

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10.00 am Tuesday, 29th September, 2020

Virtual Meeting - via Microsoft Teams

This is a public meeting and members of the public are welcome to watch the live webcast on the Council's website.

The law allows the Council to consider some issues in private. Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

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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. Declaration of Interests

- 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 18 August 2020 - submitted for approval as a correct record 7 - 10

5. Outstanding Actions

- 5.1 Outstanding Actions – 29 September 2020 11 - 34

6. Work Programme

- 6.1 Governance, Risk and Best Value Committee Work Programme – 29 September 2020 35 - 42

7. Business Bulletin

- 7.1 Governance, Risk and Best Value Committee Business Bulletin – 29 September 2020 43 - 46

8. Reports

- 8.1 Internal Audit Annual Plan 2020-21 – Report by the Chief Internal Auditor 47 - 120

8.2	Revenue Monitoring 2019/20 – outturn report – referral from the Finance and Resources Committee	121 - 138
8.3	Treasury Management: Annual Report 2019/20 – referral from the Finance and Resources Committee	139 - 160
8.4	Revenue Budget 2020/21 – Month Three Position – Report by the Executive Director of Resources	161 - 180
8.5	2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update – referral from the Finance and Resources Committee	181 - 194
8.6	Workforce Insight and Controls - Annual Report - referral from the Finance and Resources Committee	195 - 216
8.7	Quarterly Status Update – Digital Services – Report by the Executive Director of Resources	217 - 236
8.8	Whistleblowing update – Report by the Chief Executive	237 - 240

9. Motions

- 9.1** None.

10. Resolution to consider in private

- 10.1** The Committee, is requested under Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the public from the meeting for the following items of business on the grounds that they would involve the disclosure of exempt information as defined in Paragraphs 1, 12 and 15 of Part 1 of Schedule 7A of the Act.

11. Private Reports

- | | | |
|-------------|--|-----------|
| 11.1 | Whistleblowing Monitoring Report – Report by the Chief Executive | 241 - 264 |
|-------------|--|-----------|

Laurence Rockey

Head of Strategy and Communications

Committee Members

Councillor Joanna Mowat (Convener), Councillor Eleanor Bird, Councillor Jim Campbell, Councillor Maureen Child, Councillor Denis Dixon, Councillor Phil Daggart, Councillor Gordon Munro, Councillor Susan Rae, Councillor Neil Ross, Councillor Alex Staniforth and Councillor Norman Work

Information about the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee consists of 11 Councillors and is appointed by the City of Edinburgh Council. The meeting will be held by Microsoft Teams and will be webcast live for viewing by members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Martin Scott / Jamie Macrae, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4237 / 0131 553 8242, email martin.scott@edinburgh.gov.uk / jamie.macrae@edinburgh.gov.uk.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to <https://democracy.edinburgh.gov.uk/>

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Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 18 August 2020

Present

Councillors Mowat (Convener), Bird, Jim Campbell, Child, Doggart, Miller, Munn, Munro, Rae, Ross and Work.

1. Minutes

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 7 July 2020 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 – Governance, Risk and Best Value Work Programme – 1 August 2017

Action 9 – Whistleblowing Investigation Report – Report by the Chief Officer, Edinburgh Health and Social Care Partnership – B agenda

Action 10 – Annual Assurance Schedule – Chief Executive

Action 12 (1 & 2) – Internal Audit – Covid-19 Response

Action 15 – Edinburgh Leisure Accounts

Action 16 – Internal Audit: Final Internal Audit reports supporting the 2019/2020 Annual Opinion

Action 19 – Business Bulletin

2) To otherwise note the outstanding actions.

(Reference – Outstanding Actions 18 August 2020, submitted.)

3. Work Programme

Decision

To note the Work Programme.

4. Business Bulletin

Decision

To note the business bulletin.

(Reference – Governance, Risk and Best Value Committee Business Bulletin 18 August 2020, submitted.)

5. Internal Audit Annual Opinion for the year ended 31 March 2020

Details were provided on the Internal Audit's annual opinion for the City of Edinburgh Council for the year ended 31 March 2020, prepared in line with the Public Sector Internal Audit Standards requirements.

Decision

- 1) To note the limited Internal Audit (IA) annual opinion for the year ended 31 March 2020.
- 2) To note committee previously requested: that the Chief Executive, Executive Directors and Chief Officer of the Edinburgh Health and Social Care Partnership, supported by the Chief Internal Auditor, reported to the relevant Executive Committee at the earliest opportunity and the subsequent GRBV Committee setting out clear plans to ensure the closure of all historic and overdue internal audit management actions to enable an improvement to the overall Internal Audit Opinion for 2019/20.
- 3) To note with disappointment that the internal audit opinion was red again and recognises the significant and thematic weaknesses that contributed to this opinion.
- 4) To request that the Chief Executive and Executive Directors draft a comprehensive plan to be brought back to Policy and Sustainability Committee in 8 weeks – separately to the Adaptation and Renewal Programme, but showing how it would be integrated in to Adaptation and Renewal going forward, on how the areas for improvement listed at 4.16 will be addressed to enable the significant improvements required in time for the next annual audit opinion.
- 5) To note the Head of Legal and Risk, Chief Executive and Councillor Phil Daggart would discuss the intended new approach to management of line one and line two risk controls.
- 6) To agree the Democracy, Governance and Resilience Senior Manager would confirm within the business bulletin for GRBV on 29.9.20 the timetable for the roll out of the digital solution to risk management as referenced to the appendix 'Implementation of Assurance Actions and Linkage to Annual Governance Statements.
- 7) To agree that a briefing note would be supplied to Elected Members, following the Chief Executive's discussion with the external auditor about risk function in

view of the external auditor's findings on the adequacy of controls in place for when the Head of Legal and Risk and the Chief Internal Auditor were not present at Council Leadership Team (CLT) for key operational and strategic matters.

- 8) To include in the Risk Management Framework report to GRBV committee in September 2020, information on how the Council planned to respond to the risk highlighted in the external auditors report concerning the matter of independent challenge for key operational and strategic decisions to the CLT.
- 9) The Executive Director of Resources to check with Head of Property and Facilities Management and provide a briefing note regarding the status of cleaning staff and PVG membership in place and to clarify within the briefing note the rules concerning Protection of Vulnerable Groups (PVG), specifically if PVG is transferrable from one organisation to another.
- 10) To agree that an interim update would be provided in the business bulletin to GRBV on 29.09.20 on Policy Management Framework by Head of Strategy and Communications with a specific update to be provided on deadlines.

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

6. Internal Audit: Revisiting Internal Audit Extension Timeframes

An update was provided on the approach agreed by the CLT that was adopted by directorates to determine whether any further extensions were required to their currently open IA findings to reflect the impacts of the Covid-19 pandemic.

Decision

- 1) To note a blended approach had been agreed by the Corporate Leadership Team (CLT) and was adopted by Council divisions and directorates to determine whether further extensions were required to their currently open Internal Audit (IA) findings to reflect the impacts of the ongoing Covid-19 pandemic.
- 2) To note the details of the blended approach proposed by each Directorate (including details of any open findings proposed for closure based on retrospective acceptance of the associated risks) would be discussed with and reviewed by IA and reported to the Committee in November 2020.

(References – Governance, Risk and Best Value Committee, 9 June 2020 (item 4); report by the Chief Internal Auditor, submitted.)

7. Risk Management: Managing Risk Through Covid-19 - referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on 23 July 2020 to the Governance, Risk and Best Value Committee for scrutiny. The report provided an update on the original and current risk assessment profiles associated with the new population of nine strategic risks currently being managed across the Council. The progress with identification, assessment, recording and ongoing management of Adaptation and Renewal Programme risks was also outlined.

Decision

- 1) To note the report.
- 2) To note that internal discussions would take place regarding the level of detail and the level of granularity around the sub-risks on the Covid Risk Management Plan.
- 3) To note that consideration would be given to hosting a workshop with members of GRBV to detail underlying risks and the Council's response.

(References – Policy and Sustainability Committee, 23 July 2020 (item 7); referral from the Policy and Sustainability Committee, submitted.)

8. Accounts Commission: Local Government in Scotland Overview 2020 - referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on 6 August 2020 to the Governance, Risk and Best Value Committee for scrutiny. The referral report provided a summary of the main issues and themes identified within the Accounts Commission's recently-published Local Government in Scotland – Overview 2020 national report.

Decision

- 1) To note the report.
- 2) To note the Head of Strategy and Communications would consider how COSLA business, with an Edinburgh focus was being reflected in the policy briefings for Elected Members.

(References – Policy and Sustainability Committee, 6 August 2020 (item 14); referral from the Policy and Sustainability Committee, submitted.)

9. Audit Scotland Report on City Region/Growth Deals

Committee were provided with a summary of the findings of the Audit Scotland Report on City Region/Growth Deals, published on 16 January 2020.

Decision

- 1) To note the summary of the findings of the Audit Scotland Report on City Region/Growth Deals, published on 16 January 2020.
- 2) To note that the Edinburgh and South East Scotland City Region (ESESCR) Deal partners have an action plan in place to ensure that the issues identified in the Audit Scotland report were addressed.
- 3) To note that the Monitoring and Evaluation Framework for the ESESCR Deal was under development, jointly with Scottish and UK Governments, and would be presented to the ESESCR Deal Joint Committee on 4 September 2020.

(References – City of Edinburgh Council, 24 October 2019 (item 6); report by the Chief Executive, submitted.)

Outstanding Actions

Governance, Risk and Best Value Committee

29 September 2020

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	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	December 2020 May 2020 September 2019 January 2019 November 2017		July 2020 A briefing note by the Chief Internal Auditor was circulated to members separately. September 2019 A briefing note by the Chief Internal Auditor was circulated to members separately.
2	28/08/18	Committee Reporting	To request a report by the end of 2019 to monitor the impact of	Chief Executive	December 2020 September		June 2020 Update - Due to the Covid-

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			the steps taken to improve the process.		2020 February 2020 December 2019		19 emergency the roll out of Modern Gov phase two has been delayed. Work is being carried out on whether the project can be progressed further while on lockdown
3	13.08.19	Marketing Edinburgh Annual Update	To agree that details would be provided about the amount of income generated by Film Edinburgh for the Council.	Executive Director of Place	October / November 2020 February 2020 January 2020		<u>June 2020:</u> Update More detailed report due at Policy & Sustainability in October 2020. Then onto the next available GRBV. <u>March 2020:</u> Update The report was scheduled to come to the March meeting. This meeting was

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>cancelled due to the Covid-19 outbreak.</p> <p><u>February 2020:</u> Update A report on filming in Edinburgh will be considered by Policy & Sustainability Committee on 25 February 2020. This includes details of the income recovered by the Council. This report will also be shared with Governance Risk and Best Value.</p>
4	17.09.19	Work Programme – Management of Sheltered Housing	1) To request a report on the management of sheltered housing under Items for	Chief Officer, Edinburgh Health and Social Care Partnership	October 2019		<p>1. CLOSED.</p> <p>1. Report submitted to Committee on</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Work Programme – Member/Officer Protocol	<p>Scrutiny.</p> <p>2) To add the review of the Member/Officer Protocol to the workplan with timescales for submission and to agree that a workshop for members would be held prior to submission to the Committee.</p>	Chief Executive	<p>November 2020</p> <p>September 2020</p> <p>January 2020</p>		<p>29 October 2019. New action opened (see 17 below)</p> <p><u>July 2020</u></p> <p>Scottish Government are consulting on changes to the Code of Conduct and it is suggested that changes to the protocol await this piece of work</p> <p><u>June 2020 Update</u></p> <p>Consideration of the member/officer protocol is awaiting the finalisation of the revised Code of Conduct from the Scottish Government that</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>will impact on the content of the Protocol.</p> <p>Timescales to be confirmed.</p> <p><u>December 2019</u></p> <p>Workshop with members held on 29 October 2019. A joint workshop will be arranged with officers and members early 2020 (following the General Election).</p>
5	29.10.19	Quarterly Status Update – Digital Services Programme	1) To note the quarterly update. 2) To request that a further report be brought back to Committee in six months on the Customer Digital	Executive Director of Resources	September 2020		<p><u>Recommended for Closure</u></p> <p>Report on the agenda for this meeting.</p> <p><u>June 2020 Update</u></p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Enablement programme once the new CRM had bedded in focussing on the benefits realisation and evaluation of the project.				<p>It was agreed by members and officials in the run up to working remotely as a result of Covid-19 that the Digital Report would be pushed out to quarter 3 to focus on critical service decisions which required to be made at Committee.</p> <p>As this report on CDE will be part of the next Digital update it will be included in the Q3 report. The positive news is that the closure report is now finalised and phase 1 of the programme completed, so all</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							work has been done and the verbal update will be discussed at Committee at Q3.
6	29.10.19	City of Edinburgh Council – Sheltered Housing	<p>1) To note the report and the work ongoing to maintain and improve services for residents of sheltered housing and strengthen resident involvement.</p> <p>2) To request that a further update be presented to the Integration Joint Board, as the parent reporting body for the Health and Social Care Partnership, in one year focussing</p>	Chief Officer, EHSCP	October 2020	March 2020	<p>1) Closed on 9 June 2020</p> <p><u>June 2020 Update</u> Sheltered Housing is now on the annual cycle for the EIJB for October 2020.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			specifically on key improvements to address social isolation and communication with residents with a request that the report is thereafter referred to this Committee for its consideration.				
7	03.12.19	Annual Assurance Schedule - Place Directorate	<p>1) To request a report back setting out what operational governance is in place to ensure that projects are delivered.</p> <p>2) Information to be provided to all</p>	<p>Executive Director of Place</p> <p>Executive Director of</p>	<p>December 2020</p> <p>August 2020</p> <p>March 2020</p> <p>December</p>		<p><u>August 2020:</u></p> <p>Update</p> <p>This report will come to Committee in due course.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Elected Members on the new city wide and locality team structures together with contact details of designated Senior Responsible Officers for major and local projects.	Place	2020 August 2020 March 2020		
8	18.02.20	The EDI Group - update report	To request that the forthcoming 2019 Annual Accounts report include detail of the reasons for the reduced revenue for the Market Street Hotel.	Executive Director of Place	December 2020 August 2020 March 2020		<p><u>August 2020:</u> Update The EDI Annual Accounts have not yet been finalised, once finalised accounts will go to EDI Board for approval before coming to GRBV.</p> <p><u>June 2020:</u> Update This will be</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							incorporated in the 2019 annual accounts report.
9	09.06.20	Draft Annual Governance Statement	1) To agree to discuss with Strategy and Communications how the committee could support effective communication of the Council's policies. 2) To agree to provide further detail on the process around resolving issues with community councillors. 3) To agree to include further information on the issues raised in	Chief Executive	December 2020		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>relation to Council ALEOs and specifically the assurance statement relating to Marketing Edinburgh in the update scheduled to be reported to committee in July.</p> <p>4) To agree the following textual changes:</p> <ul style="list-style-type: none"> adjust paragraph 1.1 of the Annual Governance Statement to take the second sentence beginning with, "This 				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>governance statement provides assurance ...” before the first sentence beginning with, “The Covid-19 emergency has meant...”</p> <ul style="list-style-type: none"> • To correct the typo at paragraph 1.21 to read “Development Management Sub-Committee” • To remove the second 				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			"that" from paragraph 1.27.				
10	09.06.20	Whistleblowing Monitoring Report – B Agenda	1) To agree to bring back the outcome of the final review on the Gas Safety investigation as soon as practicable. 2) To agree to follow up on the care home investigation.	Chief Executive	December 2020 December 2020		
11	07.07.20	Decisions Taken Under Delegated Power and Operational Decision Making - Covid-19	To agree an update on the work regarding protected characteristics would be incorporated in to the next report going to Policy and Sustainability.	Chief Executive	September 2020		<u>Recommended for Closure</u> Update August 2020. Report going to Policy and Sustainability Committee on 20

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							August
12	07.07.20	Motion by Councillor Doggart – Pandemic Planning	<p>1) Thanks officers for the emergency response to the pandemic and the necessary changes to services;</p> <p>2) Notes the Scottish Government route map out of lockdown, the subsequent phases which will bring further changes, and the risk of the need to pause or return to strict measures;</p> <p>3) Notes that both Exercise Silver Swan and</p>	Chief Executive	TBC		<p>An interim debrief of the Council's response to Covid-19 has been undertaken with key findings shared with the Adaptation and Renewal All Party Oversight Group on the 13th August. Lessons identified have been incorporated into the council's documentation for further waves / local outbreaks. A summary will be provided to the next P&S Committee. As the incident remains ongoing, it is too early to undertake a full lessons learned</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>Exercise Iris were Scottish Government, rather than City of Edinburgh Council, led exercises from 2016.</p> <p>4) Notes the council's current governance arrangements and notes that although one of the agreed delegated functions of GRBV is 'To scrutinise the procedures and processes implemented in response to the Covid-19 emergency', the</p>				exercise at this time, but this will be kept under review and undertaken at the earliest appropriate opportunity

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>request for a report regarding the council's involvement in Exercise Silver Swan and Exercise Iris does not meet this criteria.</p> <p>5) Notes the adaptation and renewal programme for recovery and agrees that the opportunity to reflect on lessons learned and scrutinise the council's response to COVID-19, will be an integral part of this going forward.</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>6) Agrees that the chief executive reviews the council's response and preparedness to COVID-19 but acknowledges that as the council is still responding to the pandemic, any review would be premature at this time.</p> <p>7) Asks that the chief executive updates the Policy and Sustainability committee on when he believes it would be appropriate both</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			in terms of resources and timing for such a review to take place.				
13	18.08.20	Internal Audit Annual Opinion for the year ended 31 March 2020	1) Committee notes committee previously requested: that the Chief Executive, Executive Directors and Chief Officer of the Edinburgh Health and Social Care Partnership, supported by the Chief Internal Auditor, report to the relevant Executive Committee at the earliest opportunity and the subsequent GRBV Committee setting out clear plans to ensure the closure of all historic and overdue internal audit management actions to enable an	Chief Executive and Executive Directors	October 2020		Report going to Policy & Sustainability Committee in October.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>improvement to the overall Internal Audit Opinion for 2019/20.</p> <p>Notes with disappointment that this internal audit opinion is red again and recognises the significant and thematic weaknesses that contributed to this opinion.</p> <p>Requests, therefore, that the Chief Executive and Executive Directors draft a comprehensive plan to be brought back to Policy and Sustainability Committee in 8 weeks – separately to the Adaptation and Renewal Programme, but showing how it would be integrated in to Adaptation and</p>				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Renewal going forward, on how the areas for improvement listed at 4.16 will be addressed to enable the significant improvements required in time for the next annual audit opinion.				
			2) To note the Head of Legal and Risk, Chief Executive and Councillor Phil Doggart would discuss the intended new approach to management of line one and line two risk controls.	Head of Legal and Risk/ Chief Executive			<u>Recommended for Closure</u> Meeting held 28 August 2020
			3) To agree the Democracy, Governance and Resilience Senior Manager would confirm within the business bulletin for GRBV on 29.9.20 the timetable for	Chief Executive	December 2020		Update September 2020: An update is on the business bulletin for this meeting.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			the roll out of the digital solution to risk management as referenced to the appendix 'Implementation of Assurance Actions and Linkage to Annual Governance Statements.				
			4) To agree that a briefing note would be supplied to Elected Members, following the Chief Executive's discussion with the external auditor about risk function in view of the external auditor's findings on the adequacy of controls in place for when the Head of Legal and Risk and the Chief Internal Auditor were not present at Council	Chief Executive	October 2020		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Leadership Team (CLT) for key operational and strategic matters.				
			5) To include in the Risk Management Framework report to GRBV committee in September 2020, information on how the Council planned to respond to the risk highlighted in the external auditors report concerning the matter of independent challenge for key operational and strategic decisions to the CLT.	Executive Director of Resources	November 2020		
			6) The Executive Director of Resources to check with Head of Property and Facilities Management and provide a briefing note regarding the status of	Executive Director of Resources			<u>Recommended for Closure</u> Briefing note sent 21 August 2020.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			cleaning staff and PVG membership in place and to clarify within the briefing note the rules concerning PVG, specifically if PVG is transferrable from one organisation to another.				
			7) To agree that an interim update would be provided in the business bulletin to GRBV on 29.09.20 on Policy Management Framework by Head of Strategy and Communications with a specific update to be provided on deadlines.	Chief Executive			<p><u>Recommended for Closure</u></p> <p>An update is provided on the Business Bulletin for this meeting.</p>
14	18.08.20	Risk Management: Managing Risk Through Covid-19 - referral from the Policy and Sustainability	1) To note that internal discussions would take place regarding the level of detail and the level of granularity around the sub-risks on the Covid	Chief Internal Auditor			<p><u>Recommended for Closure</u></p> <p>Update from the Chief Internal Auditor: This was included this in the</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Committee	Risk Management Plan.				risk paper at CIMT on 28 August and noted that we would be holding another workshop, action.
			2) To note that consideration would be given to hosting a workshop with members of GRBV to detail underlying risks and the Council's response.	Chief Internal Auditor			<u>Recommended for Closure</u> Workshop held 10 September 2020.

Work Programme

Governance, Risk and Best Value Committee – 29 September 2020

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
Page 35	Internal Audit: Overdue Recommendations and Late Management Responses	Quarterly report	Paper outlines previous issues with follow up of internal audit recommendations, and an overview of the revised process within internal audit to follow up recommendations, including the role of CLG and the Committee	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	December 2020 March 2021 June 2021 September 2021
	2 Internal Audit Quarterly Activity Report	Quarterly report	Review of quarterly IA activity with focus on high and medium risk findings to allow committee to challenge and request to see further detail on findings or to question relevant officers about findings	Internal Audit	Chief Internal Auditor	Council Wide	Quarterly	December 2020 March 2021 June 2021 September 2021

3	IA Annual Report for the Year	Annual report	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	August 2021
4	IA Audit Plan for the year	Annual report	Presentation of Risk Based Internal Audit Plan for approval by Committee	Internal Audit	Chief Internal Auditor	Council Wide	Annually	March 2021
5	Accounts Commission	Annual report	Local Government in Scotland: Financial Overview	External Audit	Executive Director of Resources	Council Wide	Annually	February 2021
6	Accounts Commission	Annual report	Local Government in Scotland: Performance and Challenges	External Audit	Executive Director of Resources	Council Wide	Annually	June 2021
7	Annual Audit Plan	Scott Moncrieff	Annual audit plan	External Audit	Executive Director of Resources	Council Wide	Annually	March 2021
8	Annual ISA 260 Audit Report	Scott Moncrieff	Annual Audit Report	External Audit	Executive Director of Resources	Council Wide	Annually	November 2020
9	External Audit Review of Internal Financial Controls	Scott Moncrieff	Interim audit report on Council wide internal financial control framework	External Audit	Executive Director of Resources	Council Wide	Annually	November 2020

10	IT Audit Report	Scott Moncrieff	Scope agreed during annual external audit planning cycle	External Audit	Executive Director of Resources	Council Wide	Annually	September 2020, as part of the quarterly Status of the ICT Programme Update
11	Internal Audit Charter	Annual Report	Annual Audit Charter	Internal Audit	Executive Director of Resources	Council Wide	Annually	March 2021
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	December 2020 June 2021
13	Welfare Reform	Review	Update reports to be referred annually by Corporate Policy and Strategy Committee	Scrutiny	Executive Director of Resources	Council Wide	Annual	June 2021
14	Review of CLT Risk Scrutiny	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Chief Executive	Council Wide	Quarterly	December 2020 March 2021 June 2021 September 2021
15	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Chief Executive	Internal	Quarterly	December 2020 March 2021 June 2021 September 2021
16	Workforce Control	Staff	Annual report	Scrutiny	Executive Director of Resources	Council Wide	Annual	June 2021

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17	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	December 2020 Re-examine after improved information tracking.
18	Monitoring of Council Policies	Democracy	Annual report	Scrutiny	Chief Executive	Council Wide	Annual	Spring 2021
19	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	February 2021 June 2021 September 2021
20	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	February 2021 June 2021 September 2021
21	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2021
22	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	August 2021
23	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	March 2021
24	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	September 2021
25	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Resources	Council Wide	Annual	February 2021

26	Quarterly Status Update - Digital Service Programme	Review	Progress Reports	Scrutiny	Executive Director of Resources	Council Wide	Quarterly	December 2020 March 2021 June 2021 September 2021
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27	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	November 2020 (Resources) December 2020 (Place) January 2021 (Communities and Families) February 2021 (Chief Executive) August 2021 (EIJB)
28	Review of the Member/Officer Protocol	Review	Including timescales for submission	Scrutiny	Chief Executive	Council Wide	Flexible	November 2020
29	Management of Sheltered Housing	Review	Further report requested focusing on social isolation and communication with residents.	Scrutiny	Chief Officer, Edinburgh Health and Social Care Partnership	EHSCP	Flexible	November 2020

Section C – Council Companies								
30	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	December 2020
31	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director for Communities and Families	Council Wide	Annual	January 2021
32	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	May 2021
33	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	August 2021
34	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	August 2021
35	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	August 2021
36	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Resources	Council Wide	Annual	December 2020
37	Marketing Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	August 2021

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
November 2020		
Annual ISA 260 Audit Report	Scrutiny	Flexible
External Audit Review of Internal Financial Controls	Scrutiny	Flexible
Revisiting IA Extension Timeframes	Scrutiny	Flexible
Risk Management Framework	Scrutiny	Flexible
Management of Sheltered Housing	Scrutiny	Flexible
Review of the Member/Officer Protocol	Scrutiny	Flexible
Annual Assurance Schedule – Resources	Scrutiny	Flexible


Business Bulletin

Governance, Risk and Best Value Committee

10.00am, Tuesday, 29 September 2020

Teams Meeting

Governance, Risk and Best Value Committee

Convener:	Members:	Contact:
<p>Councillor Joanna Mowat</p> 	<p>Councillor Eleanor Bird Councillor Jim Campbell Councillor Maureen Child Councillor Phil Doggart Councillor Neil Ross Councillor Alex Staniforth Councillor Denis Dixon Councillor Gordon Munro Councillor Susan Rae Councillor Norman Work</p>	<p>Lesley Birrell Committee Officer 0131 529 4240</p> <p>Martin Scott Assistant Committee Officer 0131 529 4237</p>

Recent news	Background
<p>Rolling action log – 13.3</p> <p>The timetable for the roll out of the digital solution to the Implementation of Assurance Actions and Linkage to Annual Governance Statements is being explored. The Pentana system used for Performance Monitoring offers a potential solution. A webinar to explore functionality and costs is being arranged to ensure the system can meet the Council's requirements in a cost-effective way. A further update including a provisional roll out timetable will be provided following the webinar. Date – Dec 2020.</p> <p>Rolling action log – 13.7</p> <p>Initial management actions have now been completed and directorates have been provided by Strategy and Communications with service area specific register extracts. Amendments have also been made to templates and internal webpages, this includes the incorporation of updated Integrated Impact Assessment guidance.</p> <p>Each directorate will now review their section to identify out of date and draft documents. A status update will be provided to Strategy and Communications for each document published online, to confirm whether the published version is up-to-date and whether it requires to be submitted to committee for review. Deadlines for submission of information vary for each directorate and run from 31 October 2020 to 31 March 2021.</p>	

A review of definitions of policies, procedures, guidance and templates will be undertaken across all directorates. Documents will be reclassified accordingly and required updates will be implemented by 31 October 2021.

Forthcoming activities:

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Governance, Risk, and Best Value Committee

10.00am, Tuesday 29 September 2020

Internal Audit Annual Plan 2020-21

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

The Committee is requested to:

- 1.1 review and approve the revised 2020/21 Internal Audit annual plan and supporting risk assessment; and
- 1.2 note that delivery of the 2020/21 annual plan may need to be paused in the likely event of another significant resilience incident.

Lesley Newdall

Chief Internal Auditor

Legal and Risk, Resources Directorate

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

Internal Audit Annual Plan 2020-21

2. Executive Summary

- 2.1 The purpose of this paper is to present the draft Internal Audit (IA) plan and supporting IA risk assessment for 2020/21 that outlines the IA assurance to be provided between 1 October 2020 and 31 March 2021 to the Committee for approval.
- 2.2 Recognising that only six months are available to complete the IA annual plan, it is important to ensure that the number of audits delivered remains aligned with the audits completed to support the limited 2019/20 limited IA annual opinion.
- 2.3 It is also important to recognise that 2020/21 plan delivery may also need to be paused or amended in the likely event of another significant resilience incident, and that any further pauses could result in another limited 2020/21 annual IA opinion. Progress with plan delivery and the impact of potential incidents will be kept under review.
- 2.4 The proposed plan includes a total of 46 audits. Of these 37 (including follow-up) will be delivered across the Council in comparison to 31 Council audits completed in 2019/20. This includes 5 of the 13 audits that were not completed in 2019/20 due to Covid-19; and 11 Covid-19 audits that were approved by the Committee in June 2020. A further 9 audits included in the plan will be delivered for arms-length and external organisations.
- 2.5 Co-source support will be used to support delivery of 14 audits, leaving a balance of 32 audits to be delivered by the Council's IA team, 11 of which are currently underway and expected to conclude by September 2020.
- 2.6 Analysis was performed in September 2019 that compared audit coverage in Edinburgh with the 22 Scottish Local Authorities who publish their annual IA plans. Calculation of the number of days IA coverage as a percentage of £m revenue confirmed that 16 of the 22 authorities had higher levels of IA coverage per £m of income in comparison to Edinburgh. This analysis confirmed that Edinburgh audit coverage in 2019/20 was not excessive in comparison to other Scottish authorities.

- 2.7 Recognising the current unprecedented circumstances it is Internal Audit's opinion that whilst the draft plan will provide assurance on the Council's new strategic Covid-19 risks as detailed in the Covid-19 risk management plan, it does not provide full assurance on the Council's most significant risks (as recorded in the Corporate Leadership Team risk register), and does not support provision of the required level of ongoing coverage across all Council service areas based on the frequency of audit coverage determined by the outcomes of the annual risk assessment completed to support the annual plan.

Consequently, reliance has been placed on the IA follow-up process to provide assurance on both the remaining CLT risks, and a number of divisions assessed as high risk based on the outcomes of the risk assessment supporting the IA plan, where no new audits are included in the 2020/21 IA annual plan. However, it is important to note that if agreed management actions associated with open IA findings are not implemented on time, and agreed implementation dates extended, then only limited assurance will be obtained from the ongoing follow-up process. Further detail on these areas is included at 4.3 below.

- 2.8 The IA resourcing model has confirmed that IA is currently adequately resourced to support delivery of the proposed plan, and the plan includes an appropriate number of contingency days.
- 2.9 It is not proposed that reliance will be placed on assurance carried out by first or second line teams as there is currently no clearly established lines of defence model within the Council that IA can fully rely on to support the 2020/21 Internal Audit Annual Opinion, and nor are any of the Local Area Network members carrying out relevant audits.

3. Background

- 3.1 The 2020/21 IA annual plan was originally scheduled to be presented to the Committee for scrutiny and approval in March 2020. However, this meeting was cancelled due to the impacts of the Covid-19 pandemic.
- 3.2 In response to Covid-19, IA paused both completion of the 2019/20 IA annual plan and commencement of the 2020/21 annual plan, enabling the Council to focus on establishing its resilience arrangements and continuing to deliver services.
- 3.3 As a result, only 72% of the 2019/20 IA annual plan was completed, with a 'limited' 2019/20 IA annual opinion presented to the Committee in August 2020. This left a total of 13 audits for 2019/20 that were not completed to be considered for inclusion in the 2020/21 annual plan.
- 3.4 In June 2020, the Committee approved IA proposals to complete 11 audits designed to provide assurance on the design of new and amended operational processes implemented in response to Covid-19 between June and September 2020. It is expected that this work will be completed by September 2020.

- 3.5 The IA plan is driven by Public Sector Internal Audit Standards (PSIAS) requirements; the Council's organisational objectives and priorities; and an assessment of the risks that could prevent the Council from meeting those objectives and providing services to citizens.
- 3.6 The approach applied in developing the plan considered the outcomes of work performed by across the Council by other second and third assurance providers, and the extent to which reliance can be placed upon them.
- 3.7 The Audit Scotland Code of Audit Practice 2016 and PSIAS requirements have also been considered and a coordinated and integrated approach with Scott Moncrieff (the Council's External Auditors); and members of the Council's Local Area Network (LAN) has been applied in developing the plan.
- 3.8 The risk assessment performed by IA that supports development of the annual plan and drives the frequency of coverage across service areas is based upon a review the risks included in the current Covid-19 Risk Management Plan and the December 2019 CLT risk register; ongoing IA attendance at quarterly Corporate Leadership Team (CLT) and Directorate Risk Committee meetings; weekly Council Incident Management Team meetings; knowledge of new projects and initiatives undertaken by the Council; consideration of prior year Internal Audit findings; and consideration of the current open and overdue Internal Audit findings position.
- 3.9 Adequacy and capability of Internal Audit resources has also been reviewed in line with PSIAS requirements to confirm whether sufficient resources, skills and capability are available to support delivery of the plan.
- 3.10 The Internal Audit follow-up process is designed to confirm that findings raised in previous audits have been effectively implemented. IA does not currently apply a more limited 'risk based' follow up approach based on the need to further improve risk and control awareness and embed the risk and control culture across the Council.
- 3.11 Consequently, all IA findings raised in audit reports regardless of their ratings are reviewed by IA to confirm that that the agreed management actions have been effectively implemented and sustained. This approach will be reviewed annually.

4. Main report

Scope of Assurance

- 4.1 The internal audit plan reflects the key areas of Internal Audit focus for 2020/21 and is based upon the PSIAS; the Council's organisational objectives and priorities; and an assessment of the combined Covid-19 and CLT risks that could prevent the Council from meeting those objectives and providing services to citizens.
- 4.2 Whilst the plan is appropriately structured to provide assurance on the majority of the Council's most significant risks (as recorded in the CLT risk register), it will not provide assurance on the Housebuilding Programme risk included in the December

2019 risk register that was assessed as a high original and medium current risk. This area was audited as part of the 2019/20 annual plan (Preparation of the Strategic Housing Investment Plan, and Management of Development Funding audits), with no significant issues identified.

Reliance on the IA Follow-up process

- 4.3 The IA risk assessment has also highlighted that the proposed plan does not support provision of an appropriate level of ongoing assurance coverage across all Council service areas as required based on the outcomes of the annual IA risk assessment prepared to support the plan that determines the frequency of audits to be performed across the Council.
- 4.4 Consequently, reliance has been placed on the IA follow-up process to provide assurance on those divisions assessed as high risk where no new audit coverage is included in the proposed 2020/21 IA annual plan.
- 4.5 A total of 250 follow-up days (circa 30% of available plan days) has been included in the plan which remains proportionately aligned with the 2019/20 follow-up allocation (30%), reflecting that IA does not currently apply a 'risk based' follow up approach.
- 4.6 It is important to note that if agreed management actions associated with open IA findings are not implemented on time, and implementation dates are extended, then only limited assurance will be obtained from the ongoing follow-up process.

Plan Content

- 4.7 The 2020/21 IA plan includes a total of 46 audits, including follow-up days and 5 audits carried forward from 2019/20. Of these, 37 audits will be delivered across the Council in comparison to the 31 audits delivered to support the limited 2019/20 limited IA annual opinion, with 11 Covid-19 reviews currently underway.
- 4.8 The plan includes an increased number of Council-wide and multiple service area reviews (12 in comparison to 8 completed in 2019/20). These have been included to provide assurance on the key controls established to manage the most significant Covid-19 and strategic and operational service delivery risks associated with the services and processes that span across the Council.
- 4.9 As in previous years, 9 audits will be delivered for arm's length and external organisations: 3 for the Lothian Pension Fund, and the remaining 6 for the Lothian Valuation Joint Board (1); SEStran (1); the Edinburgh Royal Military Tattoo (1) and the Edinburgh Integration Joint Board (3).
- 4.10 The plan also includes time for Internal Audit quality assessment. The last external quality assessment (EQA) was performed in 2016/17, and the next will be completed in 2021/22, in compliance with the five-year EQA cycle requirement specified in the PSIAS.

- 4.11 Time has also been included (5 days) for ongoing delivery of training for Council employees and Elected Members; and IA attendance at, and involvement in, new start and senior management induction training.

Partnership Working

- 4.12 The draft plan has been discussed with Scott Moncrieff (the Council's currently appointed external auditors); Audit Scotland and other Local Area Network (LAN members) in line with the requirements of the Audit Scotland Code of Audit Practice 2016 (section 33) that external auditors to coordinate their work with IA; Audit Scotland; other external auditors; and relevant scrutiny bodies to secure value for money by removing unnecessary duplication and provide a clear programme of scrutiny activity for audited bodies.
- 4.13 A coordinated and integrated approach with Scott Moncrieff will be adopted in relation to the ongoing audit of two major projects where IA and Scott Moncrieff will work together to deliver assurance. Scott Moncrieff has identified a further 7 audits where they will endeavour to take account of the work performed by IA to support their 2020/21 financial statements review.
- 4.14 Further detail on the coordinated and integrated approach with External Audit; Audit Scotland; and Local Area Network members is included at section 3.5.3 of the proposed annual plan included at Appendix 1.

Ongoing co-source support

- 4.15 Some specialist skills will be required during the year and specialist support will be requested to deliver 14 specialist audits covering Digital Services; Health and Safety; the planned GRBV effectiveness audit; and Lothian Pension Fund. This will leave a balance of 32 audits (including follow-up) to be delivered by the Council's Internal Audit team. Of the 32 audits to be completed, 11 Covid-19 audits are underway and are expected to be completed by September 2020.

IA capacity

- 4.16 The IA resourcing model has confirmed that IA is currently adequately resourced to support deliver of the proposed plan.
- 4.17 The resourcing model allows for potential sickness absence, and time reserved to support team training and personal development; performance management; ongoing audit system enhancement; and governance and committee reporting activities.
- 4.18 The model also includes an assumption that a vacancy at the end of September 2020 will not be filled until January 2021. Recruitment is currently underway.
- 4.19 The plan includes 62 days contingency time, which is the equivalent of 12 working weeks or 2 completed audits. Contingency time is also included in the time reserved to support the administrative activities performed by the IA team that are detailed at para 4.15 above.

Reserve List

- 4.20 Recognising the need to potentially revise the IA plan to reflect the Council's changing risk profile and organisational changes, a 'reserve list' of audits has also been prepared that have not been included in the plan. This includes audits that were not completed in 2019/20 and have not been included in the 2020/21 annual plan, and a number of audits that were considered for inclusion in the original 2020/21 annual plan.
- 4.21 The following 8 audits included in the reserve list were included in the 2019/20 annual plan, but not delivered due to Covid-19. These audits were considered for inclusion in the 2020/21 annual plan, but were excluded to enable IA to focus assurance efforts on areas of higher risk. These audits are:
- 4.21.1 Council Wide – Performance Management Information – a review of Covid-19 data and Scottish Government returns has been included in the plan that will cover this area.
 - 4.21.2 Council Wide – Prevention Services
 - 4.21.3 Council Wide – Internal Council Companies
 - 4.21.4 Council Wide – Enhanced / Intensive Housing Benefit
 - 4.21.5 Property and Facilities Management - Repairs and maintenance – reliance will be placed on ongoing follow-up work to be performed in this area.
 - 4.21.6 Customer and Digital Services – Customer Experience – customer experience will be considered within the scope of the planned Council Tax and Business Rates Audit
 - 4.21.7 Communities and Families – Criminal Justice Social Work
 - 4.21.8 Health and Social Care – Follow up of the findings raised in the 2016/17 Care Homes Audit. It is not considered appropriate to focus on Care Homes in the current Covid-19 operating environment.
- 4.22 Where any planned audits cannot be completed (for example, where a decision has been taken that a major project will not progress), the risks associated with the areas included on the reserve list will be considered and an alternative audit selected.

