N/A		
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.	Done so as part of management team, team meetings and 1-1's.	Compliant	
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.	N/A	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.	Management team, team meetings and 1-1's.	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.	1-1's.	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.	Follow council policy and encourage staff to report near misses and other incidents.	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.	Please describe your performance monitoring arrangements, including frequency of reporting, and provide detail of any such reports during the reporting period.	Via management team, team meetings and 1-1's. Issues escalated via Head of Service.	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.	Via management team, head of service and Chief Executive.	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 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. 5. Addressing recommendations from the SPSO in relation to the service area.	Please describe the arrangements you have in place and how these are monitored, reviewed and reported.	We follow the City of Edinburgh Complaints Pocedure.	Compliant	
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.	Council policy and procurement system.	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.	Corporate training. Named staff for any contracts that are in place.	Compliant	
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.	Regular contract review with procurement and finance and review at management team.	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.	Communications follows the corporate policy.	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.	N/A		

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.	N/A		
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.	N/A		
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.	N/A		
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.	N/A		
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.	The corporate policy is implemented, monitored and followed closely.	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.	Regular review meetings with finance.	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.	Financial policies and regular review meetings with finance.	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.	Removal and secure storage of all assets.	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.	N/A		

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.	Regular review with finance. Monitoring of budget at management team.	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.	N/A		
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.		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.	N/A	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.	N/A		
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.	N/A		
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.		No	
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.	N/A		
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.	N/A		

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 2 – Strategy and Communications Action Plan in Response to Annual Assurance Statement Findings

Control Area	Paragraph of Schedule	Issue	Action	Senior Responsible Officer	Target completion date
Internal Control Environment	1.3	Your internal controls and procedures and their effectiveness must be reviewed regularly	New arrangements have been put in place due to the re-alignment of Strategy and Insight and Communications. Senior management is now in place and SMT meetings are held fortnightly and consider areas such as risk, health and safety, project delivery, audit, budget and HR.	Laurence Rockey	Completed but ongoing
Risk and Resilience	2	General	How the division treats risk continues to develop and there are regular discussions at SMT and other management teams on how risk is handled. The division continues to strive to embed risk management into business as usual activities.	Laurence Rockey	Completed but ongoing
Internal Audit	2.8	You should have arrangements in place throughout your service area for the recording and addressing of audit actions	Arrangements have been put in place by management to manage and monitor audit actions to ensure compliance. This in turn is then monitored and discussed monthly at SMT.	Laurence Rockey	Completed but ongoing

Policy	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.	A review of divisional policies has been carried out and a timetable is being set out to ensure an annual refresh of all Council policies is in place.	Laurence Rockey	April 2019
Information Governance	7.6 and 7.7	Processes that manage Council records, created and used within your service area, must be documented within approved procedures.	Work is being undertaken on a new shared drive for the division. This is being carried out by the Information Governance Unit along best practice guidelines. Over a million files have been scanned and a fileplan and migration plan will be completed in March 2019 for implementation of a new structure with guidance on the management of records by summer 2019.	Laurence Rockey	July 2019
Health and Safety	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.	A new health and safety plan that covers the newly re-aligned division has been produced and will be rolled out across the division.	Laurence Rockey	February 2019
Performance	9.2	You should have arrangements in place to implement and monitor improvement measures to address any service delivery or performance problems.	A series of initiatives have been put in place to address this: • regular SMT performance that looks	Laurence Rockey	Completed but ongoing

			closely at all areas of performance, including people, finance, audit and risk. • risk register regularly discussed and updated. • SMT conversation about priorities for 19/20.		