Reliance on other assurance providers

- 4.23 Whilst assurance work performed by other second and third line assurance providers have been considered as part of the risk assessment processes, Internal Audit will not place reliance upon these other sources of assurance to support the 2018/19 annual Internal Audit Opinion.

5. Next Steps

- 5.1 Once approved by the GRBV, the IA plan will be shared with the Corporate Leadership Team, and Heads of Service, with reviews commencing from 1 October 2020.

6. Financial impact

- 6.1 It is estimated that the additional co-source and specialist skills required to support delivery of the 2020/21 annual plan will incur circa £50K unplanned costs that are not currently reflected in the Internal Audit allocated budget.

7. Stakeholder/Community Impact

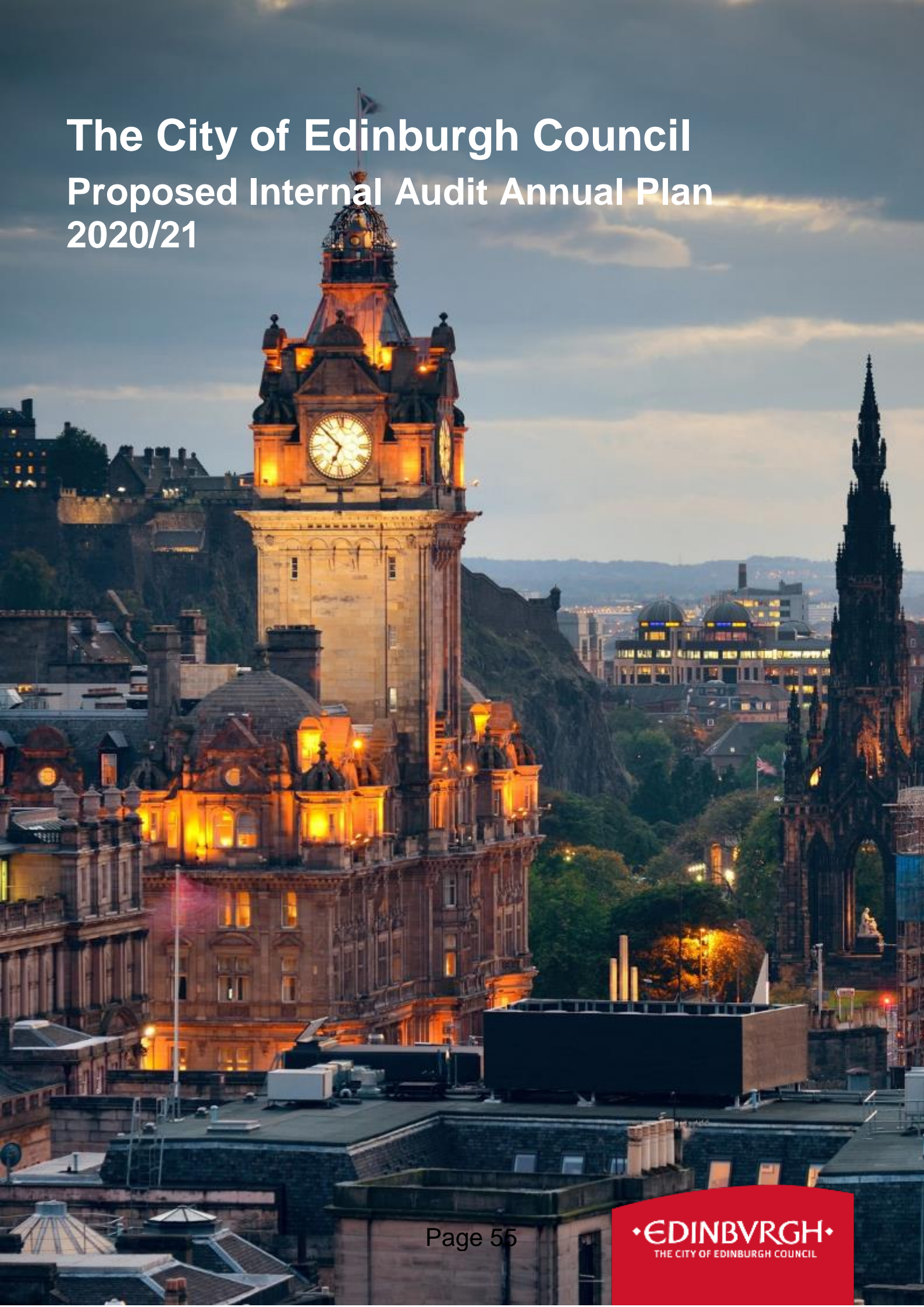
- 7.1 The Corporate Leadership Team; Senior Management; political groups; and elected members of the Governance, Risk and Best Value Committee have been consulted and engaged when developing the plan.

8. Background reading/external references

- 8.1 [Public Sector Internal Audit Standards](#)
- 8.2 [Process for approving changes to the Internal Audit plan](#)

9. Appendices

Appendix 1 – Internal Audit annual plan 2020-21

A photograph of the Edinburgh cityscape at dusk. The central focus is the illuminated clock tower of the Edinburgh City Hall, which is brightly lit with warm orange lights. To the right, the dark, spire-like structure of St. Giles' Cathedral is visible. The background shows the city's skyline with various buildings and the distant hills under a twilight sky with soft clouds. The overall mood is serene and historic.

The City of Edinburgh Council Proposed Internal Audit Annual Plan 2020/21

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1. Introduction and Approach

1.1 Introduction

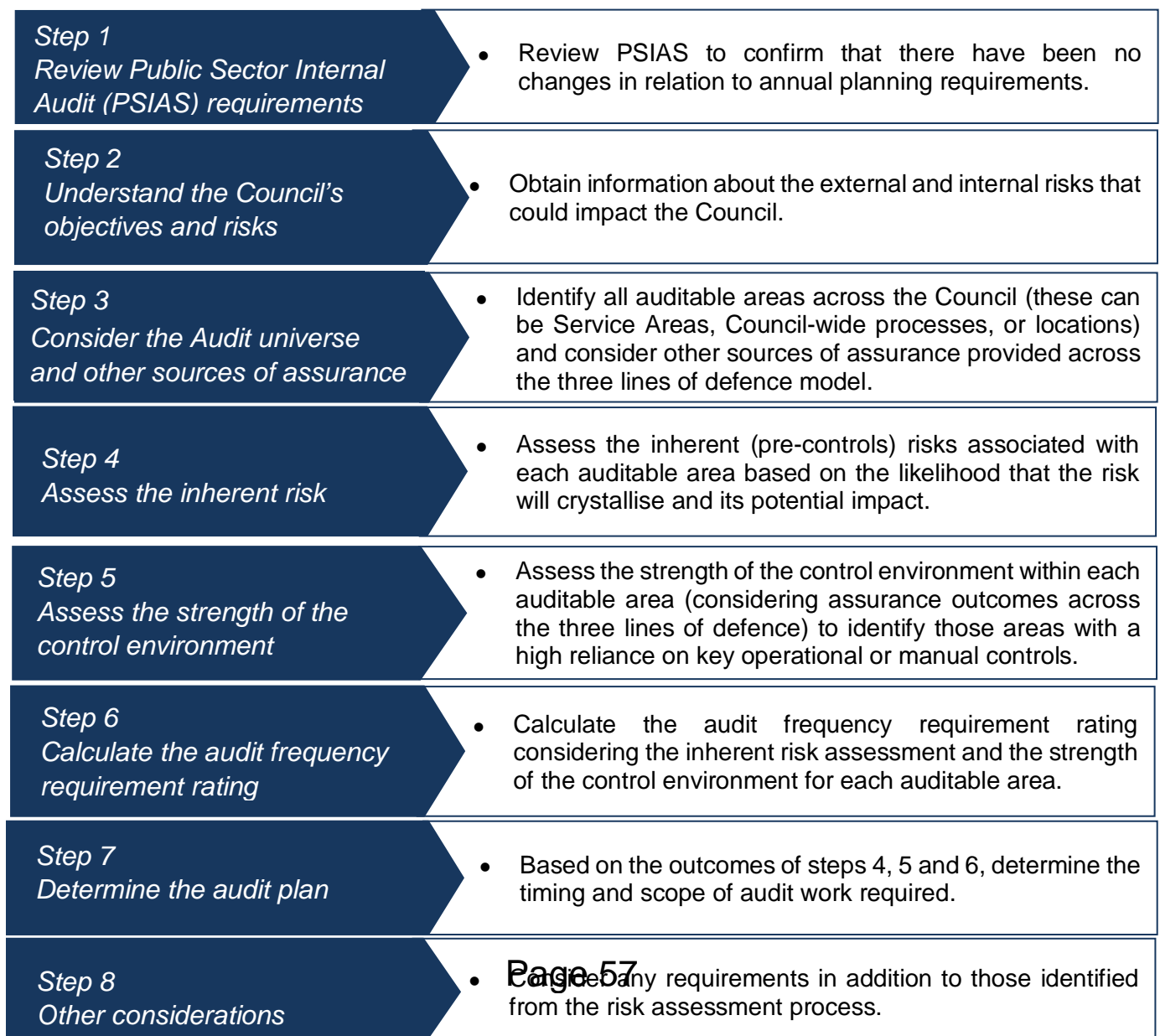
This document sets out the scope of the Internal Audit (IA) 2020/21 annual plan that will be delivered across the remaining six months of the 2020/21 financial year. For completeness, the plan also includes the 11 Covid-19 audits approved by the Council's Governance, Risk and Best Value Committee (GRBV) in June 2020 that are currently in progress.

As the objective of the plan is to deliver assurance on the key controls established across the Council to mitigate its most significant risks, the supporting risk assessment includes the impacts of Covid-19 pandemic observed across the Council, and has been mapped (where appropriate) to the strategic risks included in the Council's Covid-19 Risk Management Plan, in addition to the risks included in the most recent version of the Corporate Leadership Team (CLT) risk register reviewed by GRBV in December 2019.

1.2 Approach

A summary of the approach applied when assessing the Council's key risks and preparing the annual plan is set out below in Figure 1. The IA plan is driven by the requirements of Public Sector Internal Audit Standards (PSIAS); the Council's organisational objectives and priorities; and an assessment of the risks that could prevent the Council from meeting those objectives and providing services to citizens. A more detailed description of our risk assessment approach can be found in Appendices 1 and 2.

Figure 1: Approach applied in developing the 2020/21 IA Annual Plan



1.3 Public Sector Internal Audit Standards Requirements – Step 1

The IA plan has been developed based on the requirements of the Public Sector Internal Audit Standards (PSIAS) originally published in April 2013 and last refreshed in April 2017, which specify that:

- the Chief Internal Auditor (CIA) must develop a risk based plan that is consistent with the organisation's goals, and determines the priority of IA activity;
- the plan must be based on a documented risk assessment, undertaken at least annually, with input from senior management and the board (the Corporate Leadership Team);
- the CIA must consult with senior management and the CLT to obtain an understanding of the organisation's strategies, key business objectives, and associated risks and risk management processes;
- the plan must consider the requirement to produce an annual Internal Audit opinion;
- the plan must incorporate or be linked to a strategic or high-level statement of how Internal Audit assurance will be delivered and developed in accordance with the Internal Audit charter and how it links to organisational objectives and priorities;
- the CIA must communicate the Internal Audit plan and resource requirements, including significant interim changes, to senior management and the CLT for review and approval;
- the CIA must ensure that Internal Audit resources are appropriate, sufficient; and effectively deployed to achieve the approved plan;
- the plan must explain how internal audit's resource requirements have been assessed. Where the CIA believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the CLT; and
- the CIA must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls.

1.4 Understand the Council's Objectives and Risks – Step 2

The annual IA plan is based on an annual assessment performed by IA of the key risks across the Council's Service Areas (the audit universe). The outcomes of the risk assessment process are included at Section 2.

The risk assessment process normally involves attendance at relevant risk committees and governance meetings; combined with stakeholder engagement across the Council to understand perspectives on the Council's objectives and new and emerging risks; engagement with Elected Members; and Local Area Network Members (including the Care Inspectorate; Education Scotland; and the Housing Regulatory Authority).

However, due to the current Covid-19 operating environment for the Council and these external organisations, this level of engagement was not possible.

Instead, reliance has been placed on review of the following documents combined with attendance at the Corporate Incident Management and Council wide weekly Risk Forum meetings team to identify the key risks and challenges currently facing the Council:

Review of the following documents was also performed:

- the Covid-19 risk management plan
- the Council's current Risk Registers (Corporate Leadership Team; Directorates; and Divisions);
- projects and initiatives currently included in the Council's major projects portfolio;

- the Council's financial and performance management information;
- the outcomes of any assurance reviews performed by LAN members as detailed in the City of Edinburgh Council Local Scrutiny Plan 2019/20; and
- progress with implementation of agreed management actions to support closure of open and overdue Internal Audit findings.

Further details on the risk based approach and methodology applied are included at Appendices 1 and 2.

1.5 The Audit Universe and other assurance providers – Step 3

The Council's audit universe is essentially its entire organisational structure. For completion of the risk assessment and development of the annual plan, the structure has been divided into the elements of the central support services within the Council's established directorates and divisions.

1.5.1 Localities Model

Both the Edinburgh Health and Social Care Partnership / Integration Joint Board and the Council's Place Directorate currently operate locality models, where services provided by the Council are grouped and managed under four geographic localities (North East; North West; South East; and South West) that are common to both the Council and other public and third sector organisations across Edinburgh. Localities are also supported by the 12 existing Neighbourhood Partnerships.

Whilst Localities have not been identified as distinct auditable areas within the plan, audit work performed will cover how Council services are provided across the four Localities and will consider the potentially different risk profiles across the Localities.

1.5.2 Major Project Assurance Reviews

The Strategic Change and Delivery team within the Strategy and Communications Division has developed and implemented a new approach to the management of change delivered by projects included in the Council's Major Projects Portfolio to ensure effective oversight of the Portfolio and application of a consistent project management approach across all significant projects.

This approach is currently being refreshed to support implementation of the Adaptation and Renewal Programme (the Programme) that was established in May 2020 to support the Council's recovery from the Covid-19 pandemic and the future adaptation and renewal of both Council services and the city.

The Programme includes five interlinked workstreams, and the projects included in the Major Projects Portfolio have been mapped across into relevant workstreams and will now be delivered through the Programme.

Whilst audit assurance on management of the Portfolio and delivery of individual major change projects has been provided across 2018/19 and 2019/20, IA will complete a review of the governance processes established to support delivery of the Programme and will provide ongoing assurance on the Tram Extension and Enterprise Resourcing Planning projects.

These projects have not been included as auditable areas for the purposes of the risk assessment supporting the plan as delivery responsibilities are allocated across all Council directorates.

1.5.3 Centre visits

Whilst no specific centre based reviews (for example depots; libraries; and cultural venues) have been included in the 2020/21 plan, the Council Wide audits of Fraud and Serious Organised Crime; Managing aggressive and Violent Behaviour; Social Distancing and Employee Protection are likely to focus on some Council centres and schools. Given the current restrictions in place in response to Covid-19, these audits will be performed remotely.

1.5.4 Lothian Pension Fund

The Council's IA team also provides audit services to the Lothian Pension Fund. This comprises three audits each year and a total of 75 audit days. These outcomes of these audits will be reported to the Pensions Audit Sub Committee and Pensions Committee and will not be subject to scrutiny by GRBV.

1.5.5 Edinburgh Integration Joint Board

Audit services are also provided by the Council's IA team to the Edinburgh Integration Joint Board (EIJB). This comprises three audits each year and a total of 75 audit days. These audits are performed for the EIJB and will not be subject to scrutiny by GRBV. However, it is expected that the EIJB Audit and Assurance Committee would refer any relevant internal audit reports to GRBV under the existing reciprocal referral arrangements.

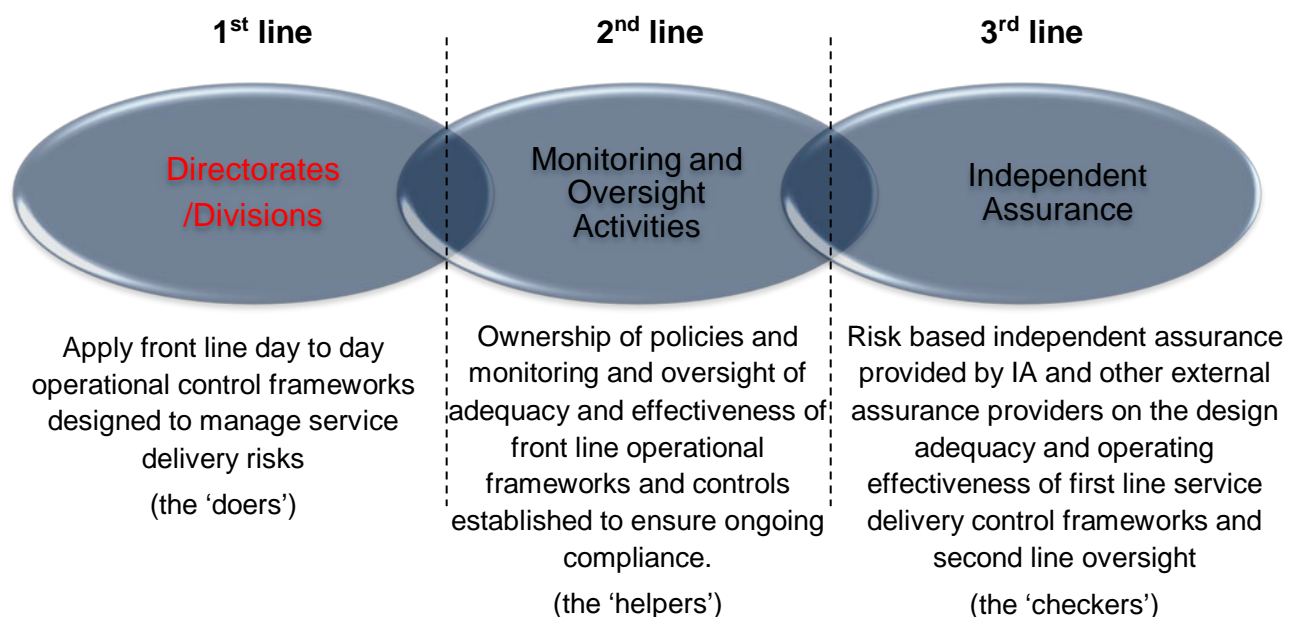
1.5.6 Other Organisations

Assurance is also provided by the Council's IA team to three external arm's length organisations (the Lothian Valuation Joint Board; the Royal Edinburgh Military Tattoo; and the South East of Scotland Transport Partnership (SEStran)). This involves one audit for each organisation and a total of 75 audit days.

1.5.7 The Three Lines Model

The approach applied in developing the plan also considers Internal Audit's role as one of the Council's 3rd line independent assurance providers. The diagram below outlines the three lines assurance model.

Figure 2: The Three Lines Model



It should be noted that some second line teams (for example Human Resources and Finance) may also have responsibility for ongoing first line service delivery in addition to owning the policies and frameworks that should be applied by all first line service delivery teams.

1.5.8 Other sources of assurance – 2nd and 3rd Lines

In developing the IA risk assessment and plan we have considered other sources of assurance provided to the Council across the second and third lines of defence and have assessed the extent to which reliance can be placed upon them. These include:

- **Second Line** - Risk Management; Corporate Health and Safety; Information Governance; Resilience; Strategic Change and Delivery; Procurement (including Contracts and Grant Management); Human Resources; Finance; and Quality, Governance, and Regulation.
- **Third Line** – Local Area Network members which include the Care Inspectorate; Education Scotland; the Housing Regulator; Audit Scotland and external audit (Scott Moncrieff);
- **Third Line** – Other regulatory authorities who may perform reviews (for example, the Health and Safety Executive; the Scottish Government; and the Information Commissioner's Office).

IA does not place reliance upon these other sources of assurance to support the annual opinion. However, the outcomes of reviews performed by the second and third lines were considered when assessing the strength of the control environment for each auditable area as part of the risk assessment process.

1.5.9 Coordinated and Integrated approach with External Audit

The Audit Scotland Code of Audit Practice 2016 notes (at section 33) that it is important that external auditors coordinate their work with IA; Audit Scotland; other external auditors; and relevant scrutiny bodies to recognise the increasing integration of service delivery and partnership working within the public sector as this helps secure value for money by removing unnecessary duplication and provides a clear programme of scrutiny activity for audited bodies.

The PSIAS also notes that when preparing the annual plan, the CIA should share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimise duplication of effort.

To support this objective, IA and external audit have worked together to identify areas of planned assurance where a coordinated and integrated approach will be applied, with internal and external audit (Scott Moncrieff) either working in partnership to deliver assurance or external audit taking account of IA reviews. Further details of the specific reviews are included at section 3.5.3 below.

1.5.10 Coordinated and Integrated approach with Local Area Network (LAN) Members

Discussions with Audit Scotland and external audit has confirmed in relation to the LAN (refer 1.5.8 above for details) that Local Scrutiny Plans detailing planned LAN scrutiny activity across the Council (based on a shared risk assessment undertaken by LAN members) will no longer be prepared.

IA has engaged with individual LAN members to confirm that there is no obvious duplication between the 2020/21 IA annual plan and any planned LAN scrutiny reviews. We have also confirmed that there is no duplication with the scope of the Audit Scotland best value review that is currently in progress.

2. Risk assessment – Steps 4 to 6

2.1 Risk assessment results

In developing the annual plan, we have considered the PSIAS requirement to produce an annual Internal Audit Opinion by determining the necessary level of internal audit coverage to provide assurance over the Council's audit universe and key risks

Each original (inherent) risk associated with each of the Council's auditable areas has been assessed based on the impact and likelihood that the risk will crystallise, and the strength of the control environment which is based on completed IA reviews; the current open and overdue audit recommendations profile; and the outcomes of reviews performed by other second and third line assurance providers.

Original risk and control effectiveness have been scored by Internal Audit, and an audit requirement rating and frequency calculated in accordance with the detailed methodology set out in Appendices 1 and 2. The audit requirement rating drives the frequency of internal audit work for each auditable area. The audit plan is a rolling programme which aims to ensure that auditable units are subject to an internal audit at least once in a three-year cycle based on the highest risk auditable areas.

Page 62 The IA risk assessment has also been compared to the CLT risk register that was presented to the GRBV in December 2019. Whilst the CLT risk register was refreshed in March 2020, this was not presented to the Governance, Risk, and Best Value Committee for review and scrutiny as the meeting was cancelled in response to the Covid-19 pandemic.

The impact of Covid-19 on the Council's Risk Profile

The Council's existing risk profile has changed significantly since December 2019 due to the impact of the Covid-19 pandemic and implementation of the Council's resilience response.

Details of new and emerging Covid-19 risks impacting the Council are recorded in the Covid-19 Risk Management Plan (RMP) that is maintained by the Corporate Risk Team and presented fortnightly to the Council's Incident Management Team (CIMT) for review and scrutiny. The RMP includes details of nine new Covid-19 strategic risks that are supported by a range of underlying sub risks, together with details of their original (inherent) risk assessments; mitigating actions that have either been implemented, or are in progress; and an assessment of their current (residual) risk assessment.

Details of the original and current risk assessments for the nine strategic Covid-19 risks included in the RMP have also been presented to both the Council's Policy and Sustainability, and Governance, Risk, and Best Value Committees for review and scrutiny.

The risk assessment included below has been updated to reflect the impact of Covid-19 and any relevant strategic risks included in the Covid-19 RMP for each auditable Council area.

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Key to audit requirement rating: ● Annual; ● Every 2 years; ● Every three years; ● No assurance work required									
Central Support Service Areas									
A	Resources								
A.1	Digital Services	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Original risk assessment remains aligned with 2019/20, with an improvement in control design indicators from 2 to 3 reflecting improvements in the design and effectiveness of controls (for example ongoing vulnerability scanning and remediation of defects) and effective implementation of IA findings.</p> <p>Security risk is also included as a red (original) and amber (current) risk in the December 2019 CLT risk register within the information and data risk.</p> <p>Covid-19 impact – There has been an increased dependency on the Council's network security and technology resilience arrangements, together with implementation of new ways of working (for example, use of personal devices) to support increased levels of remote employee network access and home working arrangements.</p> <p>These impacts are covered by the strategic Technology and Information risk included in the Covid-19 RMP</p> <p>2020/21 coverage - Further Digital Services coverage is included in the 2020/21 IA annual plan and external audit (Scott Moncrieff) will</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									also provide assurance in relation to key technology controls in relation to financial systems. These impacts are covered by the Technology and Information risk included in the Covid-19 RMP.
A.2	Customer Services	5	4	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Original risk rating reflects that Customer Services is the key point of contact for citizens requesting services; highlighting emergencies; or making complaints.</p> <p>The control effectiveness rating has been increased from 3 to 4, reflecting the outcomes of audits completed in 2019/20.</p> <p>Covid-19 impact – increased dependency on Customer Services as a key point of contact for customers during Covid-19, particularly in relation to implementation of shielding and vulnerable customer arrangements; and implementation of processes to support award of Covid-19 grant funding (for example, the small business grants process) This involved immediate implementation of a range of new processes and systems, for example tailoring the Verint customer engagement system to support shielding and vulnerable customer arrangements.</p> <p>Additionally, the majority of customer services teams transitioned to work from home.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>These impacts are covered by the Technology and Information and Health and Safety of Citizens and Service Users strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - Further customer services coverage is included in the 2020/21 annual plan with further assurance provided through the ongoing IA follow-up process.</p>
A.3 Page 65	Business Support	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Original risk rating reflects the support provided by Business Support to enable service delivery across the Council.</p> <p>The control effectiveness rating has been increased from 2 to 3 reflecting the outcomes of IA reviews performed in 2019/20 and progress with implementation of agreed management actions.</p> <p>Covid-19 impact – the majority of business support teams transitioned to working from home, whilst providing ongoing support for services where possible.</p> <p>2020/21 coverage - Whilst no specific Business Support audits are included in the 2020/21 IA annual plan, assurance will be provided through the ongoing IA follow-up process.</p>
A.4	Corporate Health and Safety management	5	2	●	1	Y	N	Y	<p>Original Risk Assessment (March 2020)</p> <p>Original risk assessment rating has not changed in comparison to 2019/20, however control effectiveness rating has been changed from 3 to 2 reflecting current resourcing and capacity challenges.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 66									<p>Health and safety is also included as a red (original) and red (current) risk in the December 2019 CLT risk register.</p> <p>Covid-19 impact – significant impact on the Corporate Health and Safety team who supported establishment of centralised Personal Protective Equipment (PPE) procurement and allocation process; established revised RIDDOR (Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations) reporting requirements; has developed and implemented of guidance and risk assessments; is supporting an internal advice helpline; and is involved in assessing the risks associated with service resumption and access requests. These impacts are included in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage – assurance will be provided through the additional Covid-19 audits included in the 2020/21 annual plan and follow-up on the findings raised in the Life Safety audit completed in 2019/20.</p>
A.5	Risk Management	5	2	●	1	Y	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Original risk assessment has increased to 5 reflecting current resourcing and capacity challenges combined with the planned implementation of changes to the remit of the second line risk management team.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>Covid-19 impact – design and implementation of the Council's risk management response.</p> <p>2020/21 coverage - Audit assurance in 2020/21 will focus on follow up of any findings resulting from the Risk Management performed by Scott Moncrieff in 2019/20.</p>
A.6	HR and Payroll	5	2	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – payrolls now being run remotely, and increased focus on employee wellbeing following implementation of working from home arrangements.</p> <p>These impacts are reflected in the Health and availability of employees to deliver critical services strategic risk included in the Covid-19 RMP.</p> <p>2020/21 coverage - An Employee Lifecycle Data and Compensation and Benefits Processes audit has been included in the 2020/21 IA annual and will support external audit assurance provided by Scott Moncrieff in relation to payroll controls</p>
A.7	Finance and Treasury	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>No change in the risk assessment outcomes in comparison to 2019/20. This assessment reflects the ongoing financial pressures across the Council and the increase use of modelling to support significant projects.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 68									<p>A medium term financial planning risk is also included in the December 2019 CLT risk register with a red (original) and amber (current) rating.</p> <p>Covid-19 impact – significant impact on the Council's financial position given the increased costs associated with Covid-19, and lack of clarity as to whether these will be recovered; the impact of Arm's Length External Organisations on the Council's financial position (receipt of dividend income and future funding streams); and the ability to deliver a future balanced budget.</p> <p>These impacts are reflected in the Financial and Economic strategic risk included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance will be provided through the additional Covid-19 audits included in the 2020/21 annual plan that will confirm that additional Covid-19 costs have been completely and accurately recorded.</p> <p>Assurance in relation to findings raised in 2019/20 audits will also be provided through the ongoing IA follow-up process</p>
A.8	Procurement	4	3	●	2	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>No change in the risk assessment in comparison to 2019/20 reflecting the outcomes of IA work performed in 2018/19 and the outcomes of the Audit Scotland Procurement Fraud audit.</p> <p>Covid-19 impact – significant impact on the Commercial and Procurement team who established the centralised personal</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 69									<p>protective equipment (PPE) procurement and allocation process; implemented new supplier relief processes; and are also supporting the Council with preparation for a potential 'no deal' Brexit outcome. These impacts are reflected in the strategic supply chain risk included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance will be provided through the additional Covid-19 audits included in the 2020/21 annual plan and through the ongoing IA follow-up process to confirm that the findings raised in the 2019/20 Brexit audit have been effectively implemented.</p>
	A.9 Investment and Pensions (Lothian Pension Fund)	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>No change to the risk assessment in comparison to 2019/20 reflecting the significant value of funds managed (circa £7bn) and the extent of reliance on key third party system providers to support LPF operations.</p> <p>External audit is performed by Scott Moncrieff, and regulatory compliance reviews are also performed by external consultants.</p>
	A.10 Insurance Services	2	3	●	0	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>There has been no change in this risk assessment in comparison to 2019/20 and Insurance Services continues to be assessed as low risk with no IA coverage required.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									Covid-19 impact – the assessment noted above has not changed in relation to Covid-19.
A.11	Properties and Facilities Management	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20. Management of property assets is also included as a red (original and amber (current) risk in the December 2019 CLT risk register. Whilst no specific audits are included in the 2020/21 annual plan, ongoing assurance in relation to findings raised in 2018/19 and 2019/20 will be provided through the ongoing IA follow-up process.</p> <p>Covid-19 impact – significant impact on Properties and Facilities Management given involvement in closing buildings; implementing enhanced cleaning and infection control arrangements; supporting the shielding and vulnerable groups response, and support for children of key workers (preparation of food parcels and meals); and confirming readiness for properties to support return of services (implementation of social distancing measures).</p> <p>These impacts are reflected in the Council premises and security strategic risk included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance will be provided through the additional Covid-19 audits included in the 2020/21 annual plan and through the ongoing IA follow-up process to confirm that findings raised in the 2019/20 Life Safety audit and other open IA findings are effectively implemented. An audit has also been included in the</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									20/21 plan to confirm that the recommendations included in the external asbestos consultancy review have been implemented.
B	Strategy and Communications								
B.1	Information Governance	5	3	●	1	N	N	Y	<p>Original Risk Assessment (March 2020)</p> <p>Control Effectiveness rating has decreased from 4 to 3 reflecting current resourcing and operational capacity challenges across the team.</p> <p>Information and data is included as a red (original) and amber (current) risk in the December 2019 CLT risk register.</p> <p>Covid-19 impact – support provided in relation to the data privacy aspects of new and amended Covid-19 processes implemented across the Council.</p> <p>These impacts are reflected in the strategic technology and information risk included in the Covid-19 RMP.</p> <p>2020/21 coverage – no specific coverage of the Information Governance team planned, however, the additional Covid-19 audits included in 2020/21 annual plan will consider whether data has been consistently and effectively managed in line with applicable regulations.</p>
B.2	Resilience	5	2	●	1	Y	N	Y	Original Risk Assessment (March 2020)

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 72									<p>There has been no change in the original or residual risk assessment in comparison to 2019/20.</p> <p>Whilst no specific audits are included in the 2020/21 annual plan, assurance in relation to findings raised in 2018/19 Resilience audit will be provided through the ongoing IA follow-up process.</p> <p>The risks associated with the Council's response to a major incident is included as a red (original) and amber (current) risk in the December 2019 CLT risk register.</p> <p>A Brexit risk is also included in the CLT risk register with a red (original) and amber (current) rating.</p> <p>Covid-19 impact – significant impact on the Corporate Resilience team in terms of supporting implementation of the Council's Covid-19 resilience response; considering the potential impact of future and concurrent resilience activities; and ensuring that lessons learned have been considered; documented and applied where appropriate.</p> <p>These impacts are reflected in the strategic Council response and governance risk included in the Covid-19 RMP.</p> <p>2020/21 coverage - Whilst no specific resilience audits are included in the 2020/21 annual plan, the additional Covid-19 audits will consider the effectiveness of the Council's resilience response, and a the Covid-19 Lessons Learned audit will confirm whether resilience lessons learned have been identified and applied to subsequent resilience events. Assurance in relation to findings</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									raised in 2018/19 resilience audit will be provided through the ongoing IA follow-up process.
B.3	Democracy, Committee Services, and Corporate Governance	4	2	●	2	Y	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Original risk assessment has been increased from 2 to 4 reflecting ownership of the Council's policy management framework and coordination and production of the Council's annual governance statements.</p> <p>The control effectiveness rating has also decreased from 3 to 2 reflecting the outcomes of audits completed in 2019/20.</p> <p>Covid-19 impact – significant impact as Council governance and committee arrangements were paused and an emergency decision making process implemented. Where executive committee meetings were held, these were also performed remotely via video conference.</p> <p>These impacts are reflected in the Council Response and Governance risk included in the Covid-19 RMP.</p> <p>2020/21 coverage – revised governance arrangements will be considered as part of the Covid-19 Lessons Learned audit included in the 20/21 annual plan, with assurance in relation to findings raised in 2019/20 provided through the ongoing IA follow-up process.</p>
B.4	Strategic Change and Delivery / Business Change	5	4	●	1	Y	Y	Y	Original Risk Assessment (March 2020)

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 74									<p>Risk assessment remains unchanged from 2019/20 reflecting the significant volume of major projects to be delivered across the Council.</p> <p>Programme and project delivery is also included as a red (original) and amber (current) rated risk in the December 2019 CLT risk register.</p> <p>Covid-19 impact – significant impact with the implementation of the Council's Adaptation and Renewal Programme to support the Council's recovery from the Covid-19 pandemic and the future adaptation and renewal of both Council services and the city. These risks will be reflected in the Adaptation and Renewal Programme risk register that is currently being prepared, and also the CLT risk register.</p> <p>2020/21 coverage - this risk will be covered in 2020/21 by the planned Adaptation and Renewal Programme Governance audit and ongoing agile audit reviews of two major projects.</p>
B.5	Strategy and Business Planning	4	3	●	2	Y	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment remains unchanged from 2019/20. The December 2019 CLT risk register includes a sustainability and climate change risk that is assessed as a red (original) and amber (current) rating.</p> <p>Covid-19 impact – Significant impact as Council will require to refresh its business plan as a result of Covid-19. This will be</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 75									<p>delivered by the Adaptation and Renewal Programme, and will set out the clear direction and strategic priorities for the organisation. These risks will be reflected in the Adaptation and Renewal Programme risk register that is currently being prepared, and also the CLT risk register.</p> <p>2020/21 coverage - Coverage will be provided in 2020/21 through the planned audit of development and implementation of the Council's carbon neutral / climate change strategy, and the Adaptation and Renewal Programme Governance audit.</p>
	Locality, Partnership, and Community Empowerment	4	3	●	2	Y	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Original risk assessment has been increased to better reflect the responsibilities for delivery of services through the localities models.</p> <p>Covid-19 impact – significant impact with the majority of locality offices closed and the transition to implementation of Council Resilience Centres for Place Localities, and Command Centres for the Health and Social Care Partnership.</p> <p>These impacts are reflected in the Strategic Health and Safety of Citizens and Service Users, and Health and Availability of Employees to Deliver Critical Services risks included in the Covid-19 RMP.</p> <p>2020/21 coverage – assurance will be provided through ongoing follow-up of the Place Localities audit completed in 2018/19 and the Health and Social Care Localities Audit completed in 2019/20.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
B.7	Insight and Engagement	3	3	●	3	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>The risk assessment has not changed in comparison to 2019/20. A risk on the public response to political decisions is also included in the December 2019 CLT risk register with an amber (original) and green (current) rating</p> <p>Covid-19 impact – completion of employee wellbeing surveys. This impact is reflected in the strategic health and availability of employees to deliver critical services risk included in the Covid-19 RMP.</p> <p>2020/21 coverage – no specific audit coverage planned in this area as IA will direct effort towards higher risk areas. The Covid-19 Lessons Learned audit will consider whether the outcomes of employee wellbeing surveys have been considered and incorporated in relation to ongoing employee working arrangements.</p>
B.8	Performance and Business Analytics / Data Services	5	3	●	1	Y	N	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to prior year.</p> <p>Covid-19 impact – significant impact as this team was involved in providing a Covid-19 management information dashboard to the Council's Incident Management Team to support ongoing decision making, and preparing coordinated returns that were provided to the Scottish Government and COSLA.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									These impacts are reflected in the Council Response and Governance strategic risk included in the Covid-19 RMP. 2020/21 coverage - an audit of Provision of Covid-19 data and returns to the Scottish Government has been included in the 2020/21 plan.
B.9	Committee Services	2	3	●	0	Y	N	N	Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20. Covid-19 impact – the main challenge for Committee Services was supporting the transition to emergency decisioning and governance arrangements; supporting the phased reinstatement of Committees; and transitioning to supporting committee meetings by video conference. These impacts are reflected in the Council Response and Governance strategic risk included in the Covid-19 RMP. 2020/21 coverage - whilst there are no specific audits of Committee Services included in the 20/21 annual plan, the proposed audit of GRBV Committee Effectiveness and the Covid-19 Lessons Learned review will cover aspects of this area.
B.10	Communications	3	3	●	3	Y	Y	N	Original Risk Assessment (March 2020) No change to risk assessment in comparison to 2019/20.

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 78									<p>A risk in relation to the public response to political decisions is also included in the CLT risk register with a red (original) and amber (current) rating.</p> <p>Covid-19 impact – significant impact as the Communications team was involved in ensuring effective communication with citizens in relation to decisions taken as the Council implemented its resilience response, and is now re-establishing services.</p> <p>These impacts are reflected in the Council Response and Governance strategic risk included in the Covid-19 RMP.</p> <p>2020/21 coverage – no additional coverage is planned. Assurance will be provided through ongoing follow-up to confirm that the findings raised in the Social Media audit completed in 2019.20 have been effectively implemented.</p>
Citizen Support Service Areas									
C	Communities and Families								
C.1	Children's Social Work	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the transition to remote delivery of services, and impact on workload as Court cases were delayed. Contingent workforce arrangements were</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 79									<p>established to ensure ongoing workforce capacity in the event of increased levels of absence.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and Availability of Employees to Deliver Critical Services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance in 2020/21 will be provided through the planned review of the Chief Social Work Officer's assurance and annual report.</p> <p>Additional assurance will also be provided through the ongoing follow-up on the findings raised in the 2018/19 audit of the second line Quality, Governance, and Regulation team; and the 2019/20 Prevention Services and PVG and Disclosures audit.</p>
C.2	Children with Disability	4	3	●	2	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the cessation of some services and transition to remote delivery of services (where possible). Contingent workforce arrangements were established to ensure ongoing workforce capacity in the event of increased levels of absence.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of Employees to</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>Deliver Critical Services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - whilst no specific audits are planned in this area, assurance will be provided through the ongoing follow up of any findings raised in the 2019/20 PVG and Disclosures audit.</p>
C.3 Page 80	Special Schools and Additional Support for Learning	4	3	●	2	Y	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the cessation of some services and transition to remote delivery of services (where possible). Contingent workforce arrangements were established to ensure ongoing workforce capacity in the event of increased levels of absence.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and Availability of Employees to deliver Critical Services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage – assurance will be provided by completion of the Managing Violent and Aggressive Behaviour audits included in the 20/21 plan and ongoing follow up of any relevant findings raised in the 2019/20 PVG and Disclosures audit.</p>
C.4	Looked After Children	4	3	●	2	Y	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 81									<p>Covid-19 impact – the main impact of Covid-19 was the potential impact of infection and workforce availability. Contingent workforce arrangements were established to ensure ongoing workforce capacity in the event of increased levels of absence.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance will be provided by completion of the Managing Violent and Aggressive Behaviour audits included in the 20/21 plan and ongoing follow up of any relevant findings raised in the 2019/20 PVG and Disclosures and Retention of Social Work Case Records (Looked After and Accommodated Children) audits.</p>
C.5	Capital Projects and School Estate Planning	3	3	●	3	N	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the cessation of all capital projects and their subsequent reinstatement with enhanced social distancing measures.</p> <p>These impacts are reflected in the Supply chain risk; Financial and economic risk; and Legal and Commercial Risk strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - whilst no specific audits are planned in this area for 2020/21, ongoing assurance will be provided through</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									ongoing follow-up of relevant findings raised in the 2019/20 Governance of First Line Projects outwith the Major Projects Portfolio audit.
C.6	Statutory Consultation and Catchment Reviews	3	2	●	3	N	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Control effectiveness assessment has reduced from 3 to 2 reflecting the outcomes of the 2019/20 Schools Admissions and Inclusion audit.</p> <p>Covid-19 impact - the main impact of Covid-19 was the transition to remote work to support completion of these processes.</p> <p>2020/21 coverage- whilst no specific audits are planned in this area for 2020/21, ongoing assurance will be provided through ongoing follow-up of relevant findings raised in this 2019/20 review.</p>
C.7	Client Management and Home to School Transport	3	3	●	3	N	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the cessation of these services and their subsequent reinstatement with enhanced infection protection and social distancing measures.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									2020/21 coverage - assurance will be provided through the additional Covid-19 audits included in 2020/21 plan with ongoing assurance provided through follow-up of relevant findings raised in 2019/20 PVG and Disclosures audit.
C.8	Early Years and Childcare	4	3	●	2	Y	N	N	Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20. Covid-19 impact – the main impact of Covid-19 was the cessation of these services and their subsequent reinstatement with enhanced infection protection and social distancing measures. These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and Availability of Employees to Deliver Critical Services strategic risks included in the Covid-19 RMP. 2020/21 coverage - assurance will be provided through the additional Covid-19 audits included in 2020/21 plan with ongoing assurance provided through follow-up of relevant findings raised in 2019/20 PVG and Disclosures audit.
C.9	Schools and Lifelong Learning	5	2	●	1	Y	Y	N	Original Risk Assessment (March 2020) Control effectiveness rating has been reduced from 3 to 2 reflecting the outcomes of the 2019/20 Schools Admissions and Inclusion and Protection of Vulnerable Groups and Disclosures audits.

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 84									<p>Covid-19 impact – the main impact of Covid-19 was the cancellation of exams and allocation of grades in line with Scottish Qualifications Authority guidance; closure and their subsequent reopening with enhanced infection protection and social distancing measures; and provision of care for children of key workers.</p> <p>2020/21 coverage - assurance will be provided through the additional Covid-19 audits included in 2020/21 plan; the Covid-19 Lessons Learned audit; the Public and Private Partnership (PPP) and Private Finance Initiative (PFI) Contract Management audit; the Learning and Teaching Technology Network Management audit; and ongoing follow-up of relevant findings raised in 2019/20 PVG and Disclosures audit.</p>
C.10	Quality, Improvement, and Curriculum	3	3	●	3	Y	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the transition to remote learning arrangements during the lockdown period.</p> <p>2020/21 coverage - whilst no specific audits are included in the 2020/21 annual plan, this area will be covered by the Public and Private Partnership (PPP) and Private Finance Initiative (PFI) Contract Management audit.</p> <p>Education Scotland provides also additional assurance in this area and has not identified any significant concerns.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
C.11	Inclusion	3	3	●	3	N	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact of Covid-19 was the transition to remote working arrangements.</p> <p>2020/21 coverage - ongoing assurance in 20/21 will be provided through ongoing follow up of relevant findings raised in the 2019/20 Schools Admissions and Inclusion audit.</p>
C.12	Homelessness and Housing Support	5	3	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20, and potential homelessness impacts are reflected in the Housebuilding Programme risk with a red (original) and amber (current) rating in the CLT December 2019 risk register.</p> <p>Covid-19 impact – significant impact as urgent additional arrangements were required to provide appropriate accommodation for homeless citizens that supported self-isolation (where required) and reduced the risk of infection spreading.</p> <p>This will be an ongoing area of focus in 2020/21 given reduced availability of 'move on' tenancies; implementation of the Scottish Government's unsuitable accommodation order; and addressing challenges such as homeless people with no recourse to public funds.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance in 2020/21 will be provided through the Covid-19 Lessons Learned audit and ongoing follow-up of any relevant findings raised in the 2018/19 homelessness audit.</p>
C.13	Community Justice	2	3	●	0	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact was the planned early release of prisoners to minimise spread of infection in prisons, where community justice support was required, together with the transition to home working.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - no specific audits are planned in this area for 2020/21, as audit focus will be directed towards higher risk areas.</p>
C.14	Quality, Governance, and Regulation	4	3	●	2	Y	N	Y	<p>Original Risk Assessment (March 2020)</p> <p>Covid-19 impact – transition to home working and adapting processes and procedures to accommodate any service delivery changes implemented in response to Covid-19.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>2020/21 coverage - whilst no specific audit work is planned in 2020/21, it is likely that this area will be included in the planned audit of the Chief Social Work Officer's assurance and annual report.</p> <p>Further assurance will be provided through ongoing follow-up of the remaining findings raised in the 2018/19 Quality, Governance, and Regulation audit.</p>
Page 87	Health and Social Care – the service is included as a red (original) and amber (current) risk in the CLT risk register								
	Accommodation	5	2	●	1	Y	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact was significant given focus on creating NHS capacity to support Covid-19. This resulted in implementation of the Home First / SafeHaven model to support ongoing assessment of demand and capacity. Personal protective equipment; infection control; and testing arrangements were also implemented to protect both residents and employees, and visiting arrangements stopped. Workforce planning arrangements were also implemented to ensure that there was sufficient workforce available from either Council employees or agency support to ensure ongoing delivery of care. Arrangements were also implemented to support the Councils oversight of private care homes in line with Scottish Government requirements.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 88									<p>These impacts are reflected in the Health and Safety of Citizens and Service Users; the Health and Availability of Employees to Deliver Critical Services; Supply Chain; and Financial and Economic strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - assurance in 2020/21 will be provided through the additional Covid-19 audits included in 2020/21 plan; the Covid-19 Lessons Learned audit; and ongoing follow-up of the remaining findings raised in the 2016/17 Care Homes audit.</p> <p>Accommodation has also been covered in the joint Inspection of Services for Older People in the city of Edinburgh performed by the Care Inspectorate and Healthcare Improvement Scotland, with a number of findings raised in their May 2017 report. A subsequent progress review was also completed in December 2018.</p>
D.2	Assessment, Support, Planning, and Review	5	2	●	1	Y	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact was significant as focus was on hospital discharge timeframes and establishing urgent care arrangements, with a further impact on existing waiting lists and assessments.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of Employees to Deliver Critical Services strategic risks included in the Covid-19 RMP.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									2020/21 coverage - this area is included in the scope of the planned Management of Waiting Lists and Assessments included in the 2020/21 annual plan.
D.3	Community Based Support	4	3	●	2	N	N	N	Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20. Covid-19 impact was essentially cessation of all non-urgent services. 2020/21 coverage - no audit coverage is planned for 2020/21.
D.4	Community Alarm and Telecare	4	3	●	2	N	Y	N	Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20. Covid-19 impact involved the transition to working from home arrangements. 2020/21 coverage - whilst no specific coverage is included in the 2020/21 annual plan, assurance will be provided through ongoing follow-up of the findings raised in the Emergency Prioritisation and Complaints (Telecare) audit completed in 2018/19.
D.5	Rights and Protection	5	3	●	1	Y	N	Y	Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20. Covid-19 impact – the main challenge involved ensuring that an adequate and appropriately skilled and qualified and Protection of

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 90									<p>Vulnerable Groups (PVG) certified workforce remained in place to support protection of adults and children at risk.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage the planned review of the Chief Social Work Officer's Assurance and Annual Report and the Covid-19 Lessons Learned audit will provide assurance in this area.</p> <p>Additional assurance is provided by internal second line assurance reviews performed by Quality, Governance, and Regulation, and Care Inspectorate reviews.</p>
D.6	Sensory Support - Disabilities	2	3	●	0	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact was cessation of services.</p> <p>2020/21 coverage - no coverage is planned in 2020/21.</p>
E	Place								
E.1	Waste and Cleansing	5	4	●	2	N	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>The control effectiveness rating has been increased from 2 to 4 reflecting performance improvement and the positive outcomes of audits completed in 2019/20.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 91									<p>Covid-19 impact – the main impact was cancellation and subsequent reintroduction of services with enhanced infection control and social distancing measures.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of Employees to Deliver Critical Services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - no audit coverage is planned for 2020/21 given extensive coverage in previous year plans.</p>
	Scientific, Bereavement and Registration Services	5	3	●	1	Y	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – significant impact in terms of adequacy of mortuary capacity to support expected increase in death rate; implementation of changes to funeral services; increased focus on timeliness of death registrations to support Scottish Government statistics; cessation of marriage and birth registrations and their subsequent reinstatement; personal protective equipment and hand sanitisation testing support arrangements; establishing advice service to support application of safe working practices.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users; the Health and Availability of Employees to Deliver Critical Services; and Council Response and Governance strategic risks included in the Covid-19 RMP.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									2020/21 coverage - audits of Registration and Bereavement Services and Implementation of Asbestos Recommendations is included in the 2020/21 annual plan. Additional assurance will also be provided from follow-up of the findings raised in the 2019/20 Life Safety audit.
E.3 Page 92	Edinburgh Roads Services	5	2	●	1	Y	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – cessation of all significant repairs and capital works with focus on only urgent repairs, and implementation of the Spaces for People initiative to support social distancing and active travel across the city.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - an audit of Spaces for People is included in the 2020/21 annual plan, and assurance will be provided through ongoing follow-up of the findings raised in the Roads Services Improvement Plan audit completed in 2018/19.</p>
E.4	Fleet and Workshops	4	2	●	2	N	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>Covid-19 impact – reduced demand for Council fleet following cessation of a number of Council services during lockdown.</p> <p>2020/21 coverage - whilst no specific coverage is included in the 2020/21 annual plan, assurance will be provided through ongoing follow-up of the findings raised in the Completion of Driver Licence Checks Findings Only audit completed in 2019/20</p>
E.5 Page 93	Parks, Greenspace, and Cemeteries	3	3	●	3	N	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – parks and public spaces were initially closed during lockdown and subsequently reopened with implementation of social distancing measures in line with Scottish Government requirements; increased volumes of burial services were subject to social distancing rules.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and Availability of Employees to Deliver Critical Services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - whilst no specific coverage is included in the 2020/21 annual plan, assurance will be provided through ongoing follow-up of the findings raised in the Tree Management audit completed in 2019/20.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
E.6	Transport Infrastructure – street lighting, traffic signals, structures, and flood prevention.	5	4	●	1	N	Y	Y	<p>Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – main impact related to transition to working from home arrangements.</p> <p>2020/21 coverage – no specific audits are included in the 20/21 annual plan. Additionally, the Department for Transport has supported deferral of the annual Port Facility Security audit for one year, enabling IA to direct effort towards higher risk areas.</p>
E.7	Culture	3	4	●	3	N	N	Y	<p>Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – the main impact has been closure of cultural venues and the associated loss of income and impact on employees.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users; and the Financial and Economic strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - no reviews are planned for 2020/21.</p>
E.8	Transport Network – road safety; public transport; citywide networks and parking and traffic regulation	3	3	●	3	Y	N	N	<p>Original Risk Assessment (March 2020) Risk assessment has not changed in comparison to 2019/20.</p> <p>A risk on public safety is also included in the CLT risk register with a red (original) and amber (current) rating.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 95									<p>Covid-19 impact – reduced impact on team given reduced travel and transport during lockdown. Parking regulation activities were also significantly reduced.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of Employees to Deliver Critical Services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage – an audit of Parking and Traffic Regulation has been included in the 2020/21 annual plan.</p>
	Citywide Transport and Planning	3	3	●	3	Y	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact- limited impact in this area.</p> <p>2020/21 coverage - an audit of Active Travel Project Management and Delivery is included in the 2020/21 annual plan. This is also closely linked with the Spaces for People audit as this new programme (implemented in response to Covid-19) is delivering several planned Active Travel initiatives.</p>
	E.10 Planning and Building Standards	5	4	●	1	N	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>No change to original risk reflecting the potential impact on Council revenues if the service was to suffer significant operational issues.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 96									<p>Control effectiveness increased from 2 to 4 reflecting the significant amount of work undertaken and the outcomes of the 2019/20 follow-up work carried forward from 2018/19.</p> <p>Covid-19 impact – the service transitioned to working from home and also had to incorporate Scottish Government extended timeframes for completion of planning requirements and building warrants into their processes.</p> <p>These impacts are reflected in the Health and Safety of Citizens and Service Users and the Health and availability of employees to deliver critical services strategic risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - no coverage is proposed in 2020/21, enabling IA to direct effort towards other risk areas. An independent assurance review of the Council's Planning service was also completed in 2019/20.</p>
E.11	Sustainability	3	3	●	3	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – limited impact in this area.</p> <p>2020/21 coverage - no coverage is proposed in 2020/21, enabling IA to direct effort towards higher risk areas.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
E.12	Housing Management and Development	5	4	●	3	N	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Original risk assessment has increased from 3 to 5 reflecting the significant risks associated with housebuilding in the city. This is also included as red (original) and amber (current) risk in the CLT risk register.</p> <p>Control effectiveness has been increased from 3 to 4 reflecting the positive outcomes of the audit of the Development of the Strategic Housing Investment Plan completed in 2019/20, with no findings raised.</p> <p>Covid-19 impact – impact on delivery of affordable housing targets due to cessation of all capital projects and construction activities, and subsequent reinstatement with appropriate social distancing measures.</p> <p>These impacts are reflected in the Supply Chain; Financial and Economic; and Legal and Commercial Risk risks included in the Covid-19 RMP.</p> <p>2020/21 coverage – the Scottish Government has agreed that the annual audit of the Transfer of the Management of Development Funding can be deferred for one year, enabling IA to direct effort towards higher risk areas.</p>
E.13	Regulatory Services	4	2	●	2	N	Y	N	<p>Original Risk Assessment (March 2020)</p> <p>Control effectiveness rating has decreased from 3 to 2 reflecting the outcomes of the HMO Licencing audit completed in 2019/20.</p>

Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
Page 98 E.14									<p>Covid-19 impact – significant impact with the extension of a number of licences (for example taxi licences) and associated loss if income. The service also had to transition to working from home where possible.</p> <p>These impacts are reflected in Financial and Economic; and Legal and Commercial Risk risks included in the Covid-19 RMP.</p> <p>2020/21 coverage - whilst no specific coverage is included in the 2020/21 annual plan, assurance will be provided through the Covid-19 Lessons Learned audit included in the 20/21 plan and ongoing follow-up of the findings raised in the HMO Licensing review.</p>
	Economic Development	3	3	●	3	N	N	N	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – limited immediate impact in this area, although support will be required to support Adaptation and Renewal Programme activities.</p> <p>2020/21 coverage – no specific audits are planned in this areas, enabling IA to direct effort towards higher risk areas.</p>
	Housing Property	4	3	●	2	N	Y	Y	<p>Original Risk Assessment (March 2020)</p> <p>Risk assessment has not changed in comparison to 2019/20.</p> <p>Covid-19 impact – initial reduction on services with focus initially only on emergency repairs.</p>

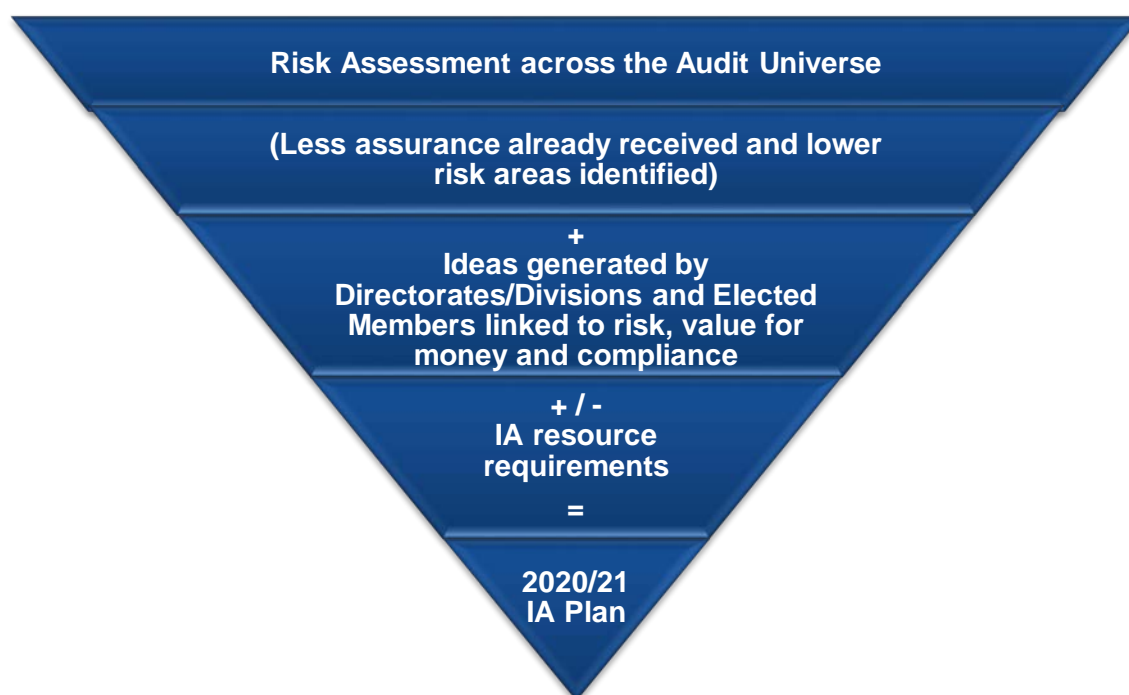
Ref	Auditable Area	Original Risk	Control Effectiveness	Audit Requirement Rating	Frequency	Included in 2020/21 Plan	Included in 2019/20 Plan	Included in 2018/19 Plan	Other Assurance / Notes
									<p>These impacts are reflected in the Health and Safety of Citizens and Service Users; and Health and Availability of Employees to Deliver Critical Services risks included in the Covid-19 RMP.</p> <p>2020/21 coverage – no specific audits are planned in this areas, enabling IA to direct effort towards higher risk areas.</p>

3. Annual Internal Audit plan – Step 7

3.1 Developing the IA annual plan

The next stage of the process following completion of the risk assessment is to build the annual IA plan, and figure 3 below illustrates how this is achieved.

Figure 3: IA annual planning process



3.2 Internal Audit Resources

Available IA resources

As part of the annual planning process, the level of currently available IA resources, experience and skills was considered.

The overall capacity of currently projected available IA resources for 1 October 2020 to 31 March 2021 (excluding annual leave and public holidays) is 1,492 days. This includes an assumption that an auditor position that will become vacant at the end of September 2020 will not be filled until January 2021.

A total of 11 Covid-19 audits that were approved by the Governance, Risk and Best Value Committee in June 2020 are in progress, and it is expected that these audits will be completed by September 2020. Consequently, the time required to complete these Covid-19 audits has been excluded from the IA capacity calculation, and included in the plan summary detailed at section 3.3.1 below for completeness.

Allowing for potential sickness absence (2% of available days) and time reserved to support team training and personal development; performance management; ongoing enhancement of our audit system; and governance and committee reporting activities (circa 30% of available days) approximately 870 days are available to support delivery of the plan, which is proportionately aligned with IA capacity to deliver the 2019/20 plan.

The plan also includes circa 62 days contingency time which is the equivalent of 12 working weeks or 2 completed audits.

Co-source arrangements

A co-source arrangement is also in place with PwC, with the potential to use their services to support specialist audits where the required skills sets, or capacity are not available within the IA team.

Capacity to deliver the IA plan

Based on the IA capacity model, the current IA structure is adequately resourced to support delivery of the proposed audit plan (detailed at 3.5 below) which requires a total of 1,255 available days, as 385 days will be delivered either through our established co-source or other alternative arrangements, with the balance of 870 days delivered by the Council's IA team.

Corporate Leadership Team Risks not covered in the IA annual plan

It should be noted that the proposed 2020/21 audit plan does not cover the CLT risk in relation to the housebuilding programme (risk 5) that was assessed as a high original and medium current risk in the December 2019 CLT risk register.

This area was audited as part of the 2019/20 annual plan (Preparation of the Strategic Housing Investment Plan, and Management of Development Funding audits), with no significant issues identified.

Directorates/Divisions not included in the IA annual plan

Based on the IA risk assessment methodology, the following areas that were due for inclusion in the 2020/21 IA annual plan have not been included as available IA capacity has been focused on higher risk areas:

- Strategy and Communications - Information Governance
- Strategy and Communications - Insight and Engagement
- Communities and Families - Children with Disability
- Communities and Families - Community Based Support
- Place - Transport Infrastructure – street lighting, traffic signals, structures, and flood prevention.
- Place – Culture
- Place – Planning and Building Standards
- Place – Sustainability
- Place - Housing Management and Development
- Place - Economic Development

Some of these areas are included in a reserve list' of audits (refer Appendix 3), that have not been included in the plan. Where any planned audits cannot be completed (for example, a decision has been taken that a major project will not progress), the risks associated with the areas included on the reserve list will be considered and an alternative audit selected.

The reserve list also includes some of the audits that were not completed in 2019/20 due to Covid-19, and audits that were considered for inclusion in the proposed 2019/20 annual plan initially prepared in March 2020.

Additional resourcing challenges

Like all other teams within the Council, IA is required to ensure that it balances the requirements for both effectiveness and efficiency. This includes keeping resource levels under regular review. If any new or emerging resourcing challenges occur during the year, they will be discussed initially with the Head of Legal and Risk and the Executive Director of Resources; the CLT; and the Convenor of GRBV. If

resourcing issues remain unresolved following these discussions, the matter will be highlighted to a full GRBV Committee Meeting.

IA will have one vacancy at auditor level in the team at the end of September 2020. Recruitment is currently underway, and it is expected that the vacancy will be filled by January 2021 or possibly earlier.

3.3 Proposed Internal Audit Annual Plan 2019 – 20

3.3.1 Plan Summary

The internal audit plan detailed below reflects the key areas of IA focus for 2020/21 and is based upon the PSIAS; the Council's organisational objectives and priorities; and an assessment of the CLT risks that could prevent the Council from meeting those objectives and providing services to citizens. Each proposed review for 2020/21 has been cross referenced to the corresponding key CLT risks presented to GRBV in December 2019 and the strategic risks included in the Covid-19 Risk Management Plan.

Audits delivered across the Council

A total of 46 audits are included in the 2020/21 IA plan. Of these 37 will be delivered across the Council, with the balance of 9 reviews delivered to support arm's length external organisations.

A summary of proposed Council audit coverage in comparison to 2019/20 completed audits is detailed below. Please note that specific Directorate coverage will also increase as a result of Council wide and thematic reviews.

Directorate	2020/21 Planned Audits	2019/20 Completed Audits	Comments
Council Wide	12	8	Council wide audits will cover all major service areas of the Council. This increase is due to inclusion of a number of Council-wide Covid-19 audits.
Council Wide	1	1	Follow-up. This involves review of completion of all agreed management actions prior to closure across all areas of the Council
Major Project Reviews	3	4	Includes ongoing agile IA work on the Tram Extension and Enterprise Resource Planning Projects.
Resources	10	7	Increased coverage reflects a number of carried forward Digital Services audits from 2019/20 and addition of Covid-19 design assurance audits that are specific to the Resources directorate.
Chief Executive's Service / Strategy and Communications	1	2	Planned coverage is broadly aligned with the number of audits completed in 2019/20.
Communities and Families (including Safer and Stronger Communities)	4	2	Slight increase in coverage in comparison to audits completed in 2019/20. Additional coverage will also be provided planned by Council wide reviews.

Health and Social Care Partnership	2	2	No change in coverage in comparison to 2019/20. Additional coverage will also be provided planned by Council wide reviews.
Place	4	5	The two annual (low risk) reviews requested by the Department for Transport (Port Facility Security Plan) and the Scottish Government (Management of Development Funding) will not be completed in 2020/12 enable IA to focus on higher risk areas.
Totals	37	31	

Council wide reviews

The plan includes an increased number of Council-wide and multiple Service Area reviews that will cover all Council directorates and divisions. These have been included to provide assurance on the key controls established to manage the most significant risks associated with services and processes that span across the Council. This increase is due to inclusion of a number of new Council-wide Covid-19 audits.

It is important to note that no validation audit will be performed in 2019/20 to confirm that management actions implemented to support previously closed IA findings have been effectively implemented and sustained, as IA effort will be directed towards other higher risk areas.

Follow Up

A total of 250 days of audit effort (circa 29% of total available days) has been provided to support the follow up process for the remaining six months of the 2020/21 plan year. This remains broadly aligned with the proportion of days allocated to follow-up activity in 2019/20 (33%) and reflects that IA currently does not apply a 'risk based' follow up approach based on the need to further improve risk and control awareness and embed the risk and control culture across the Council, and the level of ongoing support provided to support divisions with their follow up activities. The potential to implement a risk based follow up approach will be reconsidered annually.

IA services provided to arm's length external organisations

A total of 9 audits will be delivered for arm's length and external organisations (ALEOs): 3 for the Lothian Pension Fund; 3 for the Edinburgh Integration Joint Board; and the remaining 3 comprising one audit each for the Lothian Valuation Joint Board; SEStran; and the Edinburgh Royal Military Tattoo.

Use of co source arrangements to support plan delivery

A total of 14 audits (including 3 for Lothian Pension Fund) will be delivered by external specialists, which remains aligned with the number of specialist reviews completed in 2019/20.

PwC will be requested to support delivery of 6 specialist digital services; 1 health and safety specialist audit; and 6 general audits; whilst external specialist support will be sourced to support the planned review of GRBV Committee effectiveness.

This leaves a balance of 32 audits (26 Council audits plus the remaining 6 ALEOs) to be delivered by the Council's IA team.

This approach will ensure that appropriate technology skills and experience is available to support the Digital Services audits and will also ensure that IA independence is appropriately maintained in relation to the Health and Safety and GRBV Committee Effectiveness Audits.

Training

A total of 5 days has been included in the plan to support delivery of ongoing training across the Council. This reflects delivery of one half day of training per quarter that will be open to all employees; and IA attendance at, and involvement in, new start and senior management induction training.

Quality Assurance

A total of 15 days has been included for internal IA quality assessment. The last external quality assessment (EQA) was performed in 2016/17, and the next will be completed in 2021/22, as per the five-year EQA cycle requirement specified in the PSIAS.

3.3.2 Coordinated and Integrated approach with External Audit; Audit Scotland; and Local Area Network Members

External Audit

As noted at section 1.5 above, a coordinated and integrated approach will be adopted with IA and Scott Moncrieff working together to deliver assurance on two reviews - the Tram extension project and the Enterprise Resource Planning (ERP) project.

A further 5 audits have been identified where Scott Moncrieff will endeavour to take account of the work performed by IA for their 2020/21 financial statements review. These are:

1. Employee Testing
2. Covid-19 Lessons Learner
3. Arm's Length External Organisations
4. Fraud and Serious Organised CrimePublic and Private Partnership (PPP) and Private Finance Initiative (PFI) Contract Management
5. Governance Risk and Best Value Committee Effectiveness
6. Development of the Council's Technology Strategy
7. Technology Resilience

3.3.3 Internal Audit Annual Plan 2020 – 21

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)	
*Audit reviews where timing is specifically aligned to enable external audit to work with or take account of IA reviews. Note that the CLT risks have been mapped to the CLT risk register that was presented at GRBV in November 2019.									
Council-Wide – 13 audits (including follow-up)									
Page 10 All Major Council Directorates and Divisions.	(1) <u>Shielding and Vulnerable People</u> Review of the design of shielding and vulnerable people processes established to support the Council’s Covid-19 response and meet Scottish Government and Health Protection Scotland requirements and guidance.		✓			N/A	Covid-19 RMP Risk 1 CLT 2; 6	Medium	
	(2) <u>Supplier Relief</u> Review of the design of the supplier relief process established to ensure that Covid-19 supplier support measures are implemented in line with applicable Scottish Government guidance.		✓			N/A	Covid-19 RMP Risk 5 CLT 2	High	
	(3) <u>Workforce Planning and Protection of Vulnerable Groups</u> Review of the design of the onboarding processes (including Protection of Vulnerable Groups (PVG) checks) for new or repurposed employees joining the Council during the COVID-19 pandemic.		✓			N/A	Covid-19 RMP Risk 3 CLT 6	Low	

Auditable Area	Description					Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
		Q1	Q2	Q3	Q4			
Page 106	(4) <u>Employee Testing</u> Review of the design of employee testing arrangements to ensure that employees who display Covid-19 symptoms are tested to confirm whether they have contracted the virus, with appropriate guidance and support provided by management.		✓			N/A	Covid-19 RMP Risk 3 CLT 6	Medium
	(5) <u>Social Distancing and Employee Protection</u> Review of the hygiene; infection control; and social distancing processes (including completion of risk assessments) established to support the return of employees to Council buildings and reintroduction of Council services.				✓	30	Covid-19 RMP Risk 3 CLT 3; 6	Low
	(6) <u>Covid-19 Lessons Learned</u> Review of the lessons learned exercises performed across the Council to confirm that lessons learned from the Council's initial Covid-19 resilience response have been identified; recorded; and incorporated into subsequent resilience plans and activities.				✓	40	All Covid-19 RMP Risks CLT 6	Low
	(7) <u>Arm's Length External Organisations (ALEOs)</u> Review of the Council's oversight of ALEOs with focus on assurance provided to the Council in relation to their financial and service recovery plans. This review will also consider how ALEO recovery is reflected in the Council's revised financial plans.				✓	20	Covid-19 RMP Risk 7 CLT 2	High
	(8) <u>* Fraud and Serious Organised Crime</u> Review of the adequacy and effectiveness of the key controls established to mitigate the potential risk of fraud and serious organised crime across the Council.			✓		35	Covid-19 RMP Risk 8	High

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
	<p>(9) <u>Public and Private Partnership (PPP) and Private Finance Initiative (PFI) Contract Management</u></p> <p>Review of the adequacy and effectiveness of established supplier management and governance arrangements in relation to the Council's established infrastructure provision and managed schools and services contracts.</p> <p>This audit will also consider whether the Council has adequate assurance over Brexit readiness of these key suppliers as the UK moves through the transition period.</p>			✓		30	Covid-19 RMP Risk 5 CLT 9	High
	<p>(10) <u>Development and Implementation of the Council's Carbon Neutral / Climate Change Strategy</u></p> <p>Review of the key project management and governance controls supporting the design and planned implementation of the Council's carbon neutral / climate change strategy.</p>				✓	25	CLT10	Low
	<p>(11) <u>* Governance, Risk and Best Value (GRBV) Committee Effectiveness</u></p> <p>Review of the adequacy of the remit and effectiveness of the scrutiny provided by the GRBV committee. The review will focus on their responsibilities for scrutiny of risk management and internal and external audit arrangements in comparison to good practice applied by other local authorities and audit and assurance committees in other sectors.</p>				✓	35	N/A	Low
	<p>(12) <u>* Health and Safety – Implementation of Asbestos Recommendations</u></p> <p>The review will assess whether the recommendations resulting from the external review of the adequacy and effectiveness of the Council's asbestos identification and management processes have been effectively implemented and sustained.</p>				✓	35	CLT1; 3	Low

Auditable Area	Description					Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
		Q1	Q2	Q3	Q4			
	(13) <u>Follow Up</u> Ongoing follow up across all directorates and service areas to confirm that agreed management actions have been effectively implemented and sustained to support closure of IA findings raised.			✓	✓	250	N/A	Low
Resources – 10 audits								
Customer and Digital Services	(1) <u>Self Employed Grants</u> Review of the design of the Newly Self-employed Hardship fund process to confirm that applications received are processed in line with Scottish Government guidance.		✓			N/A	Covid-19 RMP Risks 7 and 8	High
Customer and Digital Services	(2) <u>Support for Business Grants</u> Review of the design of the Support for Business Grants process to confirm that applications received are processed in line with Scottish Government guidance.		✓			N/A	Covid-19 RMP Risks 7 and 8	High
Customer and Digital Services	(3) * <u>Corporate Network Management – CGI</u> Review of effectiveness of management of the corporate network with focus on network performance (including flow of traffic between different data centres and systems); network resilience; application management; speed of hosted applications; and end to end customer experience. The audit will include review of technology data loss prevention controls applied by CGI that are designed to scan and identify suspicious outgoing e mails with attachments sent from Council e mail accounts that could potentially result in loss of data, and also physical security controls across Council operational properties.				✓	35	Covid-19 RMP Risk 6 CLT 8	Low

Auditable Area	Description					Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
		Q1	Q2	Q3	Q4			
Customer and Digital Services	(4) * <u>Project Management Supporting Change Implementation – CGI (b/f from 2019/20)</u> Review of the adequacy and effectiveness of project management and governance controls established to support the implementation of changes following final approval of change requests by the Council and CGI.			✓		30	CLT 4	Medium
Customer and Digital Services	(5) <u>Development of the Council's Technology Strategy</u> Review of the adequacy and effectiveness of the processes and governance controls established to support development and communication of the Council's technology strategy.				✓	30	CLT4	Low
Customer and Digital Services	(6) <u>Technology Resilience (c/f 2019/20)</u> Review of the adequacy of technology resilience plans to ensure that critical systems and data can be restored within expected timeframes. The review will also consider the extent of resilience testing performed, and actions taken to address any areas for improvement that have been identified. This review will also focus on any lessons learned from the technology resilience response to the Covid-19 pandemic.				✓	25	Covid-19 RMP Risk 6 CLT 6; 8	Low
Customer and Digital Services	(7) <u>Direct Access and Mobile Device Management (c/f 2019/20)</u> The review will assess the design adequacy and operating effectiveness of the security controls established to manage web based direct access and connectivity via mobile devices to Council servers.				✓	25	Covid-19 RMP Risk 6 CLT 6; 8	High

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
Customer and Digital Services	<p>(8) <u>Council Tax and Business Rates</u></p> <p>Review of the design adequacy and operating effectiveness of the key controls established to support complete and accurate processing of Council tax and Business Rates transactions, including billing; payments; amendments and refunds. The audit will also consider the security controls supporting transfer of customer data between the Lothian Valuation Joint Board and the Council.</p>			✓		35	N/A	High
<div>Page 10</div> <div>Finance – Commercial and Procurement Services</div>	<p>(9) <u>Purchase and Allocation of Personal Protective Equipment (PPE)</u></p> <p>Review of PPE procurement and allocation processes established to ensure that sufficient PPE of an appropriate quality is available to key Council employees during the Covid-19 pandemic.</p> <p>The review will consider the dynamic and rapidly changing environment in which PPE had to be sourced, including evolving public health guidance, the impact of lock-down on critical Council operations and the volatile PPE supply chain.</p>		✓			N/A	Covid-19 RMP Risks 1; 5; and 7 CLT 2; 6	Medium
Human Resources	<p>(10) * <u>Employee Lifecycle Data and Compensation and Benefits Processes</u></p> <p>Review of the key controls established to ensure the completeness and accuracy of employee lifecycle data and payroll calculations; and the accuracy of reconciliations between the Council's payroll and general ledger.</p> <p>Data analytics will be used to analyse payroll data for the financial year 1 April 2019 to 31 March 2020.</p>		✓			30	CLT 8	High
Strategy and Communications – 1 audit								

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
Strategy and Communications	(1) <u>Covid-19 Data and Scottish Government Returns</u> Review of the processes established to ensure that the Council submits all necessary Covid-19 data returns to the Scottish Government and the Convention of Scottish Local Authorities (COSLA) completely, accurately, securely and on time.		✓			N/A	Covid-19 RMP Risks 2 and 6 CLT 8	Low
Communities and Families – 4 audits								
Schools and Lifelong Learning	(1) <u>Allocation of Estimated Scottish Qualifications Authority (SQA) Grades</u> Review of the grade estimation process applied to ensure that accurate and fair estimates of grades and bands were provided for all national qualification pupils.		✓			N/A	Covid-19 RMP Risk 6 CLT 8	Medium
Schools and Lifelong Learning with support from Customer and Digital Services	(2) * <u>Learning and Teaching Technology Network Management</u> Review of the design and management (including management of devolved administration rights) of the Learning and Teaching technology network, with focus on allocation of roles and responsibilities between Communities and Families; Digital Services and CGI.				✓	35	CLT 6; 8	Medium
Chief Social Work Officer / Safer and Stronger Communities.	(3) <u>Chief Social Work Officer's Assurance and Annual Report</u> Review of the design and effectiveness of the assurance framework established to support the Council's CSWO with delivery of the statutory CSWO requirements specified by the Scottish Government. The audit will consider the scope of assurance (for example coverage of social care services provided to the Council by contracted third parties); how assurance outcomes are recorded and communicated across the Directorates; and incorporation of assurance outcomes into the annual CSWO reports provided to both the Council and the Edinburgh Integration Joint Board.				✓	25	CLT 7	Low

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
Special Schools and Additional Support for Learning	(4) <u>Health and Safety - Managing Aggressive Behaviour (c/f 2019/20)</u> Review of the training provided to employees to enable them to diffuse and manage aggressive behaviours exhibited by children with special needs. The review will consider the quality and frequency of the training provided; employee awareness of the requirements to report incidents and the incident reporting process; and actions taken to identify and address systemic recurring incidents.			✓		20	Covid-19 RMP Risk 3 CLT 1	Low
Health and Social Care – 2 audits								
Health and Social Care	(1) <u>Health and Social Care Command Centre</u> Review of the of key Command Centre processes to confirm that there was effective central management of health and social care services and risks during the initial stages of the COVID-19 pandemic, and that lessons learned will be identified and applied in either subsequent national or localised outbreaks, or other resilience activities. .		✓			N/A	Covid-19 RMP Risk 1 CLT 6; 7	Low
	(2) <u>Management of Waiting Lists and Assessments</u> Review will assess the adequacy, effectiveness, and consistency of first line operational control frameworks designed to manage adult social care waiting lists with focus on classification and prioritisation of urgent assessments, and completion of ongoing client needs assessments.			✓		40	CLT 7; 8	Medium
Place – 4 audits								

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
Place Management – Transport Infrastructure	(1) <u>Spaces for People</u> Review of the design of processes implemented by the Council to support prioritisation and decision making in relation to changes to public spaces to support effective social distancing across the city.		✓			N/A	Covid-19 RMP Risk 1 CLT 11; 12	Low
Place Management – Transport Infrastructure	(2) <u>Parking and Traffic Regulation (c/f 2019/20)</u> This review will consider the design and effectiveness of the processes and controls established to support enforcement of on street parking regulations; Greenways and bus lane restrictions; removal of incorrectly parked vehicles; and clamping of persistent evaders.			✓		20	CLT11	N/A
Scientific, Bereavement and Registration Services	(3) <u>Registration and Bereavement Services (c/f 2019/20)</u> This review will consider the design and effectiveness of the processes and controls established to support registration of births; marriages; and deaths in line with applicable legislative and regulatory requirements, with particular focus on new and amended registration processes implemented in response to the Covid-19 pandemic.			✓		20	Covid-19 RMP Risk 6 CLT 6; 8	Medium
Place Development	(4) <u>Active Travel – Project Management and Delivery</u> Review of the design and effectiveness of the key project management and governance controls established to support delivery of the active travel programme of infrastructure improvements, including use of temporary traffic regulation orders.			✓		20	CLT 4; 11; 12	Medium
Major Projects – 3 audits								

Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
Place	(1) <u>Tram extension</u> Ongoing agile review of project governance; procurement; and gateway decisioning and payments. The audit will include ongoing assessment of the ongoing controls supporting the funding model. Project management will be assessed against published best practice from HM Treasury Green; Scottish Transport; the National Audit Office; and Audit Scotland. The review will also consider whether the lessons learned from the Tram Inquiry have been considered and applied.			✓	✓	40	CLT 2; 4; 10	Medium
Resources	(2) <u>Enterprise Resource Planning System Implementation</u> Ongoing agile review of the project management and governance arrangements supporting implementation of the enterprise resource planning system.			✓	✓	40		Medium
Council Wide	(3) <u>Adaptation and Renewal Programme Governance</u> Review of the design and effectiveness of the key governance and project management controls established to support delivery of the Council's programme of savings projects. The audit will include a review of project management controls across a sample of projects included in the programme.				✓	40		Low
Other Organisations – 9 audits								
LVJB	Lothian Valuation Joint Board - provision of internal audit services				✓	25	N/A	N/A
SEStran	SEStran - provision of internal audit services			✓		25	N/A	N/A

Internal Audit Plan 2020/21								
Auditable Area	Description	Q1	Q2	Q3	Q4	Audit Days	Link to CLT Risk/ COVID RMP Risk	Fraud (H/M/L)
Royal Edinburgh Military Tattoo	Tattoo - provision of internal audit services				✓	25	N/A	N/A
Edinburgh Integration Joint Board	EIJB – provision of internal audit services				✓	25	N/A	N/A
				✓		25		
					✓	25		
Investment and Pensions – Lothian Pension Fund	<u>Three planned reviews for Lothian Pension Fund (LPF)</u> The scope of these reviews has been agreed with LPF and will be included in the LPF annual audit plan to be presented to the Pensions Audit sub Committee and Pensions Audit Committee in March 2019.			✓		25	N/A	Medium
					✓	25		
				✓		25		
Miscellaneous – Internal Audit activities								
Internal Audit	Internal Audit Quality Assurance				✓	15	N/A	N/A
Internal Audit	Training			✓	✓	5	N/A	N/A
Total audits and plan days for the Council		37 audits				1,010 audit days		
Total audits and plan days for other organisations		9 audits				225 audit days		
Total audits and plan days included in the 2020/21 annual plan		46 audits				1,235 audit days		
Plan days on Internal Audit Quality Assurance and Training		2 activities				20 days		
Total audits and plan days (including IA activities)		48 audits				1,255 audit days		

Appendix 1: Detailed methodology

1. Original risk assessment process

The internal audit plan should focus on the highest risk areas of the Council. Consequently, each auditable area is allocated an original risk rating (the numbers highlighted in white in the table below) that considers the impact of the risk should it crystallise, and the likelihood that the risk will crystallise. The criteria used to assess impact and likelihood are recorded in Appendix 2.

Impact Rating	Likelihood Rating				
	5	4	3	2	1
5	5	5	4	4	4
4	5	5	4	4	3
3	4	4	3	3	2
2	4	3	3	2	2
1	3	3	2	2	1

2. Control environment assessment

The strength of the control environment within each auditable area is assessed on a scale of 1 to 5 where 1 reflects a poor control environment and to 5 a strong control environment.

This assessment is based on:

- Revisiting the outcomes from previous internal audits, including the current open and overdue IA recommendations position;
- Consultation with Senior Management; GRBV Committee members; and political groups.
- Considering the outcomes of the 2nd and 3rd line of defence oversight and assurance providers.

In assessing the strength of the control environment of auditable areas the following points are considered:

- The nature and magnitude of control gaps identified;
- Whether they are systemic or restricted to individual service areas and processes;
- The significance of the process impacted;
- The nature, urgency and robustness of management's response to any issues arising; and
- Whether there are any wider cultural implications.

3. Audit requirement rating

The original risk and the control environment ratings are then used to calculate the audit requirement rating. The formula ensures that audit work is focused on areas with high reliance on controls and high residual risk where controls may not be adequately designed and / or operating effectively.

Original Risk Rating	Control Design Indicator				
	1	2	3	4	5
5					
4					
3					
2					
1					

4. Key to frequency of audit work

Audit Requirement Rating	Frequency
●	Annual
●	Every two years
●	Every three years
●	No assurance work required

Appendix 2 - Risk assessment criteria

Determination of Original Risk

We determine original risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

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

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

Appendix 3 – Reserve List of Audits for the IA Plan

Directorate	Division	Proposed Audit
Council Wide	All divisions	Freedom of Information - Included in March 2020 proposed plan
		Prevention Services - not completed in 2019/20 due to Covid-19
		Enhanced / Intensive Housing Benefit - not completed in 2019/20 due to Covid-19
		Internal Council Companies - not completed in 2019/20 due to Covid-19
		Management and Application of Standing Orders and Scheme of Delegations - Included in March 2020 proposed plan
		Significant Event Planning and Management and Public Safety - Included in March 2020 proposed plan
	Health and Social Care and Communities and Families	SWIFT Records Management and Information Sharing – Included in March 2020 proposed plan
Communities and Families	Schools and Lifelong Learning	Allocation of attainment gap funding
		Devolved Schools Governance and Oversight - Included in March 2020 proposed plan
	Criminal Justice	Criminal Justice Social Work - not completed in 2019/20 due to Covid-19
	Children's Services	Public Protection – Implementation of Lessons Learned - Included in March 2020 proposed plan
	Community Safety	Community policing
Resources	Finance	Banking and purchasing cards
		Payment Card Industry Data Security Standard Compliance (PCI DSS) - Included in March 2020 proposed plan
	Human Resources	Mandatory training
		Employee Management and Support - Included in March 2020 proposed plan
	Legal and Risk	Corporate Health and Safety - Included in March 2020 proposed plan

Directorate	Division	Proposed Audit
	Properties and Facilities Management	Repairs and Maintenance 19/20 - Included in March 2020 proposed plan
		Corporate Catering
	Customer and Digital Services	Customer Experience - not completed in 2019/20 due to Covid-19
	Customer and Digital Services	Website Management
Chief Executive's Office	Strategy and Communications	Citizen Engagement - Included in March 2020 proposed plan
		Performance Management Information - not completed in 2019/20 due to Covid-19
Place	Culture	Usher Hall ticketing system
	Place Management	Scientific Services – Laboratory Services - Included in March 2020 proposed plan
Health and Social Care	Health and Social Care	Complaints Management - Included in March 2020 proposed plan
		Patient Discharge Readiness and Management - Included in March 2020 proposed plan
		Care Homes Follow Up - not completed in 2019/20 due to Covid-19
Major Projects	All divisions	Management and Delivery of Savings Projects - Included in March 2020 proposed plan

Governance, Risk and Best Value Committee

10.00am, Tuesday, 29 September 2020

Revenue Monitoring 2019/20 – outturn report – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on Revenue Monitoring 2019/20 – outturn report to the Governance, Risk and Best Value Committee for consideration as part of its work programme.

Laurence Rockey

Head of Strategy and Communications

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Referral Report

Revenue Monitoring 2019/20 – outturn report – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 27 August 2020, the Finance and Resources Committee considered a report setting out the provisional 2019/20 revenue outturn position for the Council based on the unaudited annual accounts. This position shows an overall overspend of £5.231m, the first such overspend in thirteen years, and this sum will therefore require to be met by means of a corresponding drawdown from reserves.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note that the provisional outturn position shows an overall overspend of £5.231m, the first such overspend in thirteen years, and that this sum will therefore require to be met by means of a corresponding drawdown from reserves.
 - 2.2.2 To note the contributions to and from the General Fund in 2019/20 as detailed in the report.
 - 2.2.3 To note that the Housing Revenue Account was balanced after making a contribution of £7.477m towards in-year capital investment.
 - 2.2.4 To note that the Common Good Annual Performance Report will be considered at a future meeting of the Finance and Resources Committee, alongside further details of projects currently supported through the Spend to Save Fund and opportunities for further investment.
 - 2.2.5 To refer this report to the Governance, Risk and Best Value Committee as part of its workplan.
 - 2.2.6 To agree that a comparable report to Communities and Families commentary in Appendix 3 would be come to Finance and Resources Committee detailing the Place directorates overspend.
 - 2.2.7 To agree a briefing note would be circulated on training delivered by Project Managers to permanent staff continues to develop.

- 2.2.8 To note that the report which would be submitted to the Committee to respond to the Council motion of 28 July would also include an annual review of the Spend to Save programme.

3. Background Reading/ External References

Minute of the Finance and Resources Committee of 27 August 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 27 August 2020

Revenue Monitoring 2019/20 – outturn report

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
 - 1.1.1 note that the provisional outturn position shows an overall overspend of £5.231m, the first such overspend in thirteen years, and that this sum will therefore require to be met by means of a corresponding drawdown from reserves;
 - 1.1.2 note the contributions to and from the General Fund in 2019/20 as detailed in the report;
 - 1.1.3 note that the Housing Revenue Account was balanced after making a contribution of £7.477m towards in-year capital investment;
 - 1.1.4 note that the Common Good Annual Performance Report will be considered at a future meeting of the Finance and Resources Committee, alongside further details of projects currently supported through the Spend to Save Fund and opportunities for further investment; and
 - 1.1.5 refer this report to the Governance, Risk and Best Value Committee as part of its workplan.

Stephen S. Moir

Executive Director of Resources

Contact: Hugh Dunn, Head of Finance,

Finance Division, Resources Directorate

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

Revenue Monitoring 2019/20 – outturn report

2. Executive Summary

- 2.1 The report sets out the provisional 2019/20 revenue outturn position for the Council based on the unaudited annual accounts. This position shows an overall overspend of £5.231m, the first such overspend in thirteen years, and this sum will therefore require to be met by means of a corresponding drawdown from reserves.

3. Background

- 3.1 The Council's statement of accounts for 2019/20 was passed to the external auditor by the statutory deadline of 30 June. This report sets out the provisional outturn position for the revenue budget as detailed therein.
- 3.2 The unaudited annual accounts were published on the Council website by 30 June 2020 and made available for public inspection from 1 July 2020 for a period of 15 working days, in accordance with relevant regulations. Due to the on-going pandemic, however, this year's inspection process was undertaken largely by electronic means.
- 3.3 Correspondence was received from four individuals on three different subjects during this period, resulting in the lodging of one objection, the outcome of which will be reported at the conclusion of the audit process.
- 3.4 As in previous years, the audited annual accounts and the auditor's report will be submitted initially to the Governance, Risk and Best Value Committee and be presented for approval thereafter by the Finance and Resources Committee.
- 3.5 The supplementary provisions contained within the Coronavirus (Scotland) Act 2020 allow local authorities, in consultation with their external auditors, to defer reporting to those charged with governance (in the Council's case, members of the Governance, Risk and Best Value Committee) by up to two months i.e. from the end of September until the end of November, reflecting the additional logistical challenges of obtaining appropriate audit assurance within a remote working environment, particularly where access to supporting physical records may not be available. While discussions are continuing, it is likely that there will be some consequent delay to the reporting of the audit outcome and members will be kept apprised of relevant timescales.

4. Main report

Overall position

- 4.1 The unaudited outturn position for 2019/20 shows an overall overspend of £5.231m, equating to 0.51% of the Council's total net expenditure. Table 1 below summarises the outturn, with further details provided in Appendix 1. This outturn position reflects the Council's first overall overspend since 2006/07.

Table 1 – Summarised Unaudited Outturn Statement, 2019/20

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
	£000	£000	£000
Directorate-specific	865,630	875,594	9,964
Non-directorate specific budgets	155,029	150,347	(4,682)
Movements in reserves	(1,406)	247	1,653
Sources of funding	(1,019,254)	(1,020,957)	(1,703)
In-year (surplus) / deficit		5,231	5,231

- 4.2 As reported to members of the Finance and Resources Committee on 23 January 2020, a net overspend across Directorates and a number of Council-wide savings targets of £13.8m had been forecast as of that time. These overspends and shortfalls were, however, offset by anticipated savings across a range of corporately-held budgets including loan charges, inflationary provisions and Council Tax and these, alongside unplanned drawdowns of reserves, had allowed a balanced position to be forecast.
- 4.3 Compared on a like-for-like basis, Directorate outturns subsequently improved by some £2.2m by the year-end, representing the net impact of significant favourable movements within both Communities and Families and Resources. Savings across non-service budgets also showed a slight improvement of £0.4m in the final three months of the year.

Impact of COVID-19

- 4.4 While the primary income and expenditure impacts of the COVID-19 pandemic are expected to affect the Council in 2020/21, the favourable movement in service outturns and non-service budgets between January 2020 and the year-end was, however, outweighed by some £8.442m of COVID-related impacts as set out in Appendix 2, most materially the loss of the budgeted Lothian Buses dividend (£6m) and reductions in parking income. Of this total, £0.572m of additional expenditure was assumed to be met from the Scottish Government's Hardship and Food Funds, resulting in a net COVID-related pressure of £7.870m. Of this, £1.870m

(representing the loss of income across Council services) is therefore reflected in the service outturns in Appendix 1 and summarised in Table 1.

Directorate variances

- 4.5 As noted in Table 1, the Council's main Directorates showed an overall overspend of £9.964m (1.2%) during the year. Commentaries on the main factors comprising these variances are included in Appendix 3. Additional detail will be reported to relevant Executive Committees.
- 4.6 The outturn narratives include reference, where relevant, to the recurring impacts of in-year savings shortfalls and residual pressures. Further commentary on this aspect will be included in both subsequent in-year monitoring reports and those relating to the reset of the Council's three-year revenue budget framework.

Edinburgh Integration Joint Board (EIJB)

- 4.7 For 2019/20, the EIJB's financial plan was presented to the Board in March 2019, with assumed funding from its partners totalling £660m and estimated costs of £684m, giving an initial gap of £24m. To mitigate this shortfall, a savings and recovery programme of £12m was agreed and the Board resolved to work further with its partners to identify means to achieve financial balance. Updates on this position were provided to each board meeting and, by June 2019, the deficit was reduced to £7m through a combination of agreed additional funding from the Council and use of EIJB reserves.
- 4.8 Recognising the need to balance the EIJB's existing commitments, its ambitions for supporting transformational change and the requirement to address the in-year financial shortfall, it was agreed to use further slippage and use of reserves to offset the remaining gap. This, alongside outperformance of the savings and recovery programme, supported the achievement of in-year balance against the agreed budget, being the first year in which the EIJB had not relied on one-off contributions from its partners.

Other areas

- 4.9 In view of the significant pressures experienced within service areas, net savings across non-service specific areas totalling £4.733m played a key role in mitigating the Council-wide level of overspend. The main elements comprising this outturn position were:

(i) **Loans charge expenditure (£1.370m underspend)**

The favourable outturn primarily reflected savings linked to the Inverse LOBO restructuring undertaken during the year.

(ii) **Council Tax (£1.316m additional income)**

Increased property numbers and slightly lower-than-budgeted levels of exemptions and discounts, linked to an on-going focused programme of Single Person Discount entitlement review, contributed to a small overall favourable variance. While latterly affected by the impacts of the pandemic,

the overall in-year collection rate of 97% was comparable to the best-ever such rate achieved in 2018/19.

(iii) **Council Tax Reduction Scheme (£2.249m underspend but offset by a corresponding transfer to the welfare reform earmarked reserve)**

While the entirely demand-led nature of the scheme exposes the Council to risk¹, sums paid out in 2019/20 were lower than the level of budgetary provision. As in 2018/19, this underspend has been set aside within the Council's allocated reserves to address potential welfare reform-related pressures in subsequent years and, to this end, has been identified as a mitigation to the level of projected in-year overspend in 2020/21.

(iv) **Other non-directorate specific costs (£5.619m underspend)**

The overall variance reflects a number of elements, including a reduction in the Council's overall energy-related cost liabilities following the ending of the Carbon Reduction Commitment energy efficiency scheme in April 2019, reductions in past service pension costs and a number of inflation-linked contingencies not ultimately required either in part or in full following confirmation of applicable contractual uplifts and employee pay awards and associated Scottish Government funding.

(v) **Interest and investment income (£4.706m income shortfall)**

As noted above, the Council did not receive the planned £6m dividend payment from Lothian Buses. This shortfall was, however, offset in part by the receipt of additional income linked to the Treasury cash fund's continuing outperformance against benchmark during the year.

(vi) **Business Rates Incentivisation Scheme (BRIS) (£0.387m additional income)**

Payment was received in respect of the 2017/18 financial year following the completion of the Scotland-wide Non-Domestic Rates audit process. Following subsequent confirmation from the Scottish Government, it is anticipated that the Council will also receive payment in respect of 2018/19 and this sum will therefore be reflected within the audited accounts.

4.10 Despite these savings, the overall overspend for the year of £5.231m has required to be offset by a corresponding drawdown from the Council's earmarked reserves.

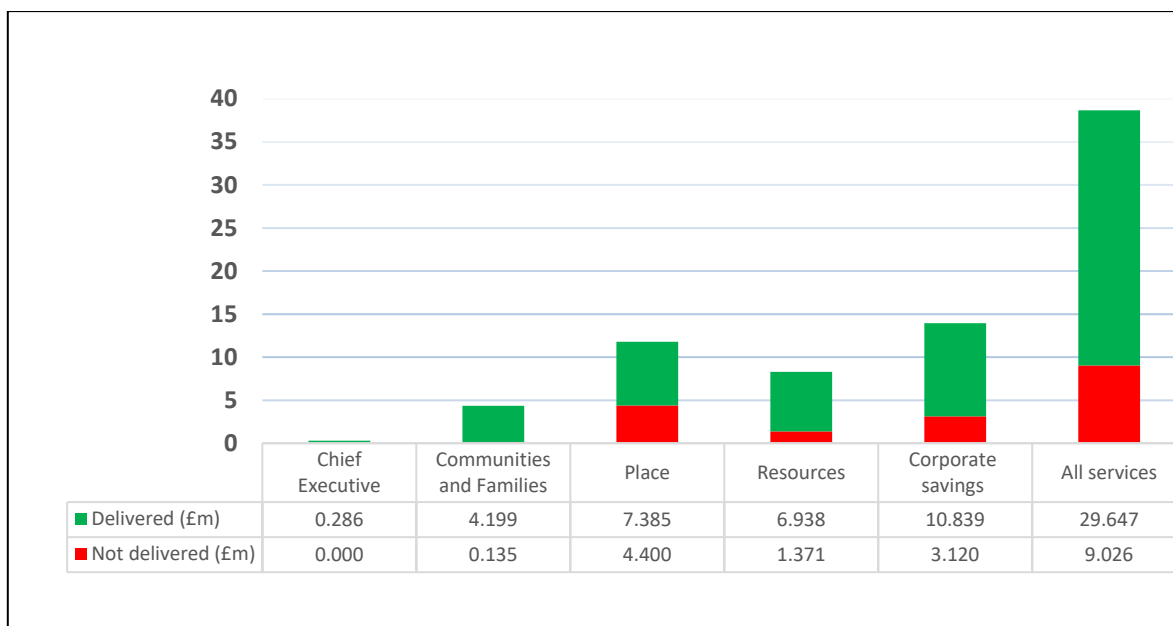
Approved budget savings delivery

4.11 In total, the approved budget was predicated on the delivery of some £38.7m of directorate-specific and corporate savings. As shown in Exhibit 1 below, the final outturn position for 2019/20 indicates that 77% of approved savings by value were delivered. This marks a significant improvement on the equivalent figure for

¹ Given the impacts of the coronavirus pandemic on wider employment levels, the anticipated level of CTRS take-up in 2020/21 exceeds the level of budgetary provision. The Scottish Government has, however, made available further funding such that any year-end overspend should be fully mitigated by the provision of additional grant support.

2018/19 of 60% and reflected, in part, the provision of additional project management resource.

Exhibit 1 – Delivery of approved budget savings, 2019/20



4.12 As of period eight, 85% of service-specific and Council-wide savings were forecast to be delivered. The subsequent deterioration, particularly in the case of income-related savings, was attributable in part to COVID-related disruption.

4.13 The principal areas of shortfall were:

- (i) various savings across the **Place Directorate** totalling £4.4m, comprising a combination of delays in delivery and/or development of implementation plans and income shortfalls, an element of which was attributable to the knock-on impacts of the pandemic (particularly for parking);
- (ii) a number of savings across the **Resources Directorate**, most materially those in respect of additional advertising income and investment portfolio rationalisation within Property and Facilities Management. These shortfalls were, however, fully mitigated by alternative actions, such that a balanced overall outturn position was achieved; and
- (iii) **Council-wide savings** of £2.75m across the areas of lean business process review, income generation and intelligent automation.

4.14 In the majority of cases, the substitute measures identified were of a non-recurring nature, emphasising the on-going need for robust planning at the savings inception, development and implementation stages. Given the importance to the integrity of the budget framework of sustainable mitigating measures, Executive Directors have therefore in 2020/21 been asked to bring forward actions to mitigate, in full, residual pressures or anticipated shortfalls in savings delivery. As noted in the revenue budget update report included elsewhere on today's agenda, an overall unmitigated pressure of £3m remains in 2020/21 at this stage.

Spend to Save Fund

- 4.15 As part of the 2018/19 revenue outturn report, members of the Committee considered a short summary of progress in taking forward projects supported through the Spend to Save Fund. In 2019/20, use of the fund was more limited, with £0.028m spent on lighting upgrades and £0.298m received from repayments for previously-supported projects, resulting in a year-end fund balance of £2.736m.
- 4.16 On 28 July, Council approved a motion requesting that details be brought forward on funds, including spend to save, available to support a green recovery. A more detailed overview of the fund's activity, including both expenditure commitments and sums to be repaid, will therefore be brought to the Committee's next meeting.

Housing Revenue Account (HRA)

- 4.17 The HRA outturn position was largely consistent with the in-year forecast reported at period eight in that that HRA was balanced after making a contribution of £7.477m towards in-year capital investment. This contribution was materially more positive than the approved Business Plan budget of £2.647m. This arose, in turn, from treasury management savings (including those related to Inverse LOBO restructuring) and reductions in the operating costs of maintaining and managing the housing estate. This meant that a lower level of reserves required to be drawn down from the Strategic Housing Investment Fund (SHIF)² during the year to meet the cost of approved projects. The funds held in the SHIF are earmarked for investment in existing housing stock and future capital investment in new homes through the Council's own housing development programme.

Reserves

- 4.18 As at 31 March 2020, General Fund reserves stood at £119.787m, a reduction of £25.058m relative to the preceding year. Details of the opening and closing amounts in the General Fund, including earmarked balances, are shown in Appendix 4. The overall decrease in the level of earmarked reserves during the year mainly represents the effect of three main factors:
- (i) **net reduction in sums held within the Council Tax Discount Fund (£14.327m)**, in turn reflecting a drawdown of £18m to support planned development of affordable housing in line with the Housing Revenue Account (HRA) Business Plan. This was offset, in part, by an in-year addition to the fund of £3.673m from Council Tax second home discount income earmarked under statute;
 - (ii) **unplanned drawdowns from the Council Priorities Fund and Welfare Reform reserves** totalling £7.872m reported to and approved by members during the year; and
 - (iii) **a further necessary drawdown of earmarked reserves of £5.231m to address the remaining year-end deficit on the General Fund.**

² The SHIF comprises sums from the Council Tax Discount and Renewal and Repairs Funds.

- 4.19 These sums were offset by net contributions to reserves of £2.372m across a range of other areas, including an increase in the amount of unspent grants as of the year-end (partly due to COVID-related disruption) and a £0.902m increase in the level of the unallocated general reserve, representing the transfer of the unallocated element of the City Strategic Investment Fund.
- 4.20 While the adequacy and appropriateness of the overall level of reserves held is reviewed annually by Council as part of the revenue budget-setting process, an on-going re-assessment of the level and nature of these reserves and wider financial planning assumptions is being undertaken as part of the Adaptation and Renewal Programme.

Common Good

- 4.21 During 2019/20, the Common Good Fund generated an overall surplus of £3.343m, primarily due to the receipt of sums linked to the granting of a lease at 329 High Street. It is anticipated that recommendations on the application of these funds will be brought to the Finance and Resources Committee, alongside more detailed commentary on the outturn and related current financial and other issues, as part of the Common Good Annual Performance Report.

5. Next Steps

- 5.1 The Unaudited Accounts are currently the subject of consideration by the Council's external auditor. The supplementary provisions contained within the Coronavirus (Scotland) Act 2020 allow local authorities, in consultation with their external auditors, to defer reporting to those charged with governance (in the Council's case, members of the Governance, Risk and Best Value Committee) by up to two months. While discussions are continuing, it is likely that there will be some consequent delay to the reporting of the audit outcome and members will be kept apprised of relevant timescales.

6. Financial impact

- 6.1 The report identifies a provisional deficit of £5.231m in the year to 31 March 2020 and the corresponding need to draw down offsetting funds from reserves.

7. Stakeholder/Community Impact

- 7.1 There is no direct relevance of the report's contents, although the Council's wider approach to community engagement and empowerment will be specifically considered as part of both the wider scope aspects of this year's external audit process and the Council's Best Value Assurance Review.

8. Background reading/external references

- 8.1 [Unaudited Annual Accounts 2019/20](#), The City of Edinburgh Council, 30 June 2020
- 8.2 [Revenue Monitoring 2019/20 – month eight position](#), Finance and Resources Committee, 23 January 2020

- 8.3 [Revenue Monitoring 2019/20 – half-year report](#), Finance and Resources Committee, 6 December 2019
- 8.4 [Revenue Monitoring 2019/20 – period three report](#), Finance and Resources Committee, 15 August 2019
- 8.5 [Revenue Budget Framework 2019/24 – progress update](#), Finance and Resources Committee, 23 May 2019
- 8.6 [Coalition Budget Motion](#), The City of Edinburgh Council, 21 February 2019
- 8.7 [Council Change Strategy – Risks and Reserves 2019-2023](#), Finance and Resources Committee, 1 February 2019

9. Appendices

Appendix 1 - Unaudited Revenue Budget outturn statement, 2019/20

Appendix 2 - COVID-related losses of income and expenditure, 2019/20

Appendix 3 - Service outturn commentaries, 2019/20

Appendix 4 - Transfers to and from usable reserves, 2019/20

Unaudited Revenue Budget outturn statement, 2019/20

	Revised Budget	Outturn	Outturn Variance (favourable)/ unfavourable
Directorates	£000	£000	£000
Chief Executive's Service	9,187	9,050	(137)
Communities and Families	420,437	423,570	3,133
Health and Social Care	218,472	218,472	-
Place	46,273	53,269	6,996
Resources	167,583	167,555	(28)
Lothian Valuation Joint Board	3,678	3,678	-
Directorate totals	865,630	875,594	9,964
Non-directorate specific areas			
Loan Charges	106,080	104,710	(1,370)
Other non-service specific costs	30,667	25,048	(5,619)
Council Tax Reduction Scheme (Note 1)	26,319	24,070	(2,249)
Net Cost of Benefits	(127)	(277)	(150)
Interest and investment income	(7,910)	(3,204)	4,706
Non-directorate specific areas total	155,029	150,347	(4,682)
Movements in reserves			
Net contribution to / (from) earmarked funds (Note 1)	(1,072)	581	1,653
Contribution to / (from) Capital Fund	(334)	(334)	-
Movements in reserves total	(1,406)	247	1,653
Sources of funding			
General Revenue Grant	(360,206)	(360,206)	-
Non-Domestic Rates	(365,250)	(365,250)	-
Council Tax	(293,798)	(295,114)	(1,316)
Business Rates Incentivisation Scheme	-	(387)	(387)
Sources of funding total	(1,019,254)	(1,020,957)	(1,703)
In-year (surplus) / deficit	-	5,231	5,231

Note 1 – uncommitted funds linked to the in-year underspend in respect of the Council Tax Reduction Scheme of £2.249m were transferred to an earmarked reserve and are included in the balance shown within the "Movement in reserves" section.

COVID-related losses of income and increases in expenditure, 2019/20

	£m
Lothian Buses dividend	6.000
Parking income	1.264
Adult education and other cancelled classes	0.134
Roads Services (loss of capitalised salary income due to delayed site starts and/or work suspension)	0.170
Community use of schools	0.085
Arts venues (Usher Hall, Assembly Rooms and Churchill Theatre)	0.080
Museums and galleries	0.074
Scientific, Registration and Bereavement Services	0.040
Regulatory	0.023
Total	7.870

	£m
Additional ICT expenditure to facilitate home working/remote learning	0.264
Continuing Free School Meal payments	0.122
Personal Protective Equipment and hand-washing stations	0.083
Food parcels for shielded groups and associated staff overtime	0.046
Other (various)	0.057
Total	0.572

Directorate outturn commentaries

Chief Executive's Service (£0.137m underspend, representing 1.5% of net service budget)

Overall expenditure was maintained within budgeted levels, despite reductions in income from rechargeable services, primarily through employee cost savings from vacancy management within the Strategy and Communications Division.

Communities and Families (£3.133m overspend, representing 0.7% of net service budget)

The Communities and Families unaudited outturn position for 2019/20 shows a net overspend of £3.133m.

The main areas of pressure included:

- **Homelessness and housing support** – demand for temporary accommodation continued to grow due to a shortage of suitable move-on accommodation, causing the average length of stay to increase. While a falling number of properties in the Private Sector Leasing (PSL) scheme has increased the reliance on more expensive and less suitable types of temporary accommodation, improved terms in the new PSL contract effective from April 2020 seek to address this. Additional funding of £2m has also been provided within the budget in 2020/21 to address the underlying pressures, although this has subsequently been impacted by the COVID-19 situation.
- **Home-to-school transport** – action was taken to reduce use of individual transport which reduced annual costs by £0.8m but still resulted in a significant pressure of £1.8m. Additional funding of £1.5m has been added to the budget in 2020/21 to address the underlying pressure. The adequacy of this provision may, however, be affected by the schools re-opening in August and is therefore being kept under review.
- **Looked-After Children accommodation** - including secure services, residential care and the impact of Unaccompanied Asylum Seeking Children (UASC). There was higher- than-budgeted use of secure care and residential schools, the latter being impacted by the need to accommodate UASC within our own residential units.
- **Community access to schools** – ongoing pressure relating to an approved saving on secondary school lets. Year-on-year improvements are being made but there was a remaining pressure of £0.9m. Additional funding of £0.320m has been added to the budget in 2020/21 partially to address the underlying pressure. Further proposed actions to address the residual pressure have been impacted by the COVID-19 situation and the position will be kept under review.

The main areas of mitigation were in Children's Services, including one-off income contributions, and service-wide management action in relation to vacancy control.

Place (£6.996m overspend including COVID-19 related costs, representing 15.1% of net budget overspend. Excluding COVID-19 related costs, the equivalent figures are £5.345m and 11.6%)

The Directorate's activities continued to be subject to significant pressures during the year and the reported outturn position (after exclusion of COVID-19 related costs) is largely consistent with that reported at month eight. These pressures were addressed, in part, by a budget management strategy including a material realignment of budgets across the Directorate in line with operational requirements. Whilst this increased accountability and transparency in developing and implementing remedial actions, the Directorate was unable to deliver fully the approved 2019/20 savings totalling £11.785m (some 25.5% of 2019/20 net budget) which included efficiency savings of £2.765m, in addition to full mitigation of other service pressures.

Around 63% of 2019/20 approved savings were delivered in year, with undelivered previous-year savings such as charging for garden waste being delivered in full. The organisational review of the Economic Development service approved for delivery in 2018/19 was also completed in 2019/20. Budget savings from strategic reforms relating to Localities and Transport companies were not delivered in 2019/20 but are progressing. A £0.700m pressure in respect of the temporary suspension of environmental testing services within Place also contributed to the overall overspend.

The 2020/21 budget management strategy which was agreed and is currently being implemented by the Place Senior Management Team has given full consideration to legacy and new budget pressures as well as the in-year savings requirement. Over the short- to medium-term, concerted action is required to address underlying budgetary issues in a sustainable way.

Resources (£0.028m underspend, representing 0.02% of net budget)

The outturn position reflects a favourable movement of £0.659m from the position reported to Finance and Resources Committee on 23rd January 2020. This reflects additional savings achieved through successful Non-Domestic Rates appeals, application of further workforce controls and controls on discretionary expenditure during 2019/20, the effect of which was to offset in full underlying pressures within the Property and Facilities Management Division.

REVENUE BALANCES

	Balance at 31-Mar-19 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance at 31-Mar-20 £000
Balances Set Aside to Manage Financial Risks and for Specific Investment				
Balances set aside for specific inv.	42,296	(12,110)	13,270	43,456
Workforce management	18,194	(7,160)	2,000	13,034
Council Priorities Fund	6,625	(9,154)	3,286	757
IFRS9 Gains	0	0	230	230
Dilapidations fund	5,721	(2,493)	0	3,228
Insurance funds	19,585	0	512	20,097
	<u>92,421</u>	<u>(30,917)</u>	<u>19,298</u>	<u>80,802</u>
Balances Set Aside from Income Received in Advance				
Licensing and Registration income	2,584	(118)	516	2,982
Lothian Buses	504	(196)	0	308
Other minor funds	203	0	1	204
Pre-paid PPP monies	2,953	0	364	3,317
Council Tax Discount Fund	18,631	(18,000)	3,673	4,304
Unspent grants	1,937	(1,484)	2,723	3,176
City Strategic Investment Fund	3,552	(902)	145	2,795
	<u>30,364</u>	<u>(20,700)</u>	<u>7,422</u>	<u>17,086</u>
Balances Set Aside for Investment in Specific Projects which will Generate Future Savings				
Energy efficiency	244	0	51	295
Salix / CEEF	252	(217)	235	270
Spend to save	2,466	(28)	298	2,736
	<u>2,962</u>	<u>(245)</u>	<u>584</u>	<u>3,301</u>
Balances Set Aside under Devolved School Management Scheme and Pupil Equity Fund				
Devolved School Management	<u>6,073</u>	<u>(6,034)</u>	<u>4,632</u>	<u>4,671</u>
Unallocated General Reserve				
	<u>13,025</u>	<u>0</u>	<u>902</u>	<u>13,927</u>
Total General Reserve	<u>144,845</u>	<u>(57,896)</u>	<u>32,838</u>	<u>119,787</u>

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 29 September 2020

Treasury Management: Annual Report 2019/20 – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on Treasury Management: Annual Report 2019/20 to the Governance, Risk and Best Value Committee for scrutiny.

Laurence Rockey

Head of Strategy and Communications

Contact: Martin Scott, Committee Services

Email: martin.scott@edinburgh.gov.uk | Tel: 0131 529 4237

Referral Report

Treasury Management: Annual Report 2019/20 – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 27 August 2020, the Finance and Resources Committee considered an update report on Treasury Management activity in 2019/20.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note the Annual Report on Treasury Management for 2019/20.
 - 2.2.2 To refer the report to the Governance, Risk and Best Value Committee for their scrutiny.
 - 2.2.3 To agree to circulate a briefing note with details of lending to Scottish Local Authorities and English Local Authorities.

3. Background Reading/ External References

Minute of the Finance and Resources Committee of 27 August 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10:00am, Thursday, 27th August 2020

Treasury Management: Annual Report 2019/20

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

1.1 It is recommended that the Committee:

- Notes the Annual Report on Treasury Management for 2019/20; and,
- Refers the report to the Governance, Risk and Best Value Committee for their scrutiny.

Stephen S. Moir

Executive Director of Resources

Contact: Innes Edwards, Principal Treasury and Banking Manager,
Finance Division, Resources Directorate

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

Treasury Management: Annual Report 2019/20

2. Executive Summary

- 2.1 The purpose of this report is to give an update on Treasury Management activity in 2019/20.

3. Background

- 3.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management must be submitted to the Council after the end of each financial year. A separate mid-term report will also be produced during the financial year.

4. Main report

Prudential Indicators

- 4.1 Treasury Management is undertaken with regard to the CIPFA Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code. Appendix 1 contains Prudential Indicators showing the actual out-turn for 2019/20.

Borrowing Out-turn

- 4.2 Appendix 2 gives a short economic review of the year, including a commentary from the Council's Treasury Advisors.
- 4.3 Appendix 3 gives an overview of the Council's borrowing for 2019/20. For the first time since 2012, the Council has borrowed a significant level of funds from the Public Works Loans Board (PWLB). Borrowing rates were at a historic low and the Council borrowed £236m from the PWLB during the financial year.
- 4.4 The Council's debt outstanding increased during the year due to the new borrowing, but the interest cost for the year was significantly lower than in 2018/19. At year end, the Council's debt was £37m below its Capital Financing Requirement (its

underlying need to borrow). A list of the Council's borrowing at 31 March 2020 is included in Appendix 5.

Investment Out-turn

- 4.5 Appendix 4 shows the Investment Out-turn for 2019/20.
- 4.6 The Council's money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued on a monthly basis and performance is evaluated against a benchmark, which is 7-day LIBID.
- 4.7 The average interest rate on the fund for the year was 0.78%. This continued to show significant outperformance against the benchmark which was 0.53% for the year. The longer duration of deposits which was added to the investment portfolio in November / December 2019 added significantly to the relative performance of the portfolio.

Conclusions

- 4.8 For the first time in a number of years, the Council undertook a significant borrowing from the PWLB. However, the cost of the Council's borrowing has continued to fall.
- 4.9 The investment return for 2019/20 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

5. Next Steps

- 5.1 The Treasury team will continue to operate its Treasury Cash Fund with the aim of out-performing its benchmark of 7-day London Interbank Bid Rate (LIBID) and manage the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

6. Financial impact

- 6.1 The Treasury Cash Fund has generated significant additional income for the Council.

7. Stakeholder/Community Impact

- 7.1 There are no adverse stakeholder/community impacts arising from this report.

8. Background reading/external references

8.1 None

9. Appendices

Appendix 1: Prudential Indicators Out-turn

Appendix 2: Economic Review of the 2019/20

Appendix 3: Borrowing Out-turn 2019/20

Appendix 4: Investment Out-turn 2019/20

Appendix 5: Outstanding Borrowing at 31st March 2020

Appendix 1

Prudential Indicators

(a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2019/20.

	2018/19 Actual £'000	2019/20 Original £'000	2019/20 Revised £'000	2019/20 Actual £'000
General Fund				
Communities and Families	28,431	116,193	86,268	64,321
Edinburgh IJB	138	239	117	-110
Place	109,572	141,766	113,917	109,606
Place - Tram York Place to Newhaven	0	0	20,806	25,187
Place - Lending	23,152	18,118	40,674	28,138
Resources - Asset Management Works	21,770	31,498	27,039	48,547
Resources - Other	2,678	11,706	8,386	2,873
Total General Services Capital Expenditure	185,741	319,520	297,207	278,562
Housing Revenue Account	80,962	108,954	108,954	111,854
Total	266,703	428,474	406,161	390,416

Table A1.1 – Capital Expenditure 2019/20

The capital programme is re-phased annually once the unaudited out-turn of the previous year is known. The original estimates above reflect the budget position as reported in the Treasury Strategy in March 2019, with the revised figures representing the projected position reported to the Finance and Resources Committee in August 2019 following the re-phasing of the programme. The 2019/20 Actual is the provisional capital outturn reported to the Policy and Sustainability Committee in June 2020.

The following table shows how the £390.4m of capital expenditure incurred in 2019/20 was funded and the movement in the Net Capital Advances outstanding:

	General Fund £'000	HRA £'000	CEC Total £'000	Police £'000	Total £'000
Net Cap Adv (01/04/19)	967,262	377,455	1,344,717	11,184	1,355,901
Gross Cap Ex	278,562	111,854	390,416	0	390,416
Cap Income	-207,331	-73,451	-280,782	0	-280,782
Net Cap Ex	71,231	38,403	109,634	0	109,634
Capital Repaid	-70,957	-20,695	-91,652	-517	-92,169
Net Cap Adv (01/04/20)	967,536	395,163	1,362,699	10,667	1,373,366

Table A1.2 – Source of Funding for Capital Expenditure 2019/20

The CEC Total column shows expenditure of £390.4m being partly funded by capital grants and capital receipts, leaving £109.6m to be funded by borrowing. However, the Council repaid principal of £91.7m for previous capital advances, giving a net increase in the need to borrow of £18m. In addition, previous capital advances of £0.5m were repaid on behalf of the former Police Joint Board, giving a total increase in the need to borrow of £17.5m.

(b) Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

This gives an indication of the cost of the Council's debt relative to its income.

	2018/19 Actual %	2019/20 Estimate %	2019/20 Revised %	2019/20 Actual %
General Services	11.38	10.58	10.44	10.50
Housing Revenue Account	39.98	41.64	32.08	37.65

Table A1.3 – Ratio of Financing Costs to Net Revenue Stream

(c) Indicator 3 - Capital Financing Requirement (CFR)

This shows the Council underlying need to borrow / take on other forms of Capital funding.

	2018/19 Actual £'000	2019/20 Original £'000	2019/20 Revised £'000	2019/20 Actual £'000
General Services (incl. finance leases)	1,100,034	1,204,762	1,195,057	1,140,739
Edinburgh Living LLP	2,734	26,862	26,741	19,023
NHT LLPs	87,143	103,651	103,651	94,264
Housing Revenue Account	377,454	415,351	415,678	395,163
Total	1,567,366	1,750,626	1,740,800	1,649,189

Table A1.4 – Capital Financing Requirement

In preparing Tables A1.4 and A1.5, all finance lease liabilities have been included for both current and prior year figures as required by the new Borrowing Regulations in Scotland, rather than other long term liabilities as defined by CIPFA's Prudential Code.

	2018/19 Actual £'000	2019/20 Actual £'000
General Services Capital Advances	967,261	967,535
HRA Capital Advances	377,454	395,163
Total CEC Borrowing CFR	1,344,716	1,362,698
Other Finance Lease Liabilities	222,650	286,491
Total CEC Debt CFR	1,567,366	1,649,189

Table A1.5 – Split of CEC Capital Financing Requirement

The Council operated within both the Authorised Limit and the Operational Boundary at all times during the year and there were no breaches of the Council's Treasury Management Policy.

Appendix 2

Economic Review of the Year

The Council's treasury advisor, Arlingclose, has provided the following economic review of the year:

The UK's exit from the European Union and future trading arrangements, had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation fell to 1.7% year-on-year in February, below the Bank of England's target of 2%. Labour market data remained positive. The UK unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived 'safe' assets.

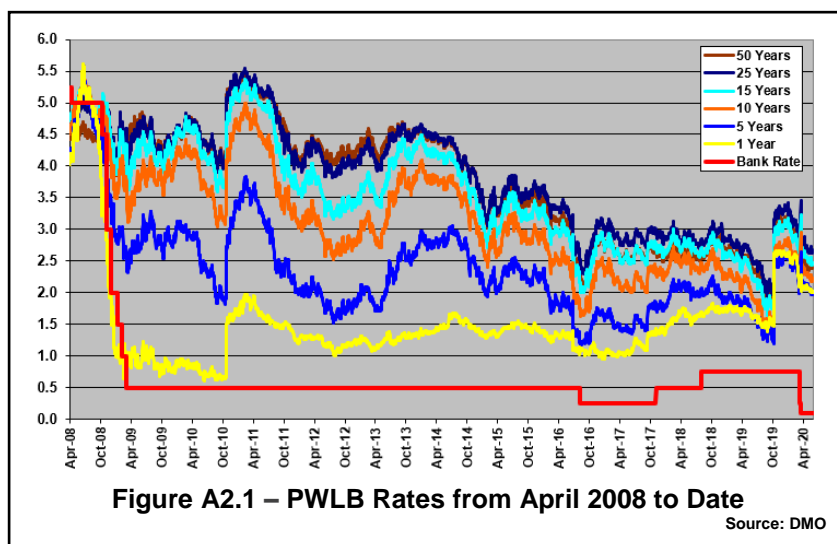
In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The US economy grew at an annualised rate of 2.1% in Q4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the

largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a \$2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

Figure A2.1 below shows PWLB borrowing rates since 2008. This clearly shows a decrease in borrowing rates mainly due to the economic impact of COVID-19.



Appendix 3

Debt Management Out-turn 2019/20

Background to 2019/20 Borrowing

The strategy for 2019/20 approved in March 2019 was, subject to appropriate rates being available, to:

- Fund the 2019/20 requirement by reducing cash deposits further;
- Borrow for each tranche of LLP housing subject to with meeting the viability test for the tranche;
- Seek to mitigate risk on major projects as the requirement becomes more certain.

There were three key events that had a major impact on the Council's borrowing during the year.

Firstly, on the 9th October, the UK Treasury increased the margin applied to all PWLB loans by 100 basis points with immediate effect. The PWLB's statement included the following point:

Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2019, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.

This change, aimed at stopping local authorities south of the border borrowing to invest in commercial property solely to generate yield on the investment shows the inherent risk in being under-borrowed relative to the Council's underlying need to borrow and validated the strategy of taking pockets of that risk off the table as the capital expenditure became certain.

Secondly, also on the 9th October, the Notice to Proceed was issued for the Tram to Newhaven project.

Thirdly, in the budget in March a new borrowing rate for social housing was introduced. This made the pre-October certainty rate available again to fund social housing capital advances, effectively reversing the 1% rate increase but only for the Housing Revenue Account. At the same time, a consultation was announced on the PWLB and local authority commercial property investment.

Borrowing Undertaken in 2019/20

The following borrowing was undertaken during 2019/20:

(a) Edinburgh Living

In line with the strategy outlined above, £16.3m in 40-year annuity loans were taken out during the year to match the capital advances and loans made to the Edinburgh Living Mid-Market Rent LLP for the acquisition of affordable housing.

(b) LOBO Loan Re-financing

As reported to the Finance & Resources Committee in advance and following the execution of the transaction, the Council's Inverse LOBO loans with Nat West Markets were repaid prematurely and re-financed with a loan from the PWLB. A £40m 40.5 year maturity loan was taken out in October to re-finance the Inverse LOBO loans. The timing of the RBS LOBO restructuring is considered opportune. Any earlier and it is unlikely that we would have got the deal we did out of Nat West Markets. Any later and the change in PWLB margin would have rendered the restructuring unviable. The deal we agreed couldn't be bettered by the Advisor even on a gain share basis and other Councils have paid Advisors six figure sums to negotiate less advantageous deals than the Council was able to achieve.

(c) Trams to Newhaven

The borrowing strategy for this project evolved as interest rates came down. We had considered a forward starting structure to mitigate the funding risk once the notice to proceed had been issued. Then as interest rates came down further, consideration was given to pre-borrowing for the project once the expenditure was certain. Finally, interest rates were so low that the model assumptions at that time showed that whole funding requirement became affordable without a contribution from the Council. A £40m 40-year annuity loan was taken out in September. This has been used to mitigate the financing risk on the Trams to Newhaven project. With the significant volatility which there had been in Gilt Yields and significant upside risk in interest rates if the issues around the UK leaving the EU were seen as being resolved, the decision was taken to lock out the interest rate risk on the remaining base funding requirement for the project and a further £110m 33.5 year annuity loan was taken out in October once the Notice to Proceed was issued.

(d) Housing Revenue Account

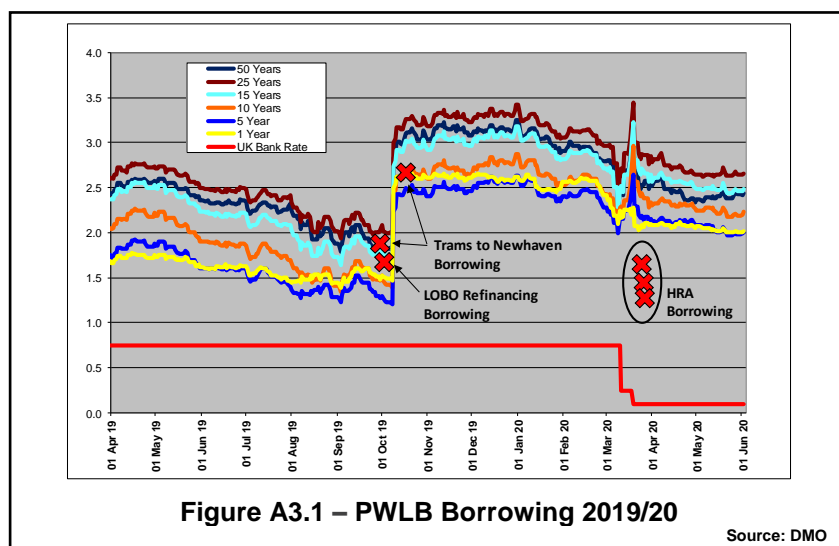
As noted above, an HRA Certainty rate was announced in the budget. There was no guidance on how this could be applied other than it was solely for social (and not affordable) housing. The two key points to make use of the rate were that the HRA had a demonstrable need to borrow and that the whole of the interest rate benefit was passed on to the HRA. £30m in loans were taken out in March for the HRA at the new HRA certainty rate. Significant accounting work has been carried out to facilitate this, essentially taking a "Three Pool" approach to the Loans Fund. The existing Loans Pool was frozen at 31 March 2019 and 2 new Loans Pools – a HRA one and a General Fund one created for 2019/20. As a result, the Loans Fund Pooled Interest Rate for the HRA was 4.49% and for the General Fund was 4.28%.

Table A3.1 below summarises the movements in the Council's borrowing during the year.

Type of Loan	Balance 01.04.2019 £m	Borrowing Raised £m	Borrowing Repaid £m	Balance 31.03.2020 £m
PWLB - fixed	922.192	236.348	-58.327	1,100.213
Salix Finance Ltd	1.368		-0.310	1.058
Market	274.900		-40.000	234.900
	1,198.460	236.348	-98.627	1,336.171
Capital Advances	1,355.901			1,373.366
Under-borrowed	157.441		Under-borrowed	37.295

Table A3.1 – Outstanding Debt Portfolio 2019/20

Figure A3.1 below shows the timing of the main PWLB borrowing undertaken during the year



The rates showing in the figure are the Certainty Rates available to the Council for maturity type loans.

This gives the following sources of the Council's borrowing at the end of the financial year:

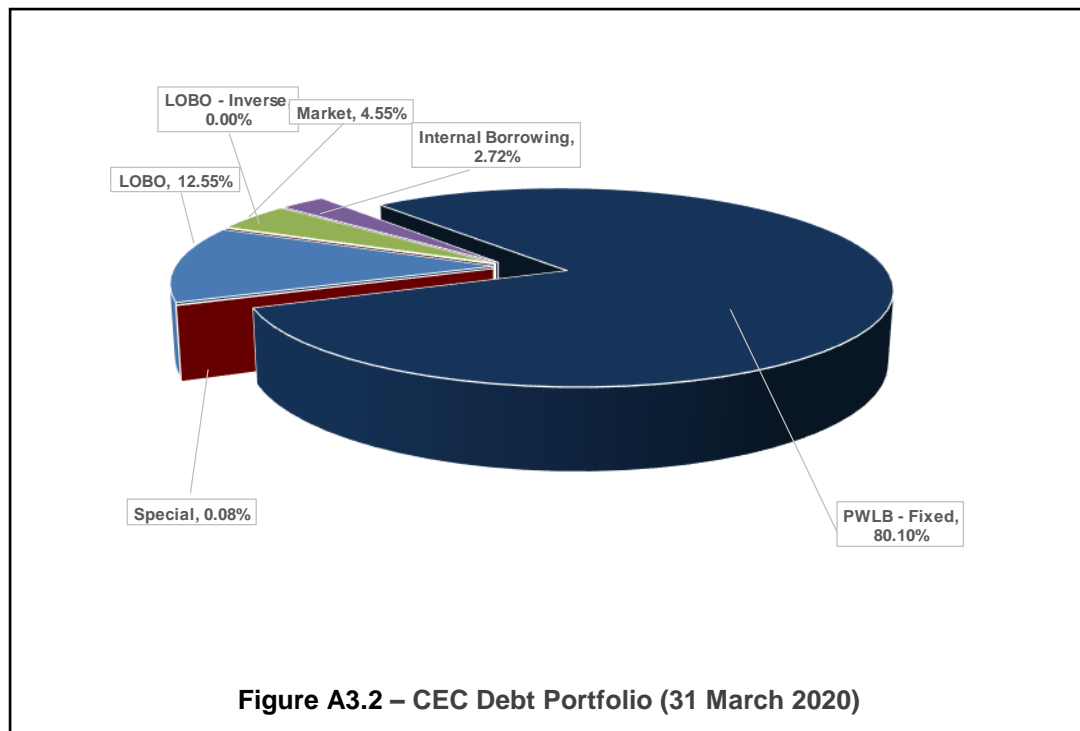
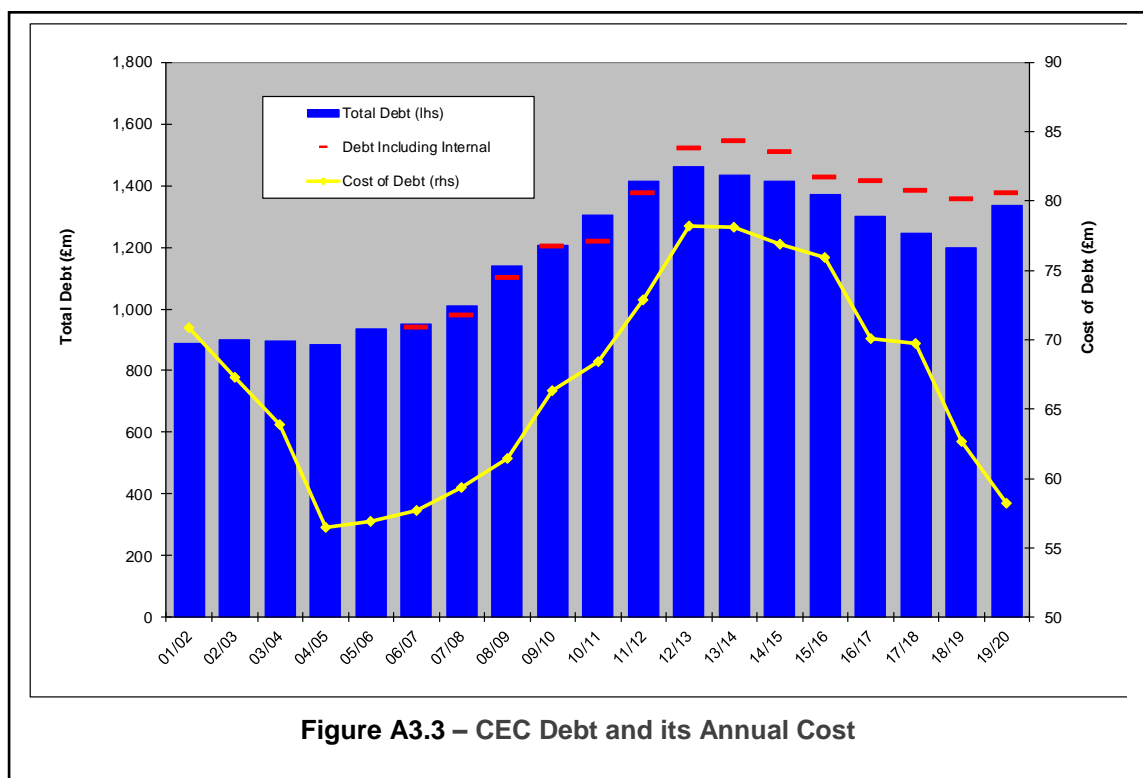


Figure A3.3 below shows the Council's borrowing and the annual interest cost of that borrowing. While the total value of debt is almost at a historical high, the cost has come down even further. This is unlikely to continue in 2020/21 as the full year cost of the 2019/20 borrowing will be included and there was a one-off revenue saving in 2019/20 relating to the LOBO restructuring.



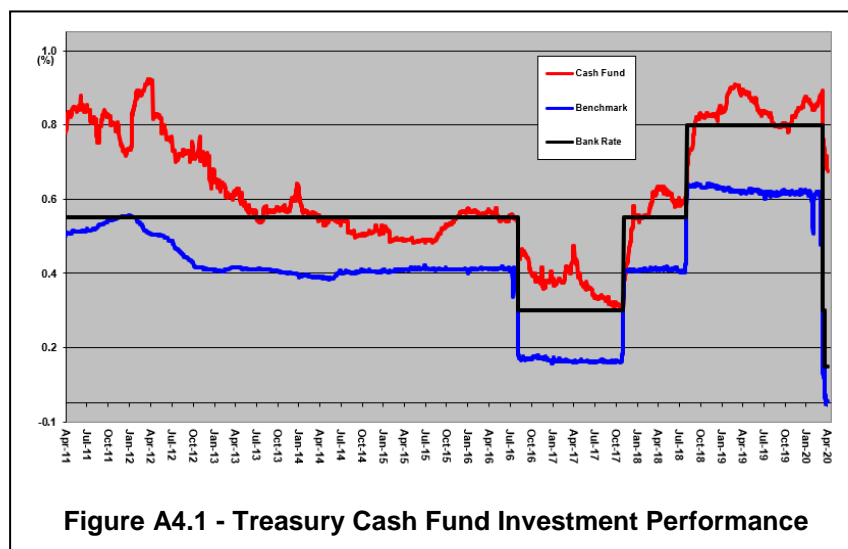
Appendix 4

Investment Out-turn 2019/20

The Council's money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued on a monthly basis and performance is evaluated against a benchmark, which is 7-day LIBID.

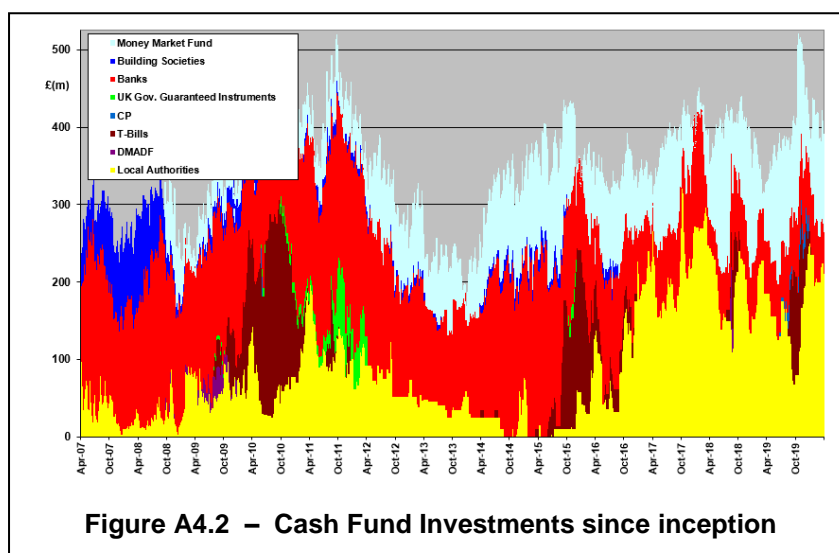
In response to the inevitable economic impact of COVID-19 the Bank of England's Monetary Policy Committee (MPC) reduced UK Bank Rate by 0.50% to 0.25% on the 11th March then again by 0.15% to 0.10% on the 19th March announcing a further £200bn of QE. The annual CPI rate of inflation was 1.7% in February 2020.

Figure A4.1 below shows investment performance since April 2011.

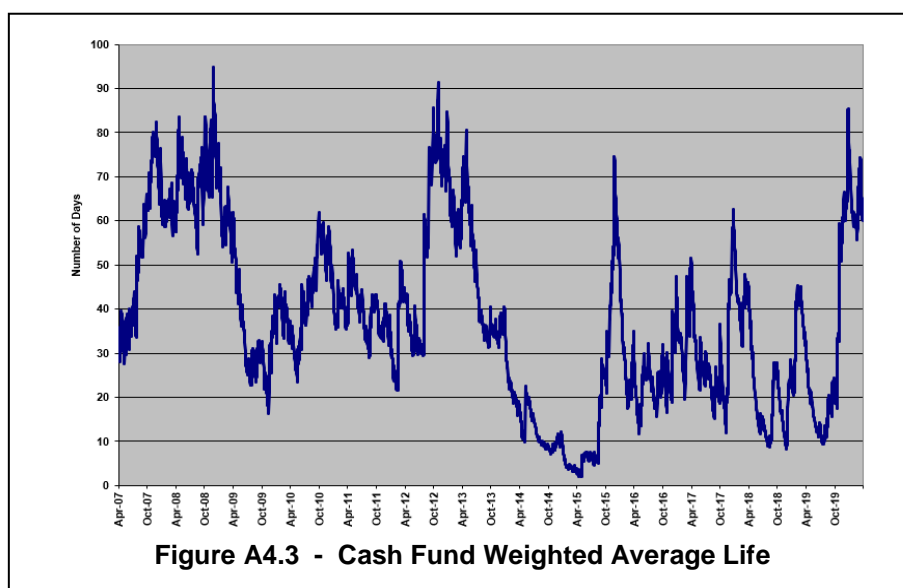


The average interest rate on the Cash Fund for the year was 0.78%, which continued to outperform the benchmark, which was 0.53%. The fund generated income of just over £1.8m for the financial year to CEC.

The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money has been invested in UK Treasury Bills, with banking institutions which was held on instant access call and a 31 day notice account with a highly credit rated institution and a large percentage of the fund was held with other Local Authorities on short term fixed deposits and notice accounts. Figure A4.2 below shows the distribution of the Cash Fund investments since April 2007.



After the borrowing was completed in the latter part of 2019, a strategic decision was made to add duration to the investment portfolio using loans to other local authorities. This took the weighted average life (WAL) of the portfolio to nearly 90 days – the longest it has been since 2012. Further duration was added in February and March before the cuts in UK Bank Rate. Most of the longer duration loans were to other Scottish local authorities and were at interest rates between 0.95% and 1.05%, an attractive rate of interest enabling the performance to remain significantly above benchmark which has fallen substantially.



Members will recall that we took the WAL of the Cash Fund down to 7 days before the last increase in UK Bank Rate, allowing a nimble response to the increase. We have shown relative outperformance recently in both an increasing and a decreasing interest rate environment.

Appendix 5

Outstanding Debt 31st March 2020

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	21/04/2009	21/04/2020	10,000,000.00	3.54	354,000.00
M	12/05/2009	12/05/2020	10,000,000.00	3.96	396,000.00
M	21/10/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	07/12/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	21/11/2011	21/05/2020	15,000,000.00	2.94	441,000.00
M	16/08/1995	03/08/2020	2,997,451.21	8.375	251,036.54
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	785,066.07	3.09	28,179.23
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8.00	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.50	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8.00	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.50	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8.00	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8.00	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	3,952,650.35	3.66	164,163.02
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	6,657,167.44	3.64	269,047.82
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7.00	350,000.00

M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.50	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.50	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.50	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00
M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.90	490,000.00
E	14/07/1950	03/03/2030	2,527.67	3.00	81.52
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,695.07	3.00	86.12
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.80	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.70	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.70	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00
M	07/01/2008	07/01/2048	5,000,000.00	4.40	220,000.00
A	24/03/2020	24/03/2050	15,000,000.00	1.64	244,404.89
A	26/03/2020	26/03/2050	5,000,000.00	1.49	74,005.35
M	27/01/2006	27/07/2051	1,250,000.00	3.70	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.70	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.80	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.50	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.50	225,000.00
A	14/10/2019	10/04/2053	110,000,000.00	2.69	2,945,254.44
M	12/10/2007	12/04/2053	5,000,000.00	4.60	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.60	230,000.00

M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
A	25/01/2019	25/01/2059	2,695,411.09	2.65	71,164.31
A	11/06/2019	11/06/2059	1,274,286.84	2.23	28,303.54
A	01/10/2019	01/10/2059	1,343,557.00	1.74	23,276.17
A	02/10/2019	02/10/2059	40,000,000.00	1.80	716,907.89
A	05/11/2019	05/11/2059	7,143,292.00	2.96	210,742.68
A	28/11/2019	28/11/2059	1,306,356.00	3.03	39,453.89
A	02/12/2019	02/12/2059	2,812,380.00	3.03	84,938.05
A	20/01/2020	20/01/2060	2,000,000.00	1.77	35,246.97
A	20/01/2020	20/01/2060	458,317.00	2.97	13,567.14
M	04/10/2019	04/04/2060	40,000,000.00	1.69	676,000.00
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
M	26/03/2020	26/03/2070	10,000,000.00	1.29	129,000.00
			1,100,213,217.42		

Non LOBO Profile	Start Date	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
M	30/06/2005	30/06/2065	5,000,000.00	4.40	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.40	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5.00	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
			62,500,000.00		

LOBO Profile	Start Date	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.40	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			172,400,000.00		

SPECIAL FIXED/ VAR	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
F	07/01/2015	01/09/2021	118,435.71	0	0
F	31/03/2015	01/04/2023	631,014.09	0	0
F	22/09/2015	01/10/2023	175,839.76	0	0
F	29/03/2019	01/04/2029	132,979.67	0	0
			1,058,269.23		

Governance, Risk and Best Value Committee

10.00am, Tuesday, 29 September 2020

Revenue Budget 2020/21 – month three position

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are asked to:
 - 1.1.1 consider the month three-based revenue monitoring report for 2020/21 as part of the Committee's work programme.

Stephen S Moir

Executive Director of Resources

Contact: Hugh Dunn, Head of Finance,

Finance Division, Resources Directorate

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

Revenue Budget 2020/21 – month three position

2. Main report

- 2.1 On 27 August 2020, members of the Finance and Resources Committee considered the appended report setting out the main conclusions of the first quarterly revenue monitoring report for 2020/21. Members of the Committee agreed to:
- 2.1.1 note the further update of the estimated expenditure and income impacts of the COVID-19 pandemic on the Council and its ALEOs' activities and the potential sources of funding identified to address them;
 - 2.1.2 note the significant remaining projected in-year shortfall and associated risks linked to further service disruption and/or slower-than-assumed recovery;
 - 2.1.3 note that updates on expenditure and income impacts, and the confirmed and potential means to address them, will continue to be reported to elected members on a regular basis, with a further update to be considered by the Finance and Resources Committee on 29 October;
 - 2.1.4 note that further representations will be made through COSLA regarding the need for both pass-through of Barnett Consequentials resulting from the provision of relevant additional funding in England and consideration by the UK and Scottish Governments of appropriate financial flexibilities;
 - 2.1.5 note, nonetheless, that there remains a significant risk around receiving additional funding or flexibilities sufficient to address the remaining deficit, particularly in the event of any further lockdown, and thus further actions on service prioritisation are urgently required; and
 - 2.1.6 note the Convener would engage with the Cabinet Secretary for Finance in the Scottish Government regarding the Council's overall projected shortfall.
- 2.2 Scrutiny of the Council's financial performance, including control, monitoring and review of revenue expenditure, forms part of the delegated functions and associated workplan of the Governance, Risk and Best Value Committee. Members are therefore asked to consider the period three-based revenue monitoring report within this context.

3. Recommendation

- 3.1 Members of the Governance, Risk and Best Value Committee are asked to consider this report as part of its work programme.

4. Background reading/external references

- 4.1 Finance and Resources Committee, 27 August 2020 (appended)

Finance and Resources Committee

10.00am, Thursday, 27 August 2020

Revenue Budget 2020/21 – month three position

Executive/routine
Wards
Council Commitments

Executive
All

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are asked to:
- 1.1.1 note the further update of the estimated expenditure and income impacts of the COVID-19 pandemic on the Council and its ALEOs' activities and the potential sources of funding identified to address them;
 - 1.1.2 note the significant remaining projected in-year shortfall and associated risks linked to further service disruption and/or slower-than-assumed recovery;
 - 1.1.3 note that updates on expenditure and income impacts, and the confirmed and potential means to address them, will continue to be reported to elected members on a regular basis, with a further update to be considered by the Finance and Resources Committee on 29 October;
 - 1.1.4 note that further representations will be made through COSLA regarding the need for both pass-through of Barnett Consequentials resulting from the provision of relevant additional funding in England and consideration by the UK and Scottish Governments of appropriate financial flexibilities; and
 - 1.1.5 note, nonetheless, that there remains a significant risk around receiving additional funding or flexibilities sufficient to address the remaining deficit, particularly in the event of any further lockdown, and thus further actions on service prioritisation are urgently required.

Stephen S. Moir
Executive Director of Resources

Contact: Hugh Dunn, Head of Finance,
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Revenue Budget 2020/21 – month three position

2. Executive Summary

- 2.1 Following earlier assessments considered by the Leadership Advisory Panel and Policy and Sustainability Committee on 23 April, 28 May, 25 June and 23 July, the report updates members on the estimated cost and income implications of the coronavirus pandemic on the Council and its Arm's-Length External Organisations' (ALEOs') activities.
- 2.2 The overall projected shortfall reflects a slight improvement from that reported to the Policy and Sustainability Committee on 23 July, reducing by £2.4m to £17.2m. This position, however, remains dependent upon confirmation of the implications for local government in Scotland, and in turn the Council, of a number of recently-announced funding streams by the UK Government. Given the potential for this gap to increase further based on the pace of the city's recovery, however, action remains urgently required, with the enduring impacts also requiring a re-assessment of both the content and affordability of the 2020/23 revenue budget framework and ten-year capital budget strategy.

Additional net expenditure pressures:	£m	£m
Estimated COVID-19 specific expenditure and income		86.6
Net residual pressures/anticipated shortfalls in savings delivery		3.0
		89.6
Available funding:		
Confirmed COVID-19 related funding	(19.9)	
2020/21 budget - unallocated additional monies	(4.8)	
Use of earmarked reserves	(19.6)	
Further timing-related and corporate savings	(17.2)	
Potential further funding	(11.0)	
	(72.4)	
Remaining shortfall		17.2

3. Background

- 3.1 On 20 February 2020, Council approved a balanced revenue budget for 2020/21 and indicative balanced budgets for the following two years, based on assumptions around future grant funding levels. The approved 2020/21 budget is underpinned by the assumed delivery of £34.9m of savings, as well as the management of around £15m of residual pressures once account is taken of the additional investment included within the budget framework.
- 3.2 Since the Council approved its budget, however, its activities have been subject to massive disruption and/or modification given the continuing impacts of the COVID-19 pandemic. Given the scale of these impacts, members have already considered a series of revenue budget monitoring forecasts early in the financial year, with the most recent of these reported to the Policy and Sustainability Committee on 23 July. That report indicated in-year net expenditure pressures of some £90.9m, with offsetting confirmed or anticipated funding, non-service savings and uses of earmarked reserves totalling £71.2m, leaving a remaining shortfall of £19.7m.
- 3.3 This report provides an update on the overall position, including potential sources of funding and available financial flexibilities, but points to a continuing need for prioritisation in the resumption of services as part of the city's emergence from lockdown.

4. Main report

Estimated COVID-19-specific expenditure and income impacts – Council

- 4.1 Since the Policy and Sustainability Committee's meeting on 23 July, modelling of the anticipated expenditure and income impacts of the pandemic within service areas has continued, with the results of this updated analysis shown in **Appendix 1**. This modelling is now fully based on a six-month disruption scenario, although in some cases behavioural and other changes are assessed to result in longer-lasting likely impacts. Compared on a like-for-like basis, the net estimated cost has decreased by £1.3m to £55.6m, with comments on the main areas of movement noted within the accompanying narratives.
- 4.2 The sums presented above continue to exclude costs associated with either Health and Social Care or schools re-opening, commentary on which is provided later in the report.

Estimated COVID-19-specific expenditure and income impacts – ALEOs

- 4.3 As with the Council's direct services, detailed modelling work has continued within its arm's-length bodies where, given their reliance on income, the impacts of the pandemic have been particularly acutely felt.
- 4.4 At this time, the anticipated impacts (as they affect the Council's revenue budget) of £31m remain as set out in the report considered at the Policy and Sustainability Committee on 23 July. Given commercial sensitivity considerations, the constituent elements of this overall sum were included in a confidential briefing note provided to members of that Committee. A copy of the briefing has also been made

available to all members of the Finance and Resources Committee in advance of this meeting.

Directorate forecasts - net residual pressures/anticipated shortfalls in savings delivery

- 4.5 Executive Directors continue to develop relevant implementation plans to deliver the savings measures required to mitigate residual pressures and savings shortfalls within their respective service areas. While measures sufficient to address the majority of the £15.5m required have been identified, a shortfall of £3.020m remains and the Executive Director of Place and his Senior Management Team therefore continue to consider potential options and will bring these, as appropriate, to elected members for consideration.
- 4.6 In line with the phased resumption of Executive Committee business, more detailed Directorate-specific reports on the projected full-year position, based on analysis of month three expenditure and income, will also be presented for consideration, starting with the reports for the Resources Directorate and Chief Executive's Service included elsewhere on today's agenda.
- 4.7 Following an Internal Audit review of the Council's budget-setting and monitoring processes, a revised classification for assessing progress in savings delivery, based on standardised definitions and considerations, has been introduced for the 2020/21 financial year. This approach results in an assessment against four possible opinion types. Individual savings projects may, however, be assessed across two or more opinion types e.g. an element of a savings project may be assessed as effective (with a high degree of confidence in its delivery) whilst a separate element may be assessed as requiring improvement.
- 4.8 Of the £34.9m of approved savings, some 78% are currently anticipated to be delivered (i.e. rated as green or amber) as shown in **Appendix 2**. In cases of projected non-delivery, around 33% (£2.5m) of the overall shortfall is attributable to the impacts of the pandemic, particularly those savings linked to the generation of additional income for services that remain, or have been, suspended. This overall projected shortfall in delivery is included within the £15.5m requirement noted at 4.5 and thus does not add to the overall in-year savings requirement.

Confirmed funding and projected corporate savings

- 4.9 Previous reports have identified a range of confirmed external and proposed internal funding sources. With the exception of the changes noted below, these remain unchanged from the position reported to the Policy and Sustainability Committee on 23 July and are summarised, for ease of reference, in **Appendix 3** (external) and **Appendix 4** (internal funding).
- 4.10 Following further analysis of the brought-forward Council Tax base and taking account of projected changes in discounts and exemptions by the year-end, an additional £1m of Council Tax income is now being forecast. Members should note, however, that despite this increase, overall projections continue to provide for a reduction in both the in-year collection rate and levels of buoyancy over the remainder of the year.

- 4.11 Whilst any decision to apply for funding will be presented to elected members for consideration, clarification received on the terms of the Coronavirus Job Retention Scheme (CJRS) “bonus” suggests that fewer staff than initially anticipated will meet the required monthly earnings threshold. When offset against an additional £0.050m now anticipated through the core scheme, the estimate of potential overall CJRS funding has therefore been revised downwards by £0.200m to £0.200m.
- 4.12 Work is also continuing to investigate the potential for further savings in energy costs arising from the extended closure of most Council buildings, particularly within the non-schools estate, based on indicative timescales for re-opening. It has additionally been provisionally confirmed that a number of the Council’s properties are eligible for full-year hospitality, retail and leisure-based rates relief, resulting in a further reduction in NDR-related expenditure of £1.875m in 2020/21.

Potential further funding

- 4.13 The report to the Policy and Sustainability Committee’s meeting on 23 July included reference to a number of UK Government announcements across the areas of homelessness, cultural venues, income loss compensation and more general support for local government giving rise to favourable Barnett Consequentials.
- 4.14 As of early August, total COVID-related Barnett Consequential support of £6.516 billion has been made available to the Scottish Government, of which £785m has not yet been linked to any specific UK-level announcements. While the details require to be confirmed, it is understood, however, that this unallocated sum includes some £90m of Barnett Consequentials resulting from the income loss scheme in England, whereby councils will be compensated for 75% of most reductions in sales, fees and charges income. The Scottish Government has, in addition, confirmed that it will pass on to local government in full £49m of funding resulting from previous UK-level announcements.
- 4.15 While there has been no specific announcement as yet in respect of any homelessness-related funding arising from additional equivalent spend at UK level (and thus no allocation has been assumed in determining the remaining shortfall), if the £139m of funding above were to be distributed based on the most general proxy for service need i.e. councils’ respective shares of Scotland-wide Grant Aided Expenditure (GAE) plus Special Islands Needs Allowance (SINA), Edinburgh’s anticipated allocation would be £10.9m.
- 4.16 Although the English income loss compensation scheme specifically excludes ALEOs and commercial rentals, it has been suggested by the Scottish Government that, subject to approval by the UK Government, the above-mentioned sums be combined and used to support a broader scheme (i.e. one totalling £139m) incorporating these income streams. To inform both this consideration and the more general design of such a scheme in Scotland, a template has been developed by COSLA to capture details of income losses in 2020/21 on a consistent basis.
- 4.17 In view of the significance of income to the Council’s overall budget, such an initiative, assuming distribution of funding is based on demonstrated income losses, would likely result in a higher allocation from the above-noted £139m and thus

serve to reduce the overall funding gap, other existing assumptions notwithstanding.

Updated overall position

- 4.18 The overall projected shortfall reflects a slight improvement from that reported to the Policy and Sustainability Committee on 23 July, reducing by £2.4m to £17.2m. This sum does not, however, include any net cost associated with schools re-opening or the Edinburgh Integration Joint Board.

Additional net expenditure pressures:	£m	£m
Estimated COVID-19-specific expenditure and income		86.6
Net residual pressures/anticipated shortfalls in savings delivery		3.0
		89.6
Available funding:		
Confirmed COVID-19 related funding	(19.9)	
2020/21 budget - unallocated additional monies	(4.8)	
Use of earmarked reserves	(19.6)	
Further timing-related and corporate savings	(17.2)	
Potential further funding	(11.0)	
	(72.4)	
Remaining shortfall		17.2

- 4.19 Initial modelling suggest each month's further lockdown would cost of the order of £10m per month. Greater insight into the precise cost impacts of service resumption will also continue to be obtained as the detail of the Council's recovery plan and, in particular, the Service Operations work programme, becomes available. More generally, while the expenditure and income impacts in the preceding sections are best-estimates, there are clearly downside risks should the city's recovery be slower than assumed and a number of variant scenarios are therefore also being considered.

Schools re-opening

- 4.20 Both Council and the Policy and Sustainability Committee have considered a series of updates on the re-opening of schools, with all pupils returning on a full-time basis by 17 August, thereby allowing implementation of the Local Delivery Phasing Plan's 100% return model.
- 4.21 While the subsequent need to implement a 50% "blended learning" model can clearly not be ruled out, the estimated additional cost of implementing the 100% model is £14.5m, primarily comprising some £8.1m of required backfilling for teaching and learning staff and £4.5m for additional cleaning, PPE, school meals provision and other required health and safety measures.

- 4.22 In addition to permitted flexibilities in the application of funding previously provided for the expansion of early learning and childcare provision from August 2020, the Scottish Government has subsequently confirmed additional Scotland-wide funding for the re-opening programme as follows:

	Scotland-wide funding	Edinburgh's allocation
	£m	£m
Additional teaching and support - initial funding	50	3.369 (confirmed)
Additional teaching and support - further funding	30	2.0 (anticipated ¹)
Logistical support for safe re-opening (including cleaning, PPE and additional transport) – initial funding	20	1.3 (anticipated ¹)
Logistical support for safe re-opening - further funding	30	Sums will be provided on a ringfenced basis, subject to demonstrated additional need
	130	

- 4.23 While the teaching-related sums will have corresponding expenditure obligations, the majority of which are not reflected in the cost of £14.5m noted at paragraph 4.21, it is now anticipated, based on the confirmed and provisional sums included above and redirected early years expansion monies, that the additional costs of re-opening will be met in full. This position is subject to review should the logistical measures noted require to be in place beyond December 2020. The Scottish Government has, however, indicated a willingness to consider additional costs subject to evidencing need.

Edinburgh Integration Joint Board (EIJB)

- 4.24 On 21 July, the EIJB considered a further update of its 2020/21 financial plan. At that time, the EIJB's mobilisation plan, outlining its response to the pandemic (reflecting a particular focus on reducing delayed discharges, thereby increasing hospital capacity to deal with COVID-19) indicated anticipated full-year expenditure of some £58.8m, although the majority of this sum related to other community care costs.
- 4.25 This estimate has continued to be refined as the immediate and medium-term impacts of the pandemic have become clearer and, as with the equivalent cost estimate collation exercise for other Council services co-ordinated through COSLA, the contents of the cost template have also been the subject of peer review to promote enhanced robustness and consistency across authorities. The latest iteration of the plan, reflecting actual expenditure incurred to date and taking into

¹ A report on the proposed distribution of these sums will be considered at the COSLA Leaders' Meeting on 28 August.

account updated public health advice, is expected to show a significant reduction in overall expenditure.

- 4.26 For the purposes of monitoring, it is being assumed that all additional COVID-related costs incurred to date in the delivery of services “directed” to the Council will be reimbursed from monies received to support the EIJB’s mobilisation plan. Following the provision in May 2020 of initial Scotland-wide funding of £50m (of which the Edinburgh Health and Social Care Partnership’s allocation was £4.056m), the Cabinet Secretary for Health and Sport confirmed on 3 August that a further £50m would be made available across Scotland to support additional and on-going costs.
- 4.27 The mobilisation plan also reflected the anticipated additional implementation cost of the 3.3% uplift to contract hourly rates to allow voluntary and independent social care providers to ensure that all social care support workers will have their pay increased to at least the Living Wage Foundation hourly rate of £9.30 from April 2020. Despite extensive engagement with the Scottish Government on the shortfall between the EIJB’s estimate of the implementation cost and the amount of funding provided thus far, a gap of £3.4m remains. In recognising the work undertaken by all health and social care staff during the pandemic, however, a report elsewhere on today’s agenda recommends that the Council approve application of this uplift, noting that the EIJB Chief Officer and Chief Finance Officer will continue to work with partners to identify how this shortfall will be addressed, with an update to be reported to the EIJB and partners in October.
- 4.28 The Chief Officer and her team also continue to develop the EIJB plan and associated savings and recovery programme necessary to deliver a balanced budget position for 2020/21, with a further update considered by the EIJB on 24 August. While initial projections point to a potential funding shortfall across the partners of £10.9m (including £3.8m in respect of Council-directed services), in-year monitoring remains at a relatively early stage and further work is needed to differentiate the costs of “core” provision from those of the one-off or recurring aspects of the pandemic response. By applying one-off or non-recurring savings, there remains the potential for in-year balance to be achieved but, based on current indications of available resources, longer-term sustainability will only be secured through major redesign and transformation, radical thinking and close working with stakeholders.

Other actions

- 4.29 Work is also continuing, through COSLA, to impress upon both the Scottish and UK Governments the magnitude of the financial impacts facing local authorities in Scotland. The initial full-year cost and income impacts captured through the template completed by all authorities for this purpose pointed to an unfunded shortfall between estimated impacts and confirmed additional funding of some £504m². When expressed on a like-for-like basis, Edinburgh’s estimated shortfall

² This shortfall does not include the anticipated funding of £139m referenced at 4.14 above pending confirmation of the receipt and distribution of this sum.

was (and remains) around £68m, emphasising its disproportionate exposure to losses of service (particularly parking and property rentals) and ALEO income.

- 4.30 Following earlier correspondence on the particular pressures facing the Council's ALEOs, the Council Leader has also now written to the Cabinet Secretary for Finance highlighting the acute income-related pressures faced by the Council and seeking active engagement, through COSLA, with the Scottish Government on the design of a corresponding income compensation scheme, alongside pass-through of Barnett Consequentials with a specific relevance to local government.
- 4.31 Recognising that the provision of the additional funding noted above is, of itself, unlikely to address in full the significant gaps outlined in the preceding sections, COSLA and Directors of Finance continue to develop a list of potential financial flexibilities which, while not addressing the underlying shortfall, would at least mitigate its in-year impact by spreading it over a number of years. While initial indications from the Treasury are that the UK Government is not willing to pursue such flexibilities at this time, joint lobbying on this issue with the Scottish Government continues to be actively explored. At the same time, other potential flexibilities falling within the Scottish Government's more direct gift (and that do not give rise to an overall increase in costs) are also being developed for consideration.
- 4.32 In view of the earlier agreement at the Policy and Sustainability Committee meeting on 23 July 2020 of the [motion](#) by Councillor Watt on Public Works Loans Board interest, the Council Leader has furthermore written to the COSLA President with a view to jointly approaching the UK Treasury to seek a two-year waiver on the interest element of councils' existing PWLB loans where these have demonstrably been used to invest in essential infrastructure.
- 4.33 It has also been suggested that any underspend on the Business Grants scheme, rather than being returned to the Scottish Government, instead be made available to local authorities to support flexible, place-based local economic recovery, a role they are ideally placed to lead on. It is understood, at this stage, that there is an underspend of £100m against the sums earmarked within the Scottish Government budget for business grants.
- 4.34 While, if successful, these measures may contribute favourably to the Council's stability in the immediate term, they only reinforce the need for more difficult decisions to be taken going forward. In addition, increased reliance on contributions from earmarked reserves for reasons other than they were established is clearly not a sustainable approach over the medium to longer term and restricts the Council's subsequent ability to support economic recovery.
- 4.35 By means of illustration, the unbudgeted use of £13m of reserves in 2019/20 formed part of an in-year reduction of £25m from £145m to £120m. Mitigating actions identified thus far in the current year would see these reduce by around £20m in 2020/21. Should the currently-projected shortfall of £17.2m require to be addressed in full through application of reserves, these would reduce further to around £83m, with the remainder essentially comprising ringfenced sums of £45m, the workforce management reserve (to facilitate service transformation) of £15m, £10m of other earmarked reserves and unallocated general reserves of £13m.

There is a risk that this sum increases further due to additional costs and/or losses of income being incurred. This approach is clearly not sustainable and emphasises the need for more fundamental and radical service transformation and prioritisation going forward, including as part of the on-going emergence from lockdown.

- 4.36 In acknowledging both pressures in the current-year and risks to the delivery of previously-approved savings in 2021/22 and 2022/23 (as well as savings being mitigated on a one-off basis in 2020/21), the five Adaptation and Renewal working groups will need to identify areas for disinvestment, service reduction or reform in order to restore financial balance, maintain reserves at an appropriate level and provide for potential investment in key areas, although these are of necessity likely to be fewer in number.

5. Next Steps

- 5.1 The cost and income impacts of the coronavirus pandemic will continue to be actively tracked and refined as additional clarity is received on the timing and nature of relaxation of current lockdown restrictions. These estimates will be shared with COSLA and form part of liaison and negotiation with the Scottish and UK Governments around the provision of corresponding funding.
- 5.2 As noted in the main report, Executive Directors have brought forward additional measures to offset savings delivery shortfalls and residual service pressures. The impact of these measures, alongside any further available non-service savings, will continue to be regularly reported to elected members. Measures to close the gap further will be brought to the Finance and Resources Committee on 29 October.
- 5.3 While a broad routemap for the recovery phase has been set out by the Scottish Government, the speed and nature of this process (including the potential for further lockdowns) remains, by its nature, unclear. A slower recovery is, however, likely to add further to the funding gap due to continuing income losses for a range of Council services and, in particular, its ALEOs.

6. Financial impact

- 6.1 The report sets out a range of significant expenditure pressures, both in respect of Council services and impacts on the activities of the Council's ALEOs. While a number of potential funding sources and other measures have been identified to address, at least in part, these shortfalls, it is likely that the affordability of the wider budget framework will require to be re-assessed, including the impacts of COVID-19 on the Council's capital investment programme. A report on this latter aspect is included elsewhere on this meeting's agenda.
- 6.2 Initial analysis of the underpinning assumptions and savings approved for delivery as part of the 2021/22 and 2022/23 revenue budget indicates a number of measures, delivery of which may now require to be reassessed. These include the assumed on-going receipt of the Lothian Buses dividend and future increases in Council Tax and other fees and charges levels.

- 6.3 These sums have the potential to increase further should in-year pressures (including greater demand in such areas as homelessness) and shortfalls in savings delivery not be managed on a sustainable basis in future years. In addition, due to the wider economic outlook and consequent increase in public expenditure and reduction in taxation revenues, there may be implications for future years' revenue funding settlements.

7. Stakeholder/Community Impact

- 7.1 The scale and coverage of the impacts linked to the pandemic will require extensive and continuing engagement with key stakeholders as the city enters the recovery phase.

8. Background reading/external references

- 8.1 [Finance Update](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.2 [Fair Work and the Living Wage in Adult Social Care](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.3 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 23 July 2020
- 8.4 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 25 June 2020
- 8.5 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 28 May 2020
- 8.6 [2020/21 Financial Plan](#), Edinburgh Integration Joint Board, 28 April 2020
- 8.7 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 23 April 2020
- 8.8 [Council's Change Strategy: Planning for Change and Delivering Services 2020/23](#) – Progress Update, Finance and Resources Committee, 14 February 2020
- 8.9 [Council Change Strategy 2020/23: Risks and Reserves](#), Finance and Resources Committee, 14 February 2020
- 8.10 [Coalition Budget Motion](#), City of Edinburgh Council, 20 February 2020

9. Appendices

Appendix 1 – Principal additional expenditure and reduced income impacts of COVID-19 pandemic – Council

Appendix 2 – Month three assessment of approved savings delivery

Appendix 3 - External funding confirmed to date for non-Health and Social Care services

Appendix 4 - Revenue Budget Update, 2020/21 - Estimated Position

Principal additional expenditure and reduced income impacts of COVID-19 pandemic - Council

Appendix 1

The sums below are based on a broad period of three months' shutdown from April to June, with a gradual reinstatement of operations over the following three months to the end of September. In a number of cases, however, further expenditure pressures and/or income losses are expected and these are noted below. The figures do not include costs associated with the Health and Social Care Mobilisation Plan, nor those directly linked to schools re-opening which are considered within the main report.

Service Area	Potential Impact	Estimate	Increase/	Revised
		P&S 23 July	(decrease)	estimate F&R 27 Aug
		£m	£m	£m
Increases in expenditure				
Homelessness Services	Additional temporary accommodation costs required to observe social distancing. Impact of existing placements is now expected to continue, with a lack of move-on accommodation and anticipated increase in presentations.	5.715	0.000	5.715
School meals/community food advice and distribution	Net cost represents continuing payment for children eligible for free school meals which, following the receipt of additional ringfenced Scottish Government funding, will now be in place until mid-August (with spend to date of £1.534m). Remaining sum includes provision for income support measures and food distribution to vulnerable and/or at-risk groups (including those self-isolating as part of the Test and Protect scheme), ringfenced funding for which has now also been confirmed until the end of September.	3.240	0.000	3.240
Waste and Cleansing	Additional refuse collection vehicles, fuel, external contractors, PPE, etc. Updated projection reflects increased agency staffing expenditure linked to the reopening of Community Recycling Centres, as well as reduction in income from sale of recyclates, based on depressed state of market.	0.388	1.060	1.448
Children's Services	Including additional agency, locum and overtime to cover internal staff absences; additional costs from external providers and/or need to identify alternative accommodation if children need to isolate; costs of additional placements due to illness and self-isolation; and emergency respite for children with disabilities. Projections are based on actual additional costs in Young People's Centres and Secure Units.	1.195	0.000	1.195
Resources - Customer	Represents additional staffing (including overtime) for benefit claim and business grants processing and vulnerable/shielding support customer contact.	0.593	0.051	0.644
Street lighting	Increased energy and prudential borrowing costs due to delay in roll-out of LED programme. Updated figures reflect actual (earlier) date of resumption of installation work.	0.395	(0.164)	0.231
Additional security costs	Council Resilience Centres, Homelessness Accommodation and Temporary Mortuary	0.150	0.000	0.150
Public conveniences	Limited, phased reopening in areas of high footfall, especially in parks and at the seafront, as approved by the Policy and Sustainability Committee on 9 July. Costs are based on period until end of October.	0.144	0.000	0.144
Temporary mortuary hire	Including provision for additional direct staffing	0.110	0.000	0.110
Other incident-related costs	Including ICT, PPE, additional supply teacher and Registrar's Service staffing, payment to Volunteer Edinburgh and food packages until the end of June for shielded groups not eligible for support through the Food Fund. Latest update reflects revised assessment of costs linked to distribution of food parcels for shielded groups.	2.560	(0.161)	2.399
Total increases in expenditure - Council (excluding Health and Social Care)		14.490	0.786	15.276
Reductions in income				
Parking Income - on-street	Loss of income from on-street car parking due to the suspension of city-wide parking charges, based on parking charge and enforcement reinstatement wef 22 June but with continuing shortfalls in income for most of the rest of the year due to reduced space availability and/or demand. While recent weeks' figures have generally shown steady improvement in income levels, the projection remains unchanged at this time pending confirmation of demand over the medium term.	11.674	0.000	11.674
Rental income - Council-owned properties	Increased risk of non-recovery of rental income due to economic downturn, partly linked to reduced tourism. Due to likelihood of subsequent tenant insolvency and delays in re-letting, an 80% rental loss is assumed in each of the first three quarters. All opportunities will be examined, however, to utilise rental deferral rather than abatement wherever appropriate.	9.000	0.000	9.000
Housing Property Services	Estimated reduction in sums chargeable to the Housing Revenue Account	2.945	0.290	3.235
Council Tax (collection rate)	Reduced income due to ability to pay and consequent increase in bad debts, with overall full-year 2020/21 collection rate assumed to fall by 1% (actual in-year collection to the end of July was, by means of illustration, down some 1.5% on the equivalent position for 2019/20). An increase in uptake of CTRS is also apparent, additional funding for which will be made available by the Scottish Government. Impacts on collection rates will also be the subject of detailed national modelling.	3.100	0.000	3.100
Place (various)	Net loss of income - including pest control and scientific services, tables and chairs income, cruise liner berthing fees and museum and galleries donations, admissions and rents. Updated projection reflects agreed management actions in respect of asbestos service, net of increased potential shortfall in tables and chairs income following decision of Policy and Sustainability Committee on 6 August.	2.738	(0.445)	2.293
Parking Income - enforcement	Enforcement and bus lane cameras Penalty Charge Notice reductions	2.013	0.000	2.013
Roads	Reduction in staff salaries chargeable to the Capital Programme.	1.820	0.000	1.820
Parking - residents' and other permits	Loss of income for residents', retailers', business and trade permit schemes and associated non-enforcement	1.675	0.000	1.675
Cultural venues	Loss of income - sales, rentals, admissions and rents. Increased projection reflects one month's further assumed shutdown in October.	1.342	0.210	1.552
Council Tax (base)	Reduction in Council Tax buoyancy due to temporary cessation of construction activities and subsequent economic slowdown.	1.550	0.000	1.550
Outdoor Centres	Loss of fees and charges income (assumes not recoverable from insurance)	1.361	0.000	1.361
Parks and Greenspace	Losses of income including for events, trading stances, park leases, rechargeable tree works, nursery sales, timber sales and Edinburgh Leisure recharge. Increase reflects full assumed cancellation of events through to September.	0.996	0.000	0.996
Building Standards	Loss of warrant income as construction industry shuts down	0.858	0.000	0.858
Communities and Families (other)	Loss of income from adult education classes, libraries fees and charges, sports clubs and external funding	0.533	0.100	0.633
Planning	Reduction in planning applications submitted due to construction shutdown	0.625	0.000	0.625
Other Catering	Loss of income from closure of staff restaurants and coffee shops and cancellation of external events and internal catering, net of savings in food and drink, other supplies and services and agency and overtime costs.	0.529	(0.008)	0.521
Licensing	Refunds/extensions for all licences, including cab, liquor and HMO (NB these costs are now expressed net after any potential contributions from earmarked reserves).	0.442	0.000	0.442
Public transport	Loss of bus station income due to reduced departures, etc. While the figure shown reflects a revised (lower) assessment of income lost, enforced delays to the replacement of the Bus Station Information System and Real Time Passenger Information signage may give rise to additional costs in the current year.	0.700	(0.280)	0.420

Service Area	Potential Impact	Estimate	Increase/	Revised
		P&S 23 July	(decrease)	estimate
		£m	£m	£m
Community Access to Schools	The pressure has been assessed on the assumption that there will be no lets until October, resulting in no income. There are no staff costs as all relevant EL staff are furloughed and pay reduced to 80%. Figures are based on estimates provided by EL. The impact of furloughing staff for three months is likely to mean no bookings administration in place to process August onwards lets; when lets could start again is unknown at this stage.	0.335	0.000	0.335
Refunds/discounts for cancelled services - garden waste	Costs of extending current-year permits by further five weeks	0.113	(0.038)	0.075
Total reductions in income - Council (excluding Health and Social Care)		44.349	(0.171)	44.178
Savings in expenditure				
Energy	Savings in gas, electricity and water costs across corporate building estate based on indicative analysis by Energy Management Unit. This analysis is currently being updated and is expected to show additional savings within the next forecast.	(1.220)	(0.063)	(1.283)
Non-Domestic Rates	Savings relative to budget framework provision following effective freezing of NDR poundage for 2020/21 and entitlement to full relief for hospitality, retail and leisure properties	(0.500)	(1.875)	(2.375)
Libraries	Reductions in agency and overtime expenditure	(0.200)	0.000	(0.200)
Total savings in expenditure (excluding Health and Social Care)		(1.920)	(1.938)	(3.858)
Total net additional costs		56.919	(1.323)	55.596
Notes				

1. Potential Early Years pressures of £3.5m (primarily representing compensation for lost fee income for partner providers) is assumed to be funded from redirected 1,140 hours expansion monies and/or provider staff costs met through the Coronavirus Job Retention Scheme.

Revenue budget, 2020/21 - month three assessment of approved savings delivery

PD Project design problem
MC Material change in circumstance

Change Proposal Name	Approved Savings		Assessment				PD/MC	Notes
	Department	£m	1.Green £m	2.Amber £m	3.Red £m	4.Black £m		
Heritage Language	C&F	0.021	0.021					
Scottish Government Framework for Electricity and Gas	C&F	0.060		0.060				Work is on-going between with Commercial and Procurement Services to ensure the saving can be delivered as initially intended.
Early Years (restructure of staffing)	C&F	0.600	0.600					Anticipated delays due to COVID have not transpired and full delivery is now anticipated.
Edinburgh Leisure Service Payment	C&F	0.500	0.500					
Police Funded Officers	C&F	1.600	1.600					
Quality Improvement Officers	C&F	0.120	0.120					
School Efficiencies (DSM)	C&F	1.200		1.200				DSM budgets have been reduced; schools' ability to manage the DSM reduction to be assessed as the year progresses.
5% average increase in discretionary fees and charges	C&F	0.246	0.123			0.123	MC	COVID impact on income generation
Library books - return to original library	C&F	0.100	0.026			0.074	PD	Finance assessment is that £0.026m is deliverable with a pressure of £0.074m in 2020/21. This will increase by a further £0.1m in 2021/22 when the balance is applied. The ability to re-design the service as initially intended has not materialised following further detailed analysis.
Night Noise team	C&F	0.100				0.100	PD/MC	This saving was part of wider organisational change between the Communities and Families and Place directorates which has been unable to conclude due to the impact of COVID-19 on staffing. It is intended that this will be considered as part of wider changes within the Council however it is unlikely this saving will be achieved in 2020/21.
Strategy and Communications Workforce Savings	Chief Executive's Service	0.100	0.100					
Borrowing Costs	Corporate	4.000	4.000					
Procurement	Corporate	0.100	0.100					Planned reduction in gainshare payments
Council Tax (4.79% increase)	Corporate	5.100	5.100					
LOBO Efficiency	Corporate	0.600	0.600					
Loans Fund Review	Corporate	10.000	10.000					
Council Company Dividends	Corporate	0.250	0.250					
EDI Dividend (net)	Corporate	-1.047	-1.047					
Improving management of Procurement and Contracts	Corporate	0.100	0.100					
5% average increase in discretionary fees and charges	Council-wide	0.050	0.050					
Efficiencies Programme	Council-wide	2.000				2.000	PD/MC	
Optimal workforce efficiency - agency/overtime	Council-wide	0.250				0.250	PD/MC	
Pay-related allowances	Council-wide	0.200				0.200	PD/MC	
Water Coolers - remove stand-alone coolers	Council-wide	0.055				0.055	PD/MC	
Review of car parking costs - WC, West End, Old Town Travel Lodge	Council-wide	0.050				0.050	PD/MC	The detailed project planning around the delivery of these savings was not in place prior to lockdown and would have been at risk without the impact of COVID.
Travel and Mileage (review)	Council-wide	0.200				0.200	PD/MC	There has been no development of savings implementation plans during the COVID period.
Mobile phones - reduce spec and volume of devices	Council-wide	0.050				0.050	PD/MC	
Income Maximisation	Council-wide	0.500				0.500	PD/MC	
Auto renewal of registrations and permits (including garden waste)	Council-wide	0.100				0.100	PD/MC	
Chief Officers and Senior/Middle Management Review	Council-wide	0.513				0.513	PD/MC	
Place - Income Generation (including Statutory Consents, Parking Action Plan Phase 2, Culture Services and Business and Development Services)	Place	0.665	0.050			0.615	MC	COVID-19 and its wider impacts are currently affecting the Council's ability to realise the income which was anticipated when this budget was set.
Place - Workforce Savings (including New Ways of Working, Business and Development Services and Scientific Services)	Place	0.670	0.400	0.013	0.052	0.205	MC	The changes proposed have been impacted by COVID-19. The Council now intends to take time to consider its future structure and these changes will feed in to this process and/or will be progressed as part of organisational change activities.
Place - Third Party Reductions (including Economic Development and Joint Waste)	Place	0.825		0.250		0.575	PD/MC	The Economic Development (now Business Growth and Inclusion) service will deliver £250k (50%) of the saving in 2020/21 with the remaining £250k planned for delivery in 2021/22. For the joint waste saving, the impact of COVID-19 has led to changing market conditions in the sale of recyclates which are expected to impact on the achievement of the saving in 2020/21.
Area-Based Regeneration	Place	0.500				0.500	PD/MC	Delivery of the saving is predicated on maximising capitalisation and contributions from partners, grants and new income streams. The scope to do this has been affected by COVID.
Marketing Edinburgh	Place	0.490	0.490					This full saving has been achieved, with a reduction in grant funding for Marketing and Film.
Transport Reform	Place	0.400			0.400		MC	As reported to the Policy and Sustainability Committee on 9 July 2020 a preferred approach to Transport Arm's-Length company reform has been identified and engagement with key stakeholders is underway. The options for realising this saving in 2020/21 are currently being assessed.
5% average increase in discretionary fees and charges	Place	0.958	0.415			0.543	MC	COVID-19 and its wider impacts are currently impacting on the Council's ability to realise the income.
CGI - further contract efficiencies	Resources	0.600	0.600					
Advertising Income	Resources	0.300				0.300	MC	Dependency on approval of change in Council policy
Other efficiencies - ICT/CGI Partnership	Resources	0.150	0.150					
Digital delivery	Resources	0.250	0.250					
Edinburgh Shared Repairs - Management Resource & Income Generation	Resources	0.190	0.048	0.047		0.095	MC	COVID impact on income generation
5% average increase in discretionary fees and charges	Resources	0.246	0.058	0.188				COVID impact on income generation
Facilities Management	Resources	0.500		0.500				
Resources Directorate Workforce Savings	Resources	0.408	0.408					
		34.870	25.112	2.258	0.452	7.048		

* offset by reductions in loan charges arising from slippage on the Capital Investment Programme.

Basis of assessment:

1. Effective	The savings project has been adequately designed and is operating effectively, providing assurance that risks are being effectively managed and the approved saving / action to mitigate the identified pressure should be achieved. There is a high degree of confidence that the saving will be achieved.
2. Some Improvement Required	While some weaknesses have been identified in the savings project, there is reasonable assurance that risks are being managed and that the approved saving / action to mitigate the identified pressure should be achieved.
3. Significant Improvement Required	Significant weaknesses were identified in the savings project. Consequently, only limited assurance can be provided that the approved saving / action to mitigate the identified pressure should be achieved.
4. Inadequate or material change in circumstances	The design of the savings project is inadequate or there has been a material change in circumstances, resulting in substantial risk that the approved saving / action to mitigate the identified budget pressures will not be achieved.

	<i>Purpose and uses of fund</i>	Scotland-wide funding allocation £m	Edinburgh's allocation £m	Notes
Confirmed funding sources - Council-specific				
Hardship Fund	Barnett Consequentials of initial UK announcement to contribute to local authorities' own local resilience, support and hardship plans; non-ringfenced, no associated reporting and to be deployed as councils see fit.	50	3.910	This initial sum of funding was allocated with reference to councils' respective shares of Grant Aided Expenditure (GAE) plus Special Islands Needs Allowance (SINA), the most widely-used composite indicator of relative need, with Edinburgh's share being 7.82%.
Scottish Welfare Fund	Top-up of existing 2020/21 allocation to allow payment of additional Community Grants and Crisis Grants to those in immediate need, more than doubling the current level of the fund across Scotland; also includes sums to reflect relaxation of existing criteria to support those in "gig economy".	45	1.531	Only £22m of the Scotland-wide funding has been allocated to date, based on the current SIMD-related methodology; the remaining £23m will be targeted to areas of greatest need, with distribution arrangements to be agreed.
Further assistance (May)	£155m of Barnett Consequentials resulting from further UK announcement to contribute to local authorities' own local resilience, support and hardship plans; non-ringfenced, no associated reporting and to be deployed as councils see fit. £0.6m has also been made available to meet the costs of additional registration service staffing over weekends.	156	12.179	As with the Hardship Fund above, this sum was allocated based on respective shares of GAE plus SINA. Funding for the registration service has been allocated on the basis of shares of the (population-derived) Registration of Births, Deaths and Marriages GAE distribution, with Edinburgh's share being 9.5%.
Further assistance (July)	£49m of further Barnett Consequentials to be passed on in full to local government following the announcement of £785m of as-yet unallocated funding for the Scottish Government's COVID response. It is the Scottish Government's understanding that £90m of the £785m relates to Consequentials arising from the UK Government's council income loss compensation scheme.	139	TBC	Discussions concerning the potential allocation of these sums are continuing. As the income compensation scheme in England specifically excludes Arm's-Length External Organisations (ALEOs), reducing the level of Consequentials, it has been suggested that the sums might be combined to provide a larger fund from which to compensate income losses.
Total		390	17.620	
Confirmed funding sources to which councils will have part access				
Increased eligibility for Social Security Benefits and Council Tax Reduction Scheme	Supplementary funding to meet an anticipated increase in applications for the existing Council Tax Reduction Scheme (CTRS) and Scottish Social Security Benefits	50	TBC	The element of the Fund provided in respect of CTRS remains to be confirmed and will be based on actual expenditure relative to existing funding provision.
Discretionary Housing Payments	Additional support provided for tenants financially affected by COVID to sustain their tenancies	5	0.960	The Council's allocation was confirmed in June 2020.
Food Fund	Support to organisations in the public, private and voluntary sectors to address issues of food insecurity, especially for older people, and families who may not be able to rely on free school meals.	98	3.240	Initial allocations to local authorities for £30m of the fund (£15m for continuity in each of (i) FSM payments and (ii) food for vulnerable groups) were announced in April, with Edinburgh's share being £1.651m. It has now been confirmed that additional Scotland-wide funding of £12.6m will be provided to allow continuing free school meal payments until 10 August, along with a further £15m to support food distribution for more vulnerable groups, including those self-isolating as part of the Test and Protect scheme, until the end of September. Edinburgh's allocation from this £27.6m of combined funding is £1.589m.

Coronavirus Job Retention Scheme (CJRS)	The CJRS is a furlough scheme introduced in response to the coronavirus pandemic. It provides grants to employers to pay 80% of a staff wage each month, up to a total of £2,500 per person per month. Subsequent to its launch, the scheme has been extended but with reducing levels of support from August and will close on 31 October 2020.	n/a	0.550	On 10 June, the Council applied to HMRC to furlough some 430 staff roles in areas meeting the principal requirements of the CJRS. The staff for whom furloughing support has been sought are employed across the areas of outdoor education, corporate catering and the Council's cultural venues. The employees' participation is subject to on-going review. Accessing the scheme provides access to potential furlough income of £550,000 between June and, at the latest, October 2020.
Total Welfare and Well-Being Fund, additional Barnett Consequentials and other sums		542	22.370	NB Scottish Welfare Fund and DHP allocations predicated on the provision to claimants of additional support of similar amount.
Funds primarily benefiting other sectors but administered by councils				
Business Grants, Bed and Breakfast Hardship Fund and Newly Self-Employed Hardship Fund	Targeted grants intended to help protect jobs, prevent business closure and promote economic recovery. These complement other measures in place to support business, including the CJRS.	1,010	103.0	The sums shown now reflect actual take-up, with some £1.156 billion of the overall Business Support budget of £1.256 billion understood to have been spent.
NDR relief	100% relief in 2020/21 for retail, hospitality and tourism-based businesses	1,047	1.9	It is anticipated that a number of Council properties will be eligible for relief and a saving of £1.875m is therefore now being assumed in this area.
Freezing of effective NDR poundage	Relief provided such that poundage maintained at 2019/20 levels	50	0.5	Freezing of the effective poundage rate delivers a £0.5m saving to the Council relative to budget framework assumptions.

NB Separate funding is being provided for health and social care mobilisation and schools re-opening, details of which are provided in the main report.

Additional net expenditure pressures	Full-year £m	
Estimated COVID-19-specific expenditure and income (per Appendix 1)	55.596	
Approved savings/management of residual pressures - anticipated shortfall in delivery	3.020	Position essentially unchanged from that reported to Policy and Sustainability Committee on 23 July
Residual pressures		
ALEO support	31.000	Position unchanged from that reported to Policy and Sustainability Committee on 23 July
	89.616	
Confirmed funding and savings:		
Confirmed COVID-19 related funding (per Appendix 3)	(19.879)	NB Funding for Scottish Welfare Fund, Council Tax Reduction Scheme and Discretionary Housing Payments is assumed to be offset by corresponding expenditure.
2020/21 budget - unallocated additional monies	(4.830)	Of the £7.43m provided, a £2m contribution to the EIJB was approved by Council on 30 June, up to £0.422m approved for Marketing Edinburgh in March and £0.178m part-year funding agreed for Communities and Families grant recipients at the Policy and Sustainability Committee on 28 May.
Use of earmarked reserves	(19.562)	Comprising funds for specific investment (£5.9m), risk management contingency (£4m), Council Tax Reduction Scheme (£3m), dilapidations (£2.5m), Workforce Management (£1.5m), Transformation Fund (£1.35m), Unallocated General Fund (former-CSIF element) (£0.9m) and Council Priorities Fund (£0.4m).
Further timing-related and corporate savings	(17.150)	Comprising Q4 2019/20 improvement in service outturns (£3m), slippage in backlog R&M programme (£3m), Council Tax - increases in base (£3m), VERA/VR in-year provision - assumption that liabilities met fully from reserves (£2.5m), treasury management-related loans charge savings (£2.5m), LDP revenue budget (£1.5m), Loans Fund Review - slippage in first year's additional related roads/infrastructure expenditure (£1m) and past service pension costs - reductions in expected required in-year level of provision (£0.65m).
	(61.421)	
Potential further funding:		
UK Government announcements of additional investment in England, 2 July and 23 July - general unhypothecated Barnett Consequentials (£49m) and income compensation scheme elements (estimated at £90m) - combined funding c.£139m	(10.870)	Based on an allocation of these sums in line with that applied to previous unringfenced funding, the Council's share would be £10.870m. Given the potential for the full quantum to be used to compensate income losses, however, on the basis of Edinburgh's disproportionate reliance on income, a higher allocation would be expected, particularly if ALEOs are included.
UK Government Budget Statement, 8 July - Coronavirus Job Retention Scheme "bonus"	(0.150)	Further details received on eligibility criteria (linked to qualifying earnings per month) suggest that the level of potential support to the Council is somewhat lower than previously anticipated. Submission of any claim will be subject to consideration by elected members.
	(11.020)	
Remaining shortfall	17.175	

Governance, Risk and Best Value Committee

10.00am, Tuesday, 29 September 2020

2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update – referral from the Finance and Resources Committee

Executive/routine	
Wards	All
Council Commitments	

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on 2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update to the Governance, Risk and Best Value Committee for consideration as part of its work programme.

Laurence Rockey

Head of Strategy and Communications

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Referral Report

2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 27 August 2020, the Finance and Resources Committee considered a report providing capital expenditure and funding forecasts for 2020/21, providing explanations for variances.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note the Capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month three 2020-21.
 - 2.2.2 To note the proposed use of £4.242m contingency funding for North Bridge Refurbishment, subject to approval by Council.
 - 2.2.3 To refer the report to the Governance Risk and Best Value Committee as part of its work programme.
 - 2.2.4 To agree to circulate the briefing note previously circulated to Policy and Sustainability Committee on the North Bridge Refurbishment.

3. Background Reading/ External References

Minute of the Finance and Resources Committee of 27 August 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 27 August 2020

2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update

Executive/routine
Wards
Council Commitments

Executive
All

1. Recommendations

- 1.1 To note the Capital monitoring position for the General Fund and Housing Revenue Account (HRA) at month three 2020-21;
- 1.2 To note the proposed use of £4.242m contingency funding for North Bridge Refurbishment, subject to approval by Council; and
- 1.3 To refer the report to the Governance Risk and Best Value Committee as part of its work programme.

Stephen S. Moir

Executive Director of Resources

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2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update

2. Executive Summary

- 2.1 The report provides capital expenditure and funding forecasts for 2020/21, providing explanations for variances.
- 2.2 At month three, the General Fund is projected capital expenditure of £284.019m and capital income of £107.991m, resulting in a net requirement of £176.028m in loans fund advances.
- 2.3 At month three, the Housing Revenue Account (HRA) is projecting capital expenditure of £56.969m and capital income of £33.033m, resulting in a net requirement of £23.936m in loans fund advances.
- 2.4 The extent of the impact from COVID-19 is likely to differ between programmes and projects and it is still too early to understand the full cost to the Council.

3. Background

- 3.1 The initial Capital Budget Strategy 2020-2030 was reported to Finance and Resources Committee on 10 October 2019 and approved on 20 February 2020 as part of the budget process.
- 3.2 It was subsequently consolidated with other key strategies into the Council's Capital Strategy which was approved by Council on 12 March 2020. This strategy set out for expenditure of £2,324.800m to 2029/30. While the programme was affordable in the short to medium term, there remained £154.600m which was unfunded and would require the Council to find additional revenue savings or additional funding in future years or lead to projects having to be removed from the capital investment programme or delayed.
- 3.3 Since the setting of the budget, COVID-19 and the measures put in place to protect citizens have created significant financial and logistical challenges and it will no longer be possible to deliver projects within the timescales and budgets previously envisaged. Following guidance from Scottish Ministers, all construction sites were closed and are now re-opening in accordance with the [Coronavirus \(COVID 19\): construction sector guidance](#) six phase plan. This has required changes to working practices to protect both construction workers and the public at large.

- 3.4 A report was considered by Policy and Sustainability Committee on 25 June 2020 which addressed the potential impact COVID-19 would have on the 2020-30 Capital Budget. This report showed that it was difficult to estimate the full impact on the programme until market intelligence, such as tender returns, is available. The result of the modelling undertaken for the General Fund programme showed pressures of £56.207m in 2020/21, although slippage of £217.464m meant that a net slippage position of £161.257m was forecast. This meant that the Council may benefit from a reduced loans charge liability in the current year, but this had already been factored into corporate budgeting assumptions. In future years, however it would result in additional financing costs.
- 3.5 This report provides an update on the 25 June 2020 report and details capital spend to period three in 2020/21 and the interim budget position for 2020/21. A further report will be presented to Committee in the Autumn to set the revised budget for 2020/21 with indicative future budget figures in the 2020-30 Capital Strategy.

4. Main report

2020/21 Capital Monitoring – Period Three

General Fund

- 4.1 The Period Three Monitoring shows general fund expenditure of £49.256m. A breakdown by directorate is provided in Appendix 1.
- 4.2 Within Communities and Families, there has been capital expenditure of £3.998m as at Period Three. Expenditure relates primarily to projects which were well underway prior to COVID-19 lockdown;
- Meadowbank £2.168m;
 - Maybury Primary School £0.458m;
 - Properties for Home Share £0.253m;
 - Trinity Academy Phase One £0.250m; and
 - Castlebrae High School £0.240m.
- 4.3 Within Place, there has been capital expenditure of £40.980m as at Period Three. Expenditure relates primarily to;
- Millerhill Recycling and Energy Recovery Centre (RERC) Capital Contribution £36.900m (including £7.380m share funded by Midlothian Council);
 - Energy Efficiency Street Lighting Programme £0.817m;
 - Carriageways and Footways Improvements £0.562m; and
 - North Bridge Refurbishment £0.502m.
- 4.4 Within Place – Trams to Newhaven, there has been capital expenditure of £3.042m as at Period Three.

- 4.5 Within Resources- Asset Management Works, there has been capital expenditure of £1.212m as at Period Three across various projects which were underway before COVID-19 lockdown.

Housing Revenue Account

- 4.6 The Period Three Monitoring shows HRA capital expenditure of £3.404m for the year to date across various programmes and workstreams relating to new builds and improvements to existing homes. The budget for 2020/21 has been revised from the initial approved budget of £96.468m to £56.969m, an overall reduction in capital expenditure of £39.499m (40.9%), largely due to COVID-19 lockdown.
- 4.7 The Period Three Monitoring shows HRA capital income of £1.068m for the year to date, primarily from Scottish Government grant for the Craigmillar Town Centre development and disposals through the Acquisitions and Disposals Programme. The budget for 2020/21 has been revised from the initial approved budget of £73.122m to £33.033m, an overall reduction in capital income of £40.089m (54.8%). This is primarily due to the slippage of Edinburgh Living capital receipts which are referenced in paragraph 4.17 from a General Fund on-lending perspective.
- 4.8 This results in a projected net requirement of £23.936m in loans fund advance, increased from an originally approved £23.346m. A breakdown by programme is provided in Appendix 2.
- 4.9 At Policy and Sustainability Committee on 25 June 2020, Committee agreed that opportunities should be explored to reallocate capital slippage to strategic land acquisition to support key council aims.
- 4.10 It should be made clear that this is not possible within the General Fund as capital slippage is not a funding source and the programme is already unaffordable over the longer-term. However, additional land assembly is required to deliver the Council's affordable housing and regeneration objectives. Acquisition of public sector sites is being pursued to support the delivery of housing and health and social care outcomes. The HRA business plan contains funding for land acquisitions and officers will continue to review opportunities that support the Council's Sustainable Economy Recovery Plan. It is anticipated that the £12.000m land acquisition budget will be spent in full in 2020/21.

Capital Budget Strategy 2020-2030 – 2020/21 Revised Budget

General Fund

- 4.11 The 2020-30 Capital Budget Strategy for the general fund approved by Council in February 2020 was based on an interim budget which estimated slippage and acceleration as reported at Period Eight 2019/20. The revised 2020-30 Capital Budget Strategy has been adjusted to reflect actual provisional out-turn slippage and acceleration as reported to Policy and Sustainability Committee on 25 June and this is shown in Appendix 3.

- 4.12 The programme has also been realigned and re-phased to ensure that individual project cash flows reflect the most up to date projections. Project managers have considered risks such as COVID-19, adverse weather and other uncontrollable factors that can impact on delivery. This year has been more challenging than ever with the COVID-19 impacts difficult to forecast accurately until market tenders are completed.
- 4.13 As reported to this Committee on 25 June 2020, a COVID-19 assumption uplift of 25% was applied. The result of that modelling showed pressures of £56.207m in 2020/21, although slippage of £217.464m meant that a net slippage position of £161.257m was forecast. This meant that the Council may benefit from a reduced loans charge liability in the current year, but that had already been factored into corporate budgeting assumptions. In future years, however it would result in additional financing costs.
- 4.14 The Period Three Monitoring which can be seen in Appendix 1, shows the re-phased interim 2020/21 budget position based on cash flows and slippage referred to in paragraphs 4.11 and 4.12. The latest net slippage position from the approved budget is £171.184m. However, due to continued uncertainty this doesn't reflect any COVID-19 uplift in-year.
- 4.15 There are various key variables that impact on a percentage uplift, such as contract value, works still to be completed compared to how much has already been completed and manner of works (i.e. internal against external). Having been able to access some data from a broad cross-section of contracts, the previous general 25% uplift appears excessive and is likely to be closer to the region of 5% across the programme. The original 25% was a prudent allowance provided by an independent advisor but will vary depending on specifics of the project and the Council is working with contractors to mitigate the additional costs. A further update on the COVID-19 assumptions and the impact it has on the 2020-30 Capital Budget Strategy will be provided in the Revised Budget set in Autumn 2020.
- 4.16 Members should note that where funding has not been approved or is uncertain, then projects are not included in the 2020-30 Capital Budget. This includes projects funded by capital receipts, grants or contributions which are yet to be secured.
- 4.17 General Fund lending for housing for mid-rent has also been revised to reflect the latest programme with £26.611m assumed on-lending for Edinburgh Living homes at North Sighthill and Craigmillar and the Shrubhill National Housing Trust (NHT) payment of £4.718m due in February 2020 is now forecast in 2020/21 financial year. The budget impact is neutral as borrowing is delayed to match the revised expenditure profiles.
- 4.18 The forecast for the Tram to Newhaven project has been updated to reflect the impact of COVID-19. Costs of site closure, delay, remobilisation and inefficiency due to social distancing are expected to be in the region of £5.000m. This amount can be contained within budget and the project is still anticipated to be delivered within the £207.300m investment approved by Council. The latest cash flow profile has been factored into Appendix 1. A separate report will be presented to this

committee detailing the wider impact of COVID-19 on the project, including impacts on the business case, and the mitigation measures currently being deployed.

- 4.19 In addition, as reported on 25 June 2020, the project budget for North Bridge has been increased by £14.131m to account for COVID-19 impacts and wider emerging cost pressures. It is proposed that the £4.242m contingency in 2020/21 is realigned to fund part of this. The remaining £9.889m will need to be funded through re-profiling of existing capital budgets. Similarly, any overspends in the Energy Efficiency Street Lighting Project will be funded from re-profiling of the existing Street Lighting capital budget.
- 4.20 A further report will be brought to Committee detailing the Revised 2020-30 Capital Budget Strategy in Autumn 2020. This report will provide an update following a wider review of the COVID-19 pressures, accounting for the sustainability agenda and reviewing prioritisation of projects within the programme to fund pressures.

Housing Revenue Account

- 4.21 The HRA Business Plan is reviewed annually; including the 10-year investment strategy and five-year capital programme. This year's review is considering the impacts of COVID-19 on the cost and delivery of investment in existing and new homes. A breakdown of the Revised 2020/21 HRA Capital Budget by project and workstream is included in Appendix 4.
- 4.22 COVID-19 has had an impact on the programmed delivery of new housing which was under construction at the start of the pandemic. The biggest impact has been on Pennywell due to the scale of the project with construction taking place concurrently on a number of sites.
- 4.23 The programme for investment in Council homes and estates has been reviewed with contractors and external groundworks and works to external and common areas of blocks are re-commencing. This year's budget has been reduced accordingly and profiled into future years.
- 4.24 A detailed update on the Revised HRA Capital Investment Programme will also be brought to relevant Committees in Autumn 2020.

5. Next Steps

- 5.1 This report will be referred to Governance, Risk and Best Value committee to consider as part of its programme of work.
- 5.2 The 2020-30 Capital Budget Strategy will be updated and a revised budget will be set in Autumn 2020 along with the Revised Revenue Budget for 2020-21.
- 5.3 Finance staff will continue work with project and programme managers to monitor capital budgets. A further capital monitoring report will be provided to Committee showing the half year position.
- 5.4 Further reports will be presented to Finance and Resource Committee at period eight and period 12 showing the out-turn position against the revised 2020-21 capital budget.

6. Financial impact

- 6.1 The 2020/21 general fund period three forecast outlines loans fund advances of £176.028m. The overall loan charges associated with this over a 30-year period would be a principal amount of £176.028m, interest and expenses of £149.556m, resulting in a total cost of £325.584m based on a loans fund interest rate of 4.39%. The average annual cost would be £10.853m for 30 years.
- 6.2 The 2020/21 HRA period three forecast outlines loans fund advances of £23.936m. The overall loans charges associated with this over a 30-year period would be a principal amount of £23.936m, interest of £20.336m, resulting in a total cost of £44.272m based on a loans fund rate of 4.39%. The average annual cost would be £1.476m for 30 years.
- 6.3 Borrowing required is carried out in line with the Council's approved Treasury Management Strategy.
- 6.4 The loan charge costs outlined above will be met from the general fund and HRA revenue budgets for loan charges.

7. Stakeholder/Community Impact

- 7.1 Consultation on the capital budget was undertaken as part of the Council's budget setting process.
- 7.2 The stakeholder and community impact of individual projects within the Council's capital programme is considered as part of the business cases for those projects.

8. Background reading/external references

- 8.1 [Edinburgh Tram – York Place to Newhaven Final Business Case](#), The City of Edinburgh Council, 14 March 2019
- 8.2 [Capital Budget Strategy 2020-30](#), Finance and Resources Committee, 10 October 2019
- 8.3 [Capital Budget Strategy 2020-30](#), The City of Edinburgh Council, 20 February 2020
- 8.4 [Housing Revenue Account Budget Strategy \(2020-2030\)](#), The City of Edinburgh Council, 20 February 2020
- 8.5 [Capital Strategy 2020-30 – Annual Report](#), The City of Edinburgh Council, 12 March 2020
- 8.6 [Capital Budget Update - 2019/20 Provisional Outturn and 2020/21 COVID-19 Forecast](#), Policy and Sustainability Committee, 25 June 2020

9. Appendices

Appendix 1 – 2020/21 Capital Monitoring Period Three – General Fund

Appendix 2 – 2020/21 Capital Monitoring Period Three – HRA

Appendix 3 – 2020/21 Interim Capital Budget (Incorporating provisional out-turn slippage from 2019/20)

Appendix 4 – 2020/21 Revised Capital Budget – HRA

Appendix 1 - 2020/21 Capital Monitoring

General Fund Summary

Period 3

Expenditure	Approved Budget £000	Adjustments £000	Interim Budget £000	Actual to Date £000	Projected Outturn £000	Provisional Variance £000 %	
Communities and Families	99,246	(34,327)	64,919	3,998	64,919	-	0.00%
Edinburgh Integration Joint Board	-	284	284	-	284	-	0.00%
Place	192,495	(84,657)	107,838	40,980	107,838	-	0.00%
Place - Lending	43,913	(12,584)	31,329	-	31,329	-	0.00%
Place - Tram York Place to Newhaven	74,939	(15,291)	59,648	3,042	59,648	-	0.00%
Contingency	4,242	-	4,242	-	4,242	-	0.00%
Resources - Asset Management Works	30,000	(21,242)	8,758	1,212	14,126	5,368	61.29%
Resources - Other	5,000	(3,367)	1,633	24	1,633	-	0.00%
Total Gross Expenditure	449,835	(171,184)	278,651	49,256	284,019	5,368	1.93%

Funding	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Provisional Variance £000 %	
<i>Capital Receipts</i>							
General Asset Sales	3,000	-	3,000	2	3,000	-	0.00%
<i>Total Capital Receipts from Asset Sales</i>	3,000	-	3,000	2	3,000	-	0.00%
<i>Drawdown from Capital Fund</i>	14,195	-	14,195	-	14,195	-	0.00%
<i>Developer Contributions</i>	754	3,390	4,144	587	4,144	-	0.00%
<i>Developers Contributions Transferred to Investments</i>	-	-	-	859	-	-	#DIV/0!
<i>Total Developer Contributions</i>	754	3,390	4,144	1,446	4,144	-	0.00%
Total Capital Receipts and Contributions	17,949	3,390	21,339	1,448	21,339	-	0.00%
<i>Grants</i>							
Scottish Government General Capital Grant	38,225	-	38,225	9,532	38,225	-	0.00%
Other Grants and Contributions	-	8,196	8,196	8,185	8,196	-	0.00%
Cycling, Walking and Safer Streets	2,281	-	2,281	-	2,281	-	0.00%
Transfer of Management of Development Funding (TMDF)	27,950	-	27,950	-	27,950	-	0.00%
Early Years and Childcare - Expansion	10,000	-	10,000	-	10,000	-	0.00%
Capital Grants Unapplied Account Drawdown	2,002	(2,002)	-	-	-	-	0.00%
Total Grants	80,458	6,194	86,652	17,717	86,652	-	0.00%
Total Funding	98,407	9,584	107,991	19,165	107,991	-	0.00%
<i>Borrowing</i>							
New Prudential Borrowing in Year	121,388	(77,367)	44,021	29,520	44,021	-	0.00%
New On-Lending in Year	43,913	(12,584)	31,329	-	31,329	-	0.00%
New Capital Advance - Trams to Newhaven	74,939	(19,431)	55,508	3,042	55,508	-	0.00%
New Capital Advance - General Fund	111,188	(71,386)	39,802	(2,471)	45,170	5,368	13.49%
Balance to be funded through Loans Fund Advance	351,428	(180,768)	170,660	30,091	176,028	5,368	3.15%

Appendix 2 - 2020/21 Capital Monitoring

Housing Revenue Account

Period 3

Expenditure	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Provisional Variance £000	%
New Homes Development	35,890	(15,124)	20,766	788	20,766	-	0.0%
New Homes Land Costs	12,000	-	12,000	-	12,000	-	0.0%
Improvement to Council Homes and Estates	48,578	(24,375)	24,203	2,616	24,203	-	0.0%
Total Gross Expenditure	96,468	(39,499)	56,969	3,404	56,969	-	0.0%

Income	Approved Budget £000	Adjustments £000	Revised Budget £000	Actual to Date £000	Projected Outturn £000	Provisional Variance £000	%
Capital Receipts and Other Contributions	50,524	(24,424)	26,100	320	26,100	-	0.0%
Capital Funded from Current Revenue	3,656	(3,656)	-	-	-	-	0.0%
Specific Capital Grant	18,942	(12,009)	6,933	748	6,933	-	0.0%
Total Income	73,122	(40,089)	33,033	1,068	33,033	-	0.0%

Balance to be funded through Loans Fund Advance	23,346	590	23,936	2,336	23,936	-	0.0%
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Appendix 3 – 2020/21 Interim Capital Budget (Incorporating provisional out-turn slippage from 2019/20)

General Fund

<u>SUMMARY</u>	Planned Budget 2020-21	2019-20 Expenditure Slippage	2019-20 Income Slippage	Planned Budget (inc. slippage) 2020-21	Re-profiled to Later Years 2020-21	Additional Funding 2020-21	Interim Budget 2020-21
	£000	£000	£000	£000	£000	£000	£000
Communities and Families	99,246	21,945	10,120	131,311	(66,401)	9	64,919
Edinburgh Integration Joint Board	-	227	57	284	-	-	284
Place	192,495	4,188	3,669	200,352	(101,199)	8,685	107,838
Place - Lending	43,913	12,536	-	56,449	(25,120)	-	31,329
Place - Tram York Place to Newhaven	74,939	(3,634)	-	71,305	(11,657)	-	59,648
Contingency	4,242	-	-	4,242	-	-	4,242
Resources - Asset Management Works	30,000	(21,507)	265	8,758	-	-	8,758
Resources - Other	5,000	5,513	2	10,515	(8,900)	18	1,633
Total Expenditure	449,835	19,268	14,113	483,216	(213,277)	8,712	278,651

Appendix 4 – 2020/21 Revised Capital Budget

Housing Revenue Account

Category	Programme/Workstream	Approved Budget 2020/21 £000	Adjustments £000	Revised Budget 2020/21 £000
New Homes Development	Pennywell	13,470	(6,974)	6,496
	North Sighthill	707	160	867
	Dumbryden	3,364	(2,464)	900
	Craigmillar Town Centre	3,105	(1,576)	1,529
	Coatfield Lane, Leith	565	(81)	484
	Silverlea	104	242	346
	Bingham Avenue and Parkview	4,657	(157)	4,500
	Fountainbridge	1,449	238	1,687
	Meadowbank	1,553	(1,383)	170
	Western Villages, Granton	3,105	(2,080)	1,025
	Powderhall	1,035	(700)	335
	Post-construction work/ early design development/Staff Costs	2,776	(349)	2,427
	Land Acquisitions	12,000	-	12,000
	Total	47,890	(15,124)	32,766
Improvement to Council Homes and Estates	Improvement to Tenants Homes	14,739	(10,479)	4,260
	External Fabric	17,298	(8,540)	8,758
	Health and Safety	4,590	(1,877)	2,713
	Improvement to Communal Areas	4,080	(726)	3,354
	Environmental, Place Making and Staff Costs	7,871	(2,753)	5,118
	Total	48,578	(24,375)	24,203
HRA	Total	96,468	(39,499)	56,969

Governance, Risk and Best Value Committee

10.00am, Tuesday, 29 September 2020

Workforce Insight and Controls - Annual Report – referral from the Finance and Resources Committee

Executive/routine	
Wards	All
Council Commitments	

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on Workforce Insight and Controls - Annual Report to the Governance, Risk and Best Value Committee for consideration as part of its work programme.

Laurence Rockey

Head of Strategy and Communications

Contact: Martin Scott, Committee Services

Email: martin.scott@edinburgh.gov.uk | Tel: 0131 529 4237

Referral Report

Workforce Insight and Controls - Annual Report – referral from the Finance and Resources Committee

2. Terms of Referral

- 2.1 On 27 August 2020, the Finance and Resources Committee considered a report providing a summary of workforce insights for the core and flexible (agency and overtime) workforce, absence, and transformation/redeployment for the 2019/20 financial year.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note the workforce trends over the period April 2019 to March 2020.
 - 2.2.2 To refer this report to Governance, Risk and Best Value Committee as part of its work programme.

3. Background Reading/ External References

Minute of the Finance and Resources Committee of 27 August 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, 27th August 2020

Workforce Insight and Controls - Annual Report

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

The Committee is recommended to:

- 1.1 To scrutinise the progress made to date and note the workforce trends over the period April 2019 to March 2020;
- 1.2 To refer this report to Governance, Risk and Best Value Committee as part of its work programme.

Stephen S. Moir

Executive Director of Resources

Contact: Katy Miller, Head of Human Resources,
Human Resources Division, Resources Directorate

E-mail: katy.miller@edinburgh.gov.uk | Tel: 0131 469 5522

Finance and Resources Committee – 27 August 2020

Workforce Dashboard

2. Executive Summary

- 2.1 This report provides a summary of workforce insights for the core and flexible (agency and overtime) workforce, absence, and transformation/redeployment for the 2019/20 financial year.
- 2.2 Core workforce full time equivalent (FTE) and basic salary costs continued to be significantly more stable in 2019/20, as they were in 2018/19 and, particularly when compared with 2017/18. In the 12-month period the cost of base salaries decreased by £1.5m, since the cost of new starters to the organisation was £4.9m less than the cost of organisational leavers.
- 2.3 Organisational reviews continued in 2019/20, with the impact of these on the overall workforce and costs in line with those in 2018/19 but were less pronounced than those in 2017/18.
- 2.4 The cost of the agency workforce decreased by £2.7m, and the cost of overtime increased by £0.5m when compared with the previous reporting period. Flexible workforce costs should be considered in the context of the overall reduction in the Local Government Employee workforce of 894 FTE since 2015 and an increasing trend of total days lost due to absence.
- 2.5 A newly created Wellbeing focus group developed a comprehensive Wellbeing Strategy and plan which was approved by Committee, focusing on physical, mental and financial wellbeing of colleagues. Additionally, a new Managing Absence policy, with accompanying guidance and training, was implemented in November 2019.
- 2.6 The organisation's monthly absence rates were marginally higher in 2019/20 when compared with the 2018/19 trend, with an ongoing trend of long-term absences related to mental health issues. The total working days lost to absence increased by around 2k days in 2019/20, and the 12-month rolling absence rate increased from 5.18% at 18/19 to 5.28% at 2019/20.

3. Background

- 3.1 Workforce costs form the largest single element of the Council's revenue budget. The application of robust and effective workforce controls remains critical to achieving the savings set out in the Council's Change Strategy and as approved within the Council's Budget.
- 3.2 Since the last annual report to Committee, the Council has continued to provide enhanced visibility and insights via our regular Workforce Dashboard reports and expanded management information (MI).
- 3.3 A report on the development of a Workforce Controls framework was first reported to the Finance and Resources Committee on 19 March 2015, with subsequent annual reporting provided on 14 January 2016, 23 February 2017, 12 June 2018 and 23 May 2019.
- 3.4 To enable alignment with the financial year reporting, the annual cycle for this report has moved to cover the period April 2019 to March 2020.

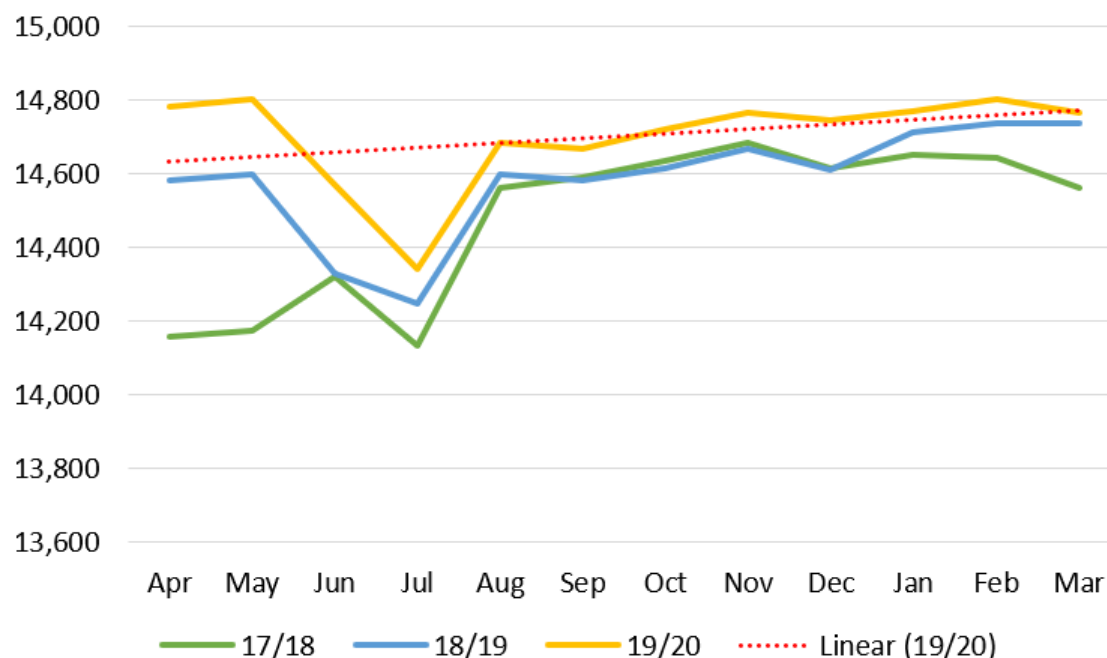
4. Main report

- 4.1 This report provides MI and analysis to show the current position and trends across five core areas of workforce controls. The reporting provides analysis at both the whole Council and individual Directorate levels. The analysis provides insight into:
 - Full Time Equivalent employee population (FTE) and trends;
 - Basic salary costs for the FTE employee population and trends;
 - FTE and basic salary costs of new starts and leavers;
 - Agency costs for primary, other, and off-contract suppliers and trends;
 - Overtime costs and trends;
 - Sickness absence rates, the reasons and costs of absence, and the impact of open ended long-term absence cases on organisation FTE.

Core Workforce

- 4.2 The organisation's FTE fluctuated during 2019/20, but the period April 2019 to March 2020 ended with a consistent FTE, with a small reduction of 18 FTE.
- 4.3 The normal seasonal variation in organisation FTE was observed (Figure 1), reflecting the reduced FTE requirement in the Schools and Lifelong Learning service over the summer recess (July/August) and new contractual arrangements in place at the start of the new school term (mid-August).
- 4.4 The decrease in organisational FTE is linked to the Local Government Employee population, where there was a decrease of 66 FTE. In the same period the Teaching population grew by 52 FTE. The balance of 2 FTE is made of other employee groups e.g. Craft Apprentice.

Figure 1: Workforce FTE 17/18 – 19/20



- 4.5 Directorate FTE trends for the 19/20 period are contained in Appendix 1. The change in Directorate FTE between April 2019 and March 2020 is shown in Figure 2.
- 4.6 The Communities and Families Directorate was the only one to experience a net increase in workforce FTE over the year. Whilst some services in the Communities and Families Directorate experienced a reduction in FTE (Children's Services reduced by 75 FTE), these reductions were offset by an increase of 227 FTE, in the Schools and Lifelong Learning service, giving a net increase of 150 FTE.
- 4.7 Reductions in FTE took place in the Edinburgh Health and Social Care Partnership, Place, Resources and Chief Executive's Directorates. Notable reductions in FTE were observed in the Health and Social Care Localities teams (down 41 FTE), this is normal turnover and also due to an ageing workforce with many leavers being retirees, and Customer and Digital Services in Resources (down 90 FTE) as a result of streamlining and digitalisation of services.
- 4.8 FTE change by employee group is captured in Figure 3 which shows that the LGE population reduced by 66 FTE and the Teaching population increased by 52 FTE over the 12-month period as a result of additional funding provided due to the government's requirement to increase early learning and childcare from 600 hours to 1140 hours per year for each child. Appendix 3 details the change in Local Government Employee FTE and basic salary costs between April 2019 and March 2020, including 2015, 2017 and 2018 figures for comparison.

- 4.9 In 2019/20 our basic salary costs decreased by £1.5m, from £444.3m to £442.5m (Figure 4). This compares with an increase of £10.1m in 18/19 from £402.8 to £412.9m. The £31.4m increase between Mar 19 and Apr 19 is due to two pay awards being applied to Local Government employees, Chief Officers and teachers, and the costs associated with contribution-based pay. A reduction in costs was observed over the summer months and is linked to reduced FTE in the Schools and Lifelong Learning Service during the summer recess.

Figure 2: Directorate FTE – April 2019 to March 2020

Directorate	April 2019	March 2020	FTE Change
Chief Executive's including Strategy and Communications	154	144	-10
Communities and Families (C&F)	7823	7981	158
EH&SCP	2197	2117	-80
Place	2327	2322	-5
Resources	2254	2178	-76
Displaced	27	23	-4
Council Total	14782	14764	-18

Figure 3: Workforce Groups FTE - April 2019 to March 2020

Category/ Group	April 2019	March 2020	FTE Change
Local Government Employee GR1-GR12 <i>including Craft</i>	10974	10908	-66
Chief Official	19	19	0
Craft Apprentice	21	19	-2
Teaching Total	3768	3820	52
Council Total	14782	14764	-18

- 4.10 Directorate base salary cost trends for the 2019/20 period are contained in Appendix 2. Base salary cost trends are in line with the FTE changes observed in Directorates over the same period.
- 4.11 Change in Directorate base salary costs between April 2019 and March 2020 is shown in Figure 5. There were cost reductions in the Edinburgh Health and Social Care, Place, Resources and Chief Executive's Directorates (total reduction of

£4.3m). The Communities and Families Directorate experienced an increase in basic salary costs in the same 12-month period (total increase of £3m). Basic salary cost variation is linked to increasing/decreasing Directorate FTE.

Figure 4: Workforce Basic Salary Cost 17/18 – 19/20

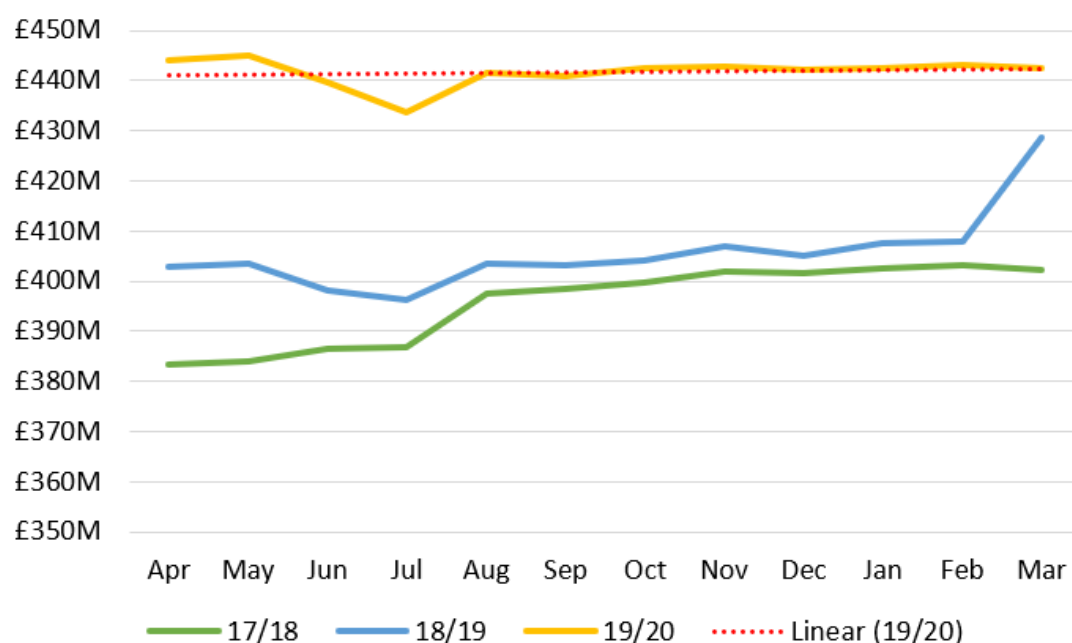
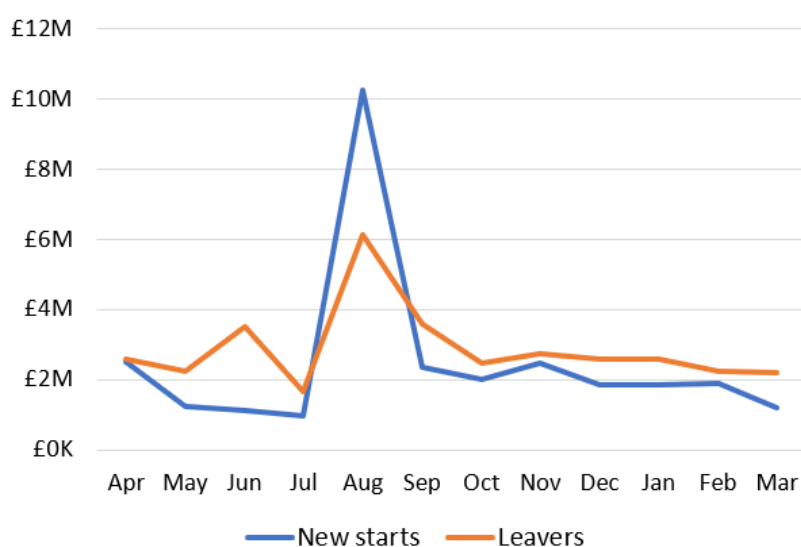
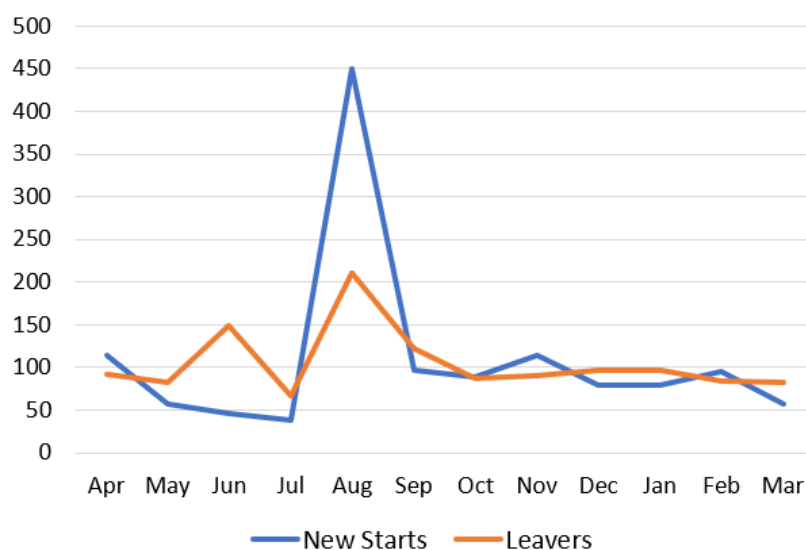


Figure 5: Directorate Basic Salary Costs - April 2019 to March 2020

Directorate	April 2019	March 2020	Cost Change
Chief Executive's including Strategy and Communications	£6.3M	£6.2M	- £0.1M
C&F	£260.4M	£263.4M	£3M
EH&SCP	£53.8M	£52.6M	- £1.2M
Place	£65.2M	£64.2M	-£1M
Resources	£57.2M	£55.2M	- £2M
Council Total	£444M	£442.5M	-£1.5M

Figure 6: Workforce New Starts and Leavers 19/20



Directorate	New Starts	Leavers
Communities and Families	859	657
Health and Social Care Partnership	112	192
Place	172	176
Resources	160	213
Chief Executive's including Strategy and Communications	8	11
Council Total	1311	1249

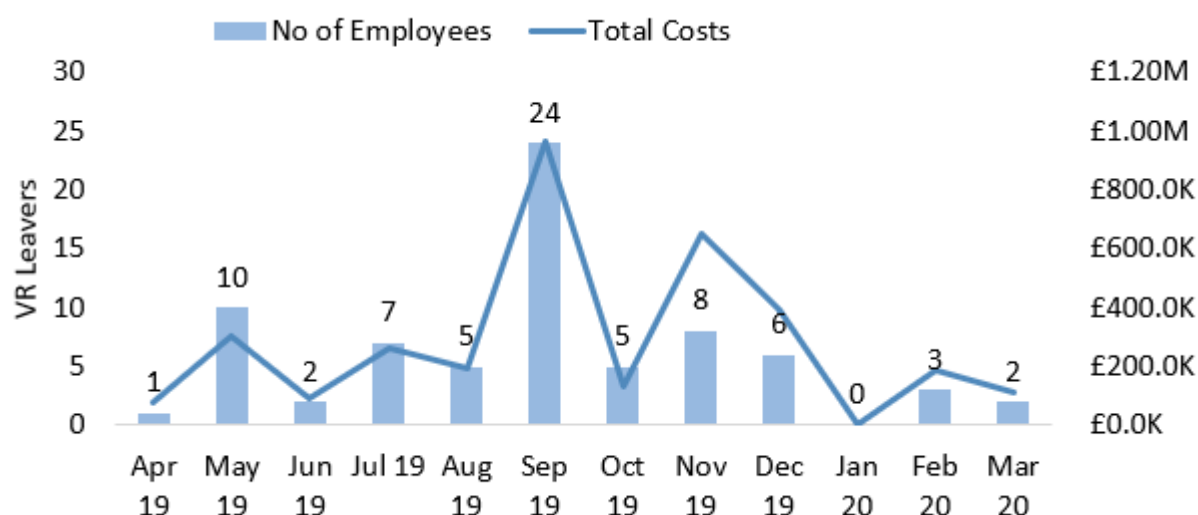
4.12 A breakdown of new starts and leavers (FTE and basic salary costs) in each month and in total for the year by Directorate is shown in Figure 6. Over the year, there were 1311 new starts to the organisation and 1249 leavers, giving a net increase of 62 FTE from new starts.

4.13 Over the 12 months the total cost of organisation new starts was £29.7m and leavers was £34.5m, giving a net saving of £4.8m in this area. This means that the

cost of new employees joining the organisation was lower than the cost of those employees that left in 19/20.

- 4.14 In 2019/20, 73 employees left the Council (with total basic salary cost of £3.4m) as a result of VERA/VR arrangements linked to organisational reviews. This compares with 49 VERA/VR leavers (£2.4m) in 2018/19 and 102 (£3.3m) VERA/VR leavers in 17/18. VERA/VR leavers in the 19/20 period are included in the organisation leaver data referred to in this report (FTE and costs).
- 4.15 Figure 7 shows the total VERA/VR leavers over the year and the associated salary costs. The peak in VERA/VR leavers at September 2019 relates to an organisation review within Business Support services which was implemented in July 2019, thus allowing for notice periods the leaving date was September 2019.

Figure 7: Organisation VERA/VR Leavers and Basic Salary Cost 19/20



Flexible Workforce (Agency and Overtime)

- 4.16 Our total agency spend for the year was £19.4m, with an average monthly cost of approx. £1.62m. This compares with a total spend of £22.1m in 18/19. Agency cost trends are shown in Figure 8.
- 4.17 Note that month on month agency cost fluctuation can be linked to the nature of the billing process and seasonable variations e.g. the festive period.
- 4.18 The average agency monthly workforce in 2019/20 was the equivalent of 556 full-time employees. The primary and other contracted suppliers (£18m) accounted for 89% of all agency spend, with 8% (£1.5m) of the total spend attributable to off-contract suppliers.
- 4.19 The top 5 agency roles (by total spend) provided by the primary supplier (Pertemps) in 2019/20 are detailed in Figure 9. The top roles supplied by Pertemps relate to the delivery of the Waste and Cleansing service (Place Directorate), Customer and

Figure 8: Agency Pay Bill 17/18 – 19/20

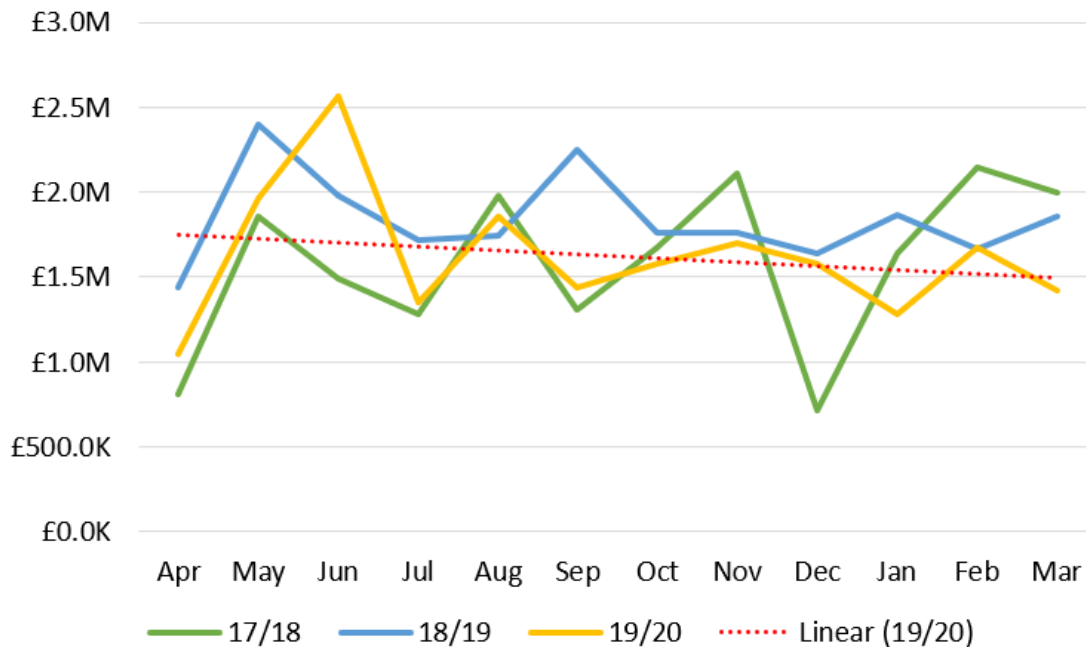
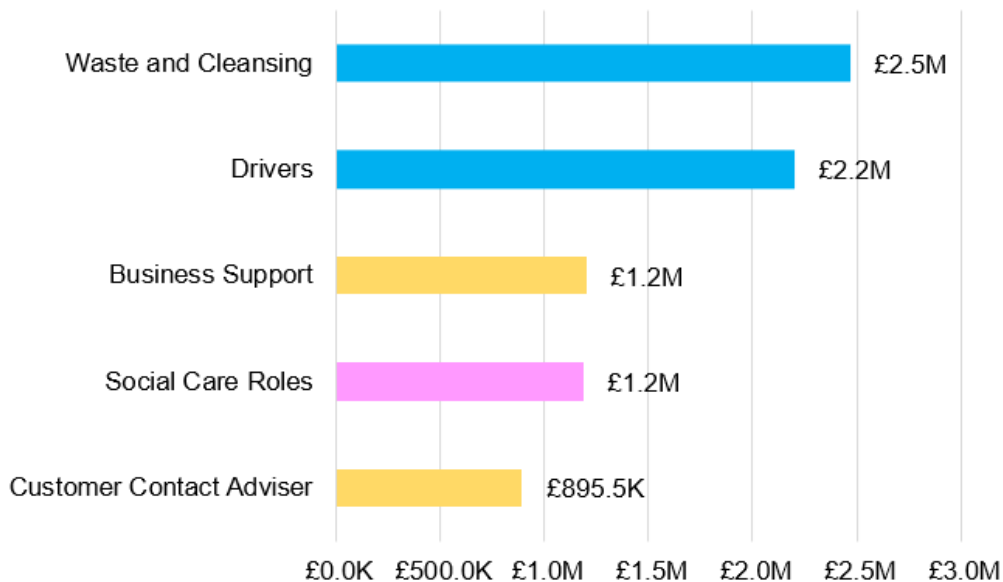


Figure 9: Top 5 Agency Roles 19/20 (Primary Contractor)



4.20 The total cost of overtime between April 2019 and March 2020 was £9.5m, compared with a spend of £9m in 2018/19. The average overtime monthly workforce in 2019/20 was the equivalent of 236 full-time employees.

- 4.21 Overtime cost trends are detailed in Figure 10 which shows similar seasonal variation in 2017/18, 2018/19 and 2019/20, related to the need for additional temporary workforce to provide services at key times during the year. A breakdown of Directorate overtime costs in 2019/20 is contained in Figure 11 which demonstrates that around 47% of the total overtime spend was in the Place Directorate.

Figure 10: Overtime Pay Bill 17/18 – 19/20

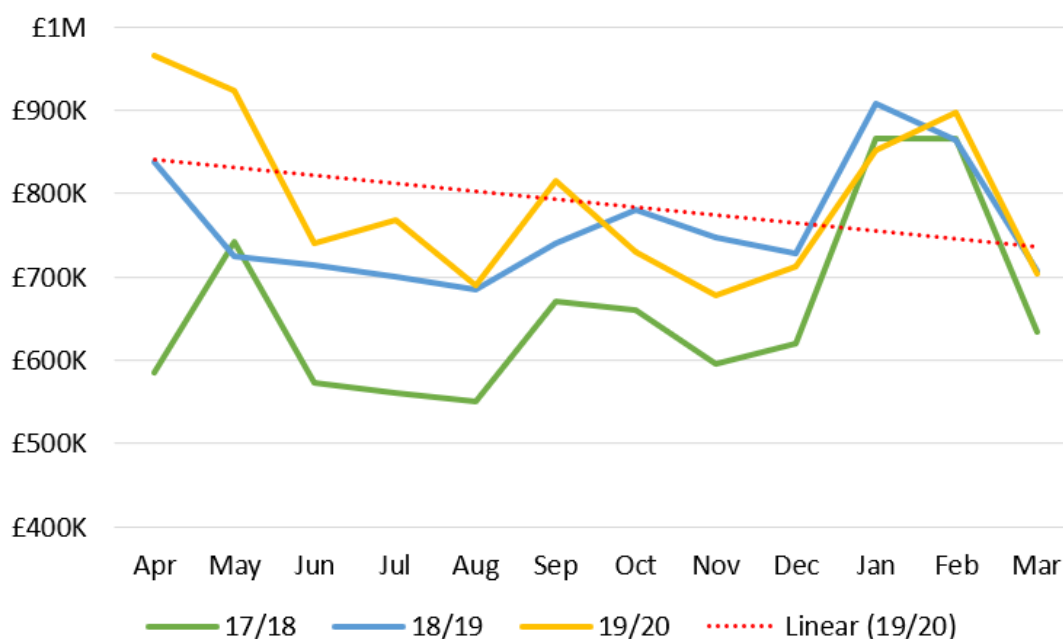
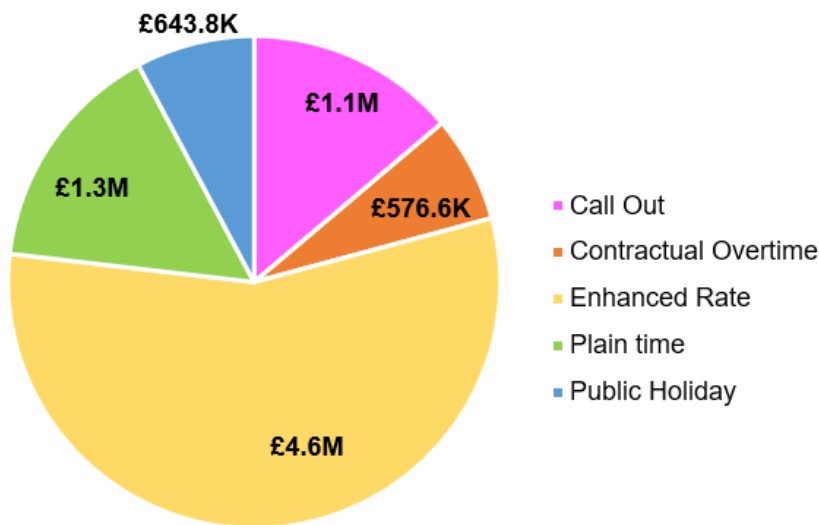


Figure 11: Directorate Overtime Costs 19/20

Directorate	18/19	19/20	Change in overtime cost
Chief Executive's including Strategy and Communications	£18K	£15K	- £3K
Communities and Families	£1.5M	£1.9M	£400K
Health and Social Care Partnership	£1.3M	£1.2M	- £100K
Place	£4.3M	£4.5M	£200K
Resources	£1.8M	£1.8M	£0K

- 4.22 A breakdown of overtime cost by overtime type for 2019/20 is detailed in Figure 12. This shows that 56% of the spend was linked to payment of overtime hours worked at the enhanced rate, 15% related to hours worked at plain time, 14% related to “call-out” overtime hours, 8% of the total cost was linked to public holiday working, and 7% was attributable to contractual overtime.

Figure 12: Breakdown of Overtime Costs by Type 2019/20



- 4.23 Effective strategic workforce planning and review is ongoing to establish approaches that allow the organisation to deliver services using the core workforce/establishment, with a reduced dependency on overtime and agency working to achieve the delivery of key services. This is even more so given the current Covid-19 pandemic. The organisation has put in place an Adaptation and Renewal programme with several workstreams, one of them incorporating effective workforce planning.

12-Month Rolling Absence

- 4.24 Over the 12-month period the organisation lost a total of 170k working days to absence, the equivalent of 756 FTE, with a notional cost of approx. £22.7m. The rolling absence rate for the 12-month period was 5.28%. This compares with 168k working days lost to absence in 2018/19 and a rolling absence rate of 5.18% (Figure 13).
- 4.25 An update to the Managing Absence policy was put in place September 2019 with more focus on wellbeing conversations and the removal of a link between pay steps and absence. There will be regular evaluation and monitoring of the new policy and any new trends emerging.

Figure 13: Council 12-Month Rolling Absence 18/19 – 19/20

18/19		19/20		Change in Rolling Absence Rate	Change in Total Working Days Lost
Rolling Absence Rate	Total Working Days Lost	Rolling Absence Rate	Total Working Days Lost		
5.18%	168K	5.28%	170.0K	0.1%	2K

- 4.26 Directorate 12-month rolling absence rates and total working days lost to absence in 2018/19 and 2019/20 are shown in Figure 14. There were no reductions in the annual rolling absence rate observed in any Directorates between 1208/19 and 2019/20.

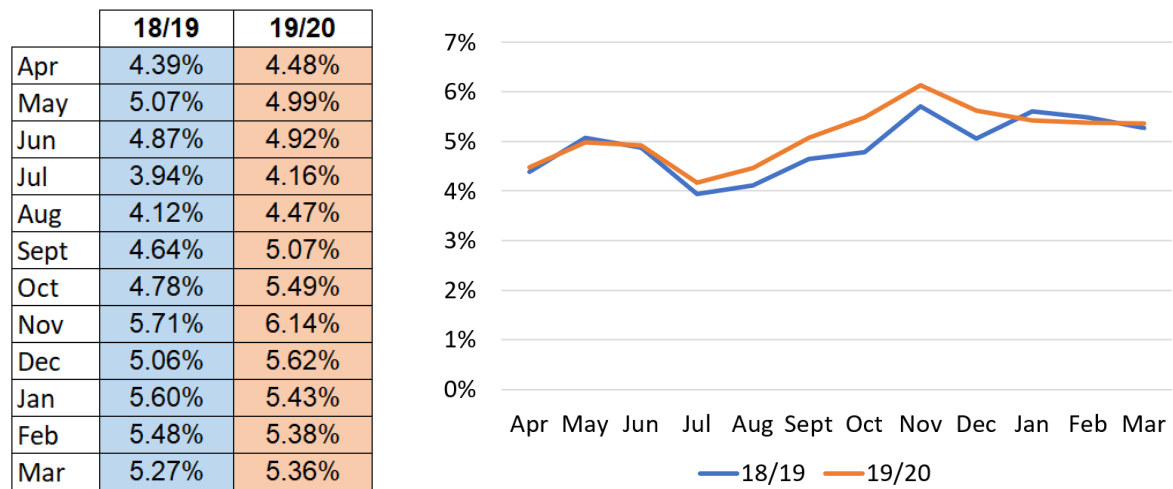
Figure 14: Directorate 12-Month Rolling Absence 2018/19 and 2019/20

	18/19		19/20		Change in Rolling Absence Rate	Change in Total Working Days Lost
	Rolling Absence Rate	Total Working Days Lost	Rolling Absence Rate	Total Working Days Lost		
Chief Executive's including Strategy and Communications	1.33%	0.44K	2.08%	0.67K	0.23%	0.23K
C&F	3.76%	64.5K	4.01%	71.5K	0.25%	7K
EH&SCP	8.51%	41.6K	8.92%	42.6K	0.41%	1K
Place	6.37%	32.6K	6.47%	33.7K	0.1%	1.1K
Resources	5.72%	28.3K	6.01%	29.2K	0.29%	0.9K

Monthly Absence

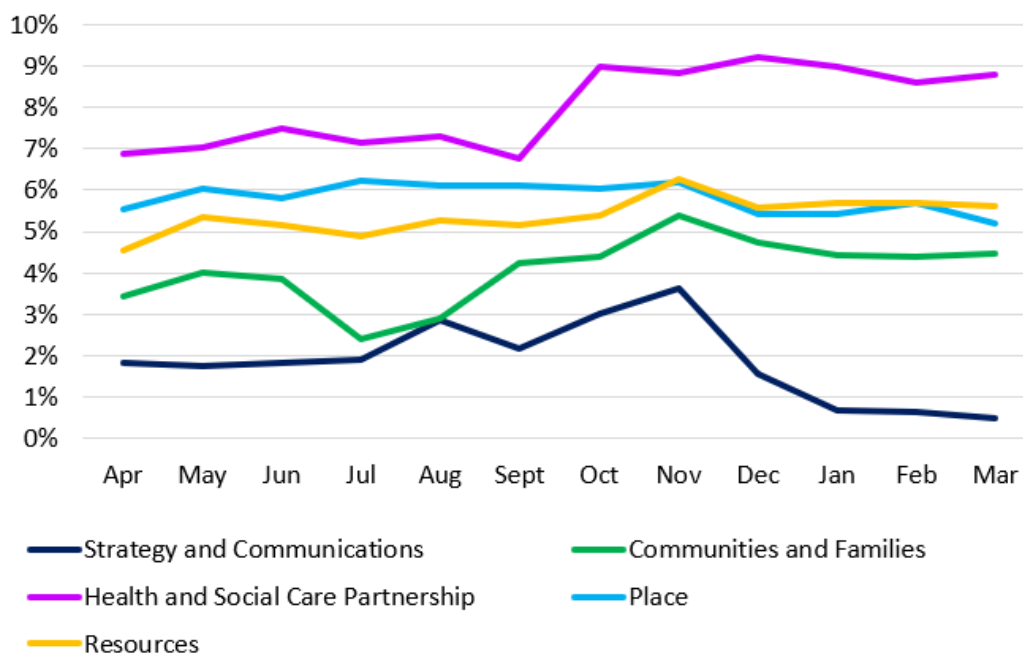
- 4.27 The organisation's monthly absence trend for 2019/20 is almost identical to that observed in 2018/19, although the month on month absence rate and total working days lost to absence has been marginally higher in 2019/20. The normal annual trend was experienced, with a reduction in the absence rate over the summer months (Figure 15).

Figure 15: Council Monthly Absence 2018/19 and 2019/20



- 4.28 Directorate/Divisional monthly absence rates between April 2019 and March 2020 are detailed in Figure 16.

Figure 16: Directorate/Divisional Monthly Absence April 2019 and March 2020



Absence Reasons

- 4.29 Around 67% of all working days lost to absence related to long-term absence and the remaining 33% were linked to short-term absence. The top 5 reasons for absence are shown in Figure 17.

- 4.30 The top 5 reasons for long term absence were stress, depression, and mental ill-health (44%), musculo-skeletal issues (25%), Stomach, liver, kidney and digestion (6%), cancer/associated issues (5%) and neurological (4%).
- 4.31 The top 5 reasons for short-term absence were infections (27%), stomach/liver/digestion issues (17%), stress, depression, and mental ill-health (16%), musculo-skeletal issues (15%) and allergies (6%).
- 4.32 Long term and short-term absence top 5 reasons are broadly the same as in 18/19 period.
- 4.33 Additional workforce costs for agency and overtime should be considered in the context of current absence levels and the level of permanent workforce FTE impacted by ongoing long-term absence. On average for 2019/20 there were 465 employees (380 FTE) with ongoing long-term absence. 2019/20 Directorate FTE lost to ongoing long-term absence cases is highlighted in Figure 18.

Figure 17: Top 5 Absence Reasons 2019/20 (Long-Term and Short-Term Absence)

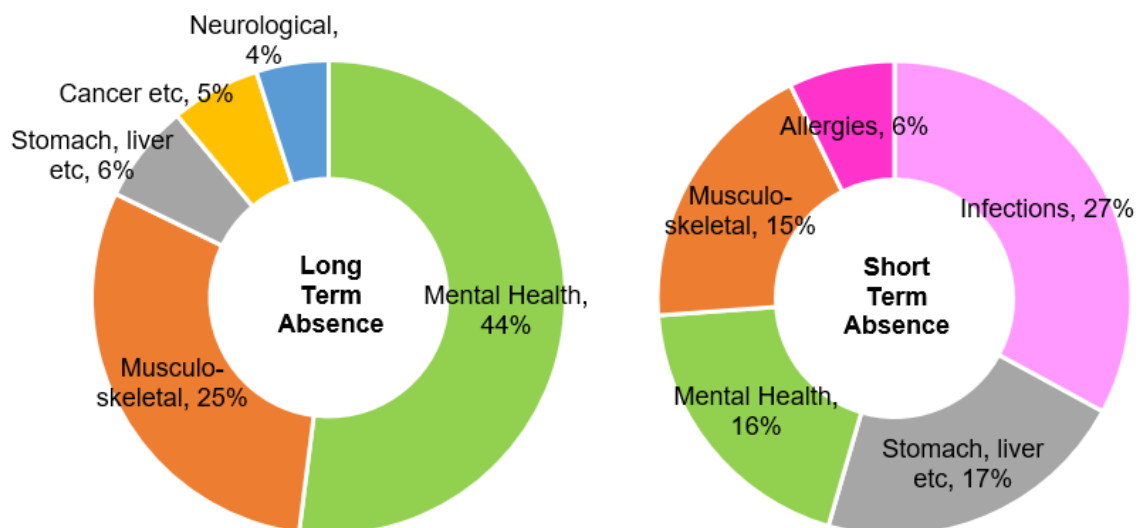
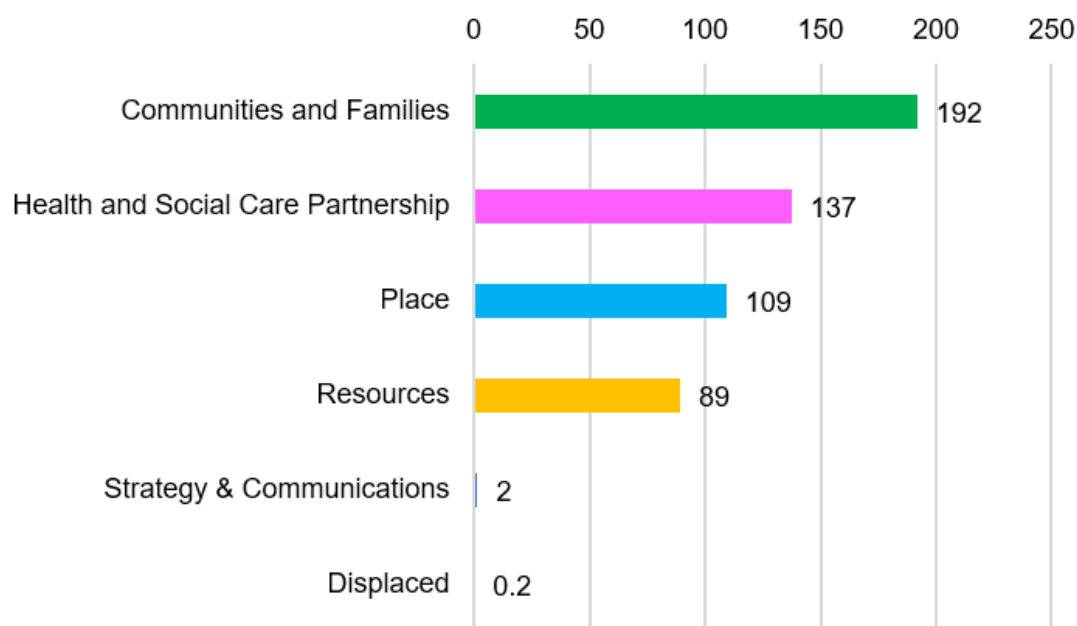


Figure 18: Directorate/Division FTE Lost to Ongoing Long-Term Absence (April 2019 – March 2020 average)



5. Next Steps

- 5.1 To continue to monitor appropriate workforce data to evidence that the Council is on track to achieve targeted workforce controls and budget savings and to focus further actions for improvement.

6. Financial impact

- 6.1 The achievement of agreed £42.3m savings through voluntary redundancy.
- 6.2 Salary costs for employees on redeployment (particularly those not redeployed).
- 6.3 Opportunity cost of lost working time due to sickness absence.
- 6.4 Agency, Overtime/Additional Hours expenditure.

7. Stakeholder/Community Impact

- 7.1 Stakeholder consultation and engagement, including senior management teams, Trade Unions and elected members, is ongoing.

8. Background reading/external references

- 8.1 Annual Workforce Controls Report to Finance and Resources Committee on 23 May 2019.

9. Appendices

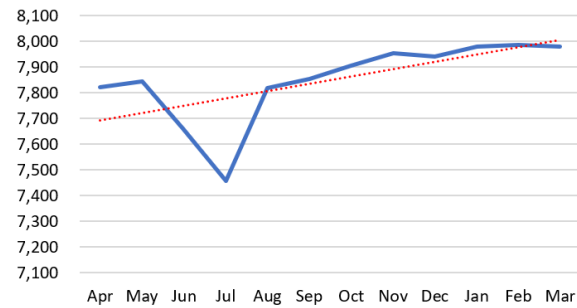
Appendix 1: Directorate FTE Trends 2019/20

Appendix 2: Directorate Salary Pay Bill Trends 2019/20

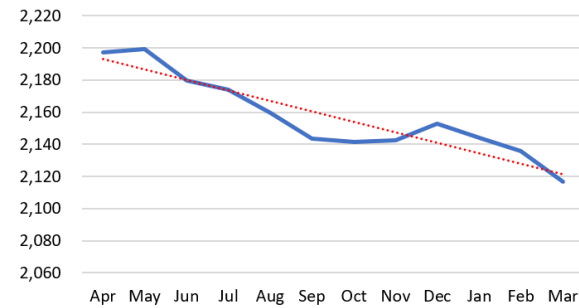
Appendix 3: Local Government Employee FTE and Basic Salary Costs, 2015 – 2020

Appendix 1: Directorate FTE Trends 19/20

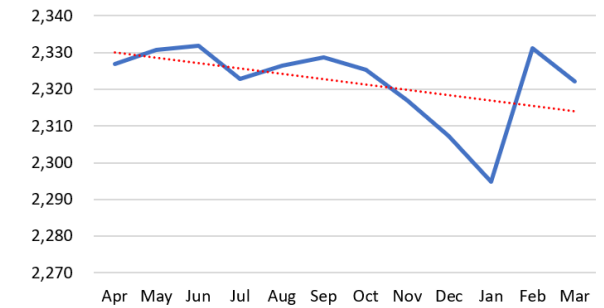
Communities and Families



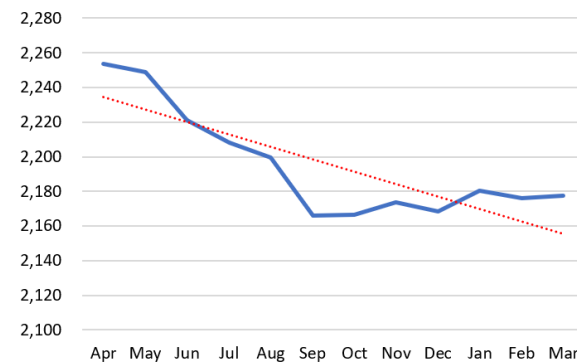
Health and Social Care Partnership



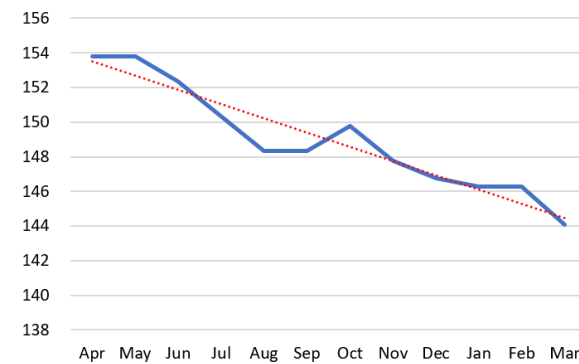
Place



Resources

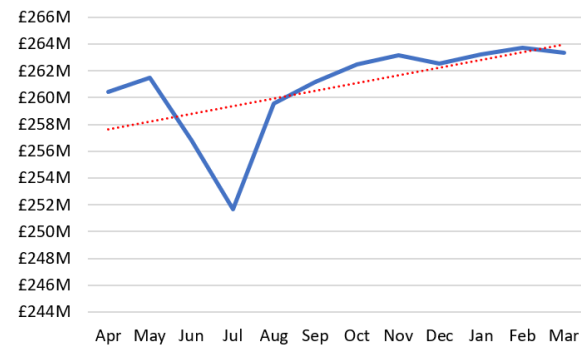


Strategy and Communications

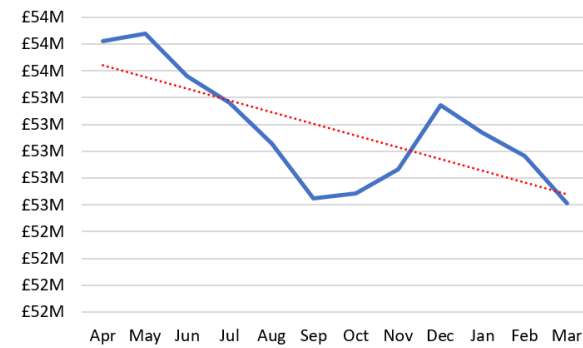


Appendix 2: Directorate Salary Pay Bill Trends 19/20

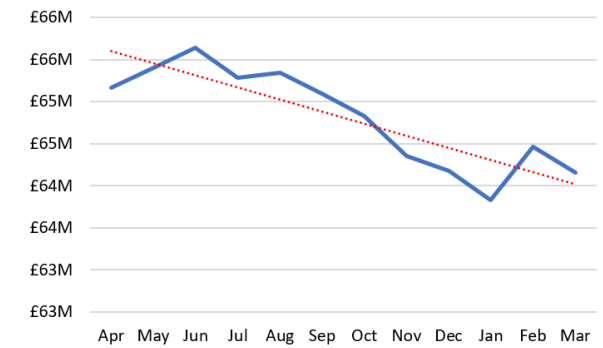
Communities and Families



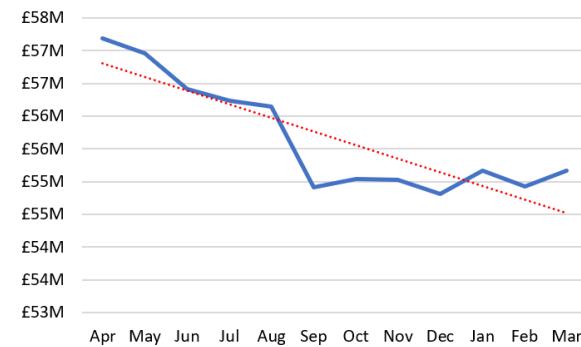
Health and Social Care Partnership



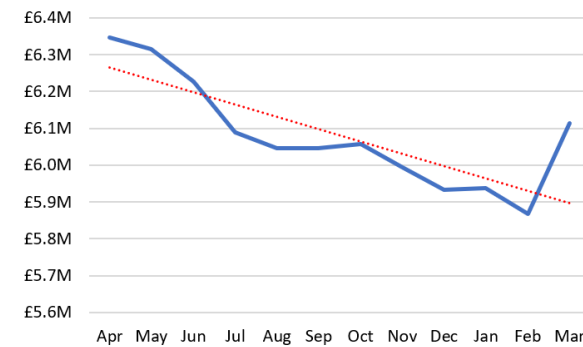
Place



Resources



Strategy and Communications



Appendix 3: Local Government Employee FTE and Basic Salary Costs, 2015 - 2020

Category/ Group	Grade	June 2015		June 2017		June 2018		Apr 2019		March 2020		April 19 to March 20	
		FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	FTE	Basic Salary Cost	Change in LGE FTE	Change in LGE Basic Salary Cost
Front Line Staff	GR1	624	£8.1M	638	£8.4M	595	£8.1M	580	£8.4M	245	£3.5M	-336	-£4.9M
	GR2	244	£3.4M	198	£2.9M	170	£2.5M	171	£2.7M	493	£7.4M	322	£4.7M
	GR3	2374	£38.2M	2124	£34.9M	2089	£35.1M	2056	£36.5M	2118	£37.2M	62	£0.7M
	GR4	2479	£45.8M	2567	£48.1M	2444	£46.8M	2586	£52.8M	2474	£50.4M	-112	-£2.4M
Front Line Manager/ Specialist	GR5	1808	£40.6M	1563	£35.2M	1545	£35.3M	1638	£39.8M	1684	£40.4M	46	£0.7M
	GR6	1421	£37.1M	1337	£35.9M	1397	£38.0M	1453	£42.1M	1431	£41.3M	-22	-£0.8M
	GR7	1520	£48.0M	1296	£42.1M	1294	£42.4M	1306	£45.7M	1275	£44.3M	-31	-£1.4M
	GR8	776	£29.2M	652	£25.1M	689	£26.7M	697	£28.9M	708	£29.1M	11	£0.2M
Managers	GR9	359	£15.9M	280	£12.9M	281	£13.0M	286	£14.2M	283	£13.9M	-3	-£0.3M
	GR10	118	£6.3M	123	£6.5M	117	£6.4M	120	£7.0M	127	£7.4M	7	£0.3M
	GR11	47	£3.0M	36	£2.3M	36	£2.4M	39	£2.8M	31	£2.2M	-8	-£0.6M
	GR12	31	£2.2M	33	£2.4M	38	£2.8M	41	£3.3M	39	£3.1M	-2	-£0.1M
Total		11801	£277.8M	10849	£256.8M	10694	£259.4M	10974	£284.1M	10908	£280.2M	-66	-£3.9M

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 29th September 2020

Quarterly Status Update – Digital Services

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that the Committee reviews, scrutinises and notes the progress detailed in this update.

Stephen S. Moir

Executive Director of Resources

Contact: Nicola Harvey, Head of Customer and Digital Services,
Customer and Digital Services Division, Resources Directorate

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

Quarterly Status Update – Digital Services Programme

2. Executive Summary

- 2.1 The purpose of this report is to provide a quarterly progress update upon the Council's Digital Services Strategy and programme of works. The Council and our technology partner, CGI UK Limited, have continued to work in partnership to increase the pace of delivery to improve core digital services, achieve further improvement and progress the associated major systems changes and developments which will further enable and enhance our citizen facing services and the internal business operations of the Council.
- 2.2 These update reports for the purposes of scrutiny have been provided to the Governance, Risk and Best Value (GRBV) Committee on a regular basis since 2017 and it is recognised that the report originally due to be considered by Committee in March 2020, was postponed due to the implementation of lockdown and the pause applied to Committees. Consequently, this report provides GRBV members with an update covering a period of approximately 8 months.

3. Background

Council's Digital and Smart City strategy

- 3.1 The City of Edinburgh Council's previous strategy for ICT and Digital, known as "Empowering Edinburgh" was approved in 2013/14. This strategy was underpinned by more detailed implementation plans in 3 waves, through to 2015/16, which culminated in the procurement process to award our current partnership arrangements to CGI UK Limited.
- 3.2 Work has been underway over a period of time to develop the Council's new Digital and Smart City Strategy, which sets out the future strategic direction of our use of technology as a Council and will also create greater alignment between the Council's digital ambitions and those of our partner agencies, focusing upon greater use of technology to enable Edinburgh to become a smart capital city. The new strategy is also aligned to the Council's Change Strategy/Business Plan, the Edinburgh 2050 City Vision and the Adaptation and Renewal programme. The

proposed Digital and Smart City Strategy will be presented to the Policy and Sustainability Committee in October 2020 for approval.

- 3.3 In addition to work on our Digital and Smart City Strategy, the Council has been working on arrangements with our partners in CGI to review the next phase of our contractual relationship. As a result of this work, the Council extended our arrangements with CGI to the end of March 2029 following approval from the Finance and Resources Committee on 27 August 2020. This contract extension enables the Council to realise further financial savings and build on the significant progress made, in partnership with CGI, with greater focus upon change management and enhanced service delivery.

4. Main report

- 4.1 Since the last quarterly update to the Committee improvements have continued both to service delivery and the management of incidents, along with progress and delivery in all of our major digital transformation programmes.
- 4.2 The six priority digital transformation programmes that the Council and CGI, along with other suppliers, are focussed upon are in full delivery or have now been delivered. The details of these individual programmes along with programme status is detailed below:
- Enterprise Resource Planning (ERP)
 - Citizen Digital Enablement (CDE)
 - Housing Repairs and Mobile Working
 - Web Content Management Refresh
 - Enterprise Content Management and Intranet
 - Business Intelligence

Project	Status (August 2020)	Target completion date	Status Update
Enterprise Resource Planning (ERP)	Green	Oracle upgrade scheduled to complete by the end of Q3 2021	<p>The ERP Programme, which will deliver a range of upgrades to core systems in Finance, HR and Banking and Payments Services is now in full delivery with contracts in place with CGI, CEC and the sub-contracted ERP integration partner.</p> <p>Progress includes pre-upgrade configuration planning, set-ups of both production and non-production environments, and developing a Debt Management Conference Room Pilot.</p>

Project	Status (August 2020)	Target completion date	Status Update
			<p>Confirmed programme costs have been built into the financial model for the programme, which is rigorously monitored by Finance and the Programme board. The Council's contract with our HR and Payroll system provider has been extended to March 2023.</p> <p>Internal Audit remain fully engaged with key aspects of programme delivery with an agile audit approach being adopted.</p>
Citizen Digital Enablement (Channel Shift)	<p>Phase 1 Closed (Core CRM Platform & Integrations)</p> <p>Phase 2</p>	<p>September 2019 (Live to Contact Centre staff)</p> <p>October 2019 (Live to citizens)</p> <p>Ongoing</p>	<p>The deployment of the new Verint Customer Relationship Management (CRM) system went live over September to October 2019, delivering significant benefits by integrating online citizen requests into the contact centre and front-line services.</p> <p>Phase 2 of this programme is now underway which will integrate the CRM with more transactions and a broader range of Council services, along with developing a knowledge base and increased reporting options for our employee and elected members.</p> <p>Over the reporting period, key highlights include deploying a new Verint Covid-19 shielding and vulnerable people application, work to support the summer 2020 Garden Waste registrations and launching a new online payment system for statutory notice inquiries.</p>
Housing Repairs and Mobile Workings	<p>Phase 1 Closed</p> <p>Phase 2</p>	<p>September 2019 (Phase 1)</p> <p>June 2020 (Phase 2)</p> <p>September 20</p>	<p>The initial Housing Repairs project was made live in September 2019 and introduces a new mobile workforce management capability.</p> <p>Phase 2 of the Housing Repairs project is now near completion which includes a new mobile workforce management solution for Empty Homes and Gas Servicing, and further enhancements to the Repairs archiving system.</p>
Web Content Management	Closed	<p>Phase 1 (website front page refresh) June 2019</p> <p>Phase 2 (full migration to new</p>	The migration of the remaining core website content to the new web platform was completed in December 2019. The new website delivers greatly enhanced

Project	Status (August 2020)	Target completion date	Status Update
		website) December 2019	functionality and a vastly improved customer experience for our Citizens.
Intranet	Green	September 2019 (Intranet Live) October 2020 (Search Enhancements)	The new Council Intranet (Orb) went live in September 2019. Work is now focused on improving search and monitoring tools with completion date by Q3 2020.
Enterprise Content Management (ECM)	Closed	August 2020	Successful migration of the file-stores for the final pilot area, Shared Repairs, into SharePoint over July. This follows previous rollouts into the Information Governance Unit, the HR Operational Excellence team, the City Region Deal and the Health and Social Care Service Matching Unit, and formally closes the project
Business Intelligence	Amber	Completion of Phase 1 over 2020 - followed by ongoing agile delivery until March 2023.	The Business Intelligence (BI) project aims to integrate and leverage software information assets, and to transform data into actionable insights that drive the Council's strategic and tactical business decisions Construction of the first waste collection dashboard (RouteSmart) is underway and scheduled to complete user acceptance testing by end of August 2020. In parallel, the team are finalising the design specifications for a BI suite to support Place asset and work order management, and further dashboards are being scoped up to assist HR and Homelessness services.

Wider Digital Change Projects

- 4.3 In addition to the major digital change programmes detailed, over the reporting period significant progress has been made in driving forward the wider digital programme, with a focus on upgrading infrastructure, improving customer service, enabling and supporting more flexible and agile ways of working. Key deliverables in this area include:

Microsoft Teams and Remote Working

- 4.4 In response to the Covid-19 situation, over February to March we accelerated the roll-out of Microsoft Teams to support staff working from home and enable business teams to collaborate effectively through video-conferencing, document collaboration, and access to shared calendars and Team sites. Functionality was further extended through the launch of mobile Apps for Microsoft Outlook and Teams enabling staff to access emails and meetings from their home mobile devices. Our remote working solution capacity was also increased at pace immediately prior to lockdown to support 2,000 extra remote workers.

Contact Centre Home Working

- 4.5 In April we upgraded the Contact Centre telephony system to allow 60 agents to work remotely from their home locations, providing a normal service for the thousands of citizens and businesses that call the Council daily.

Schools Management - Remote Working Solution

- 4.6 We successfully rolled out a remote working system for Learning and Teaching staff to allow both teachers and support staff to access school administration systems such as SEEMIS, Oracle, Frontier and iTrent, from their home environments.

Recycling Centres Booking System

- 4.7 At the end of May, we successfully launched a new online booking system to allow recycling centres to open on an appointment only basis. This improves safety for citizens and staff by ensuring social distancing and allows the centres to manage demand in an efficient and organised manner.

Planning and Building Standards Application Upgrade

- 4.8 Work completed in August to upgrade the IDOX Planning and Building Standards system, both enhancing the application performance and delivering legislative upgrades that ensured the system remained compatible with the One Scotland Gazetteer.

End User Device Refresh programme

- 4.9 The IT Refresh was temporarily put on-hold in March due to Covid-19, and the focus moved to the provision of emergency laptops to support staff working from home. The project has now restarted, and we are working closely with CGI and business areas to complete the deployments of the remaining 156 devices.

Citizen Account Portal

- 4.10 We successfully rolled out a new Revenues and Benefits citizen account portal over February 2020, to provide secure online access for the public to view and interrogate account and claim information, check bills/notices/statements, and register for e-billing.

Partnership Working

- 4.11 We are beginning to work with NSS and using our in-house GIS capability to improve the data we have in modelling COVID-19 outbreaks to assist in our response to these. This work is part of a wider data sharing project with NSS and Edinburgh, Glasgow and Aberdeen. NHS Lothian is following and sharing the output of this work.

App for Employees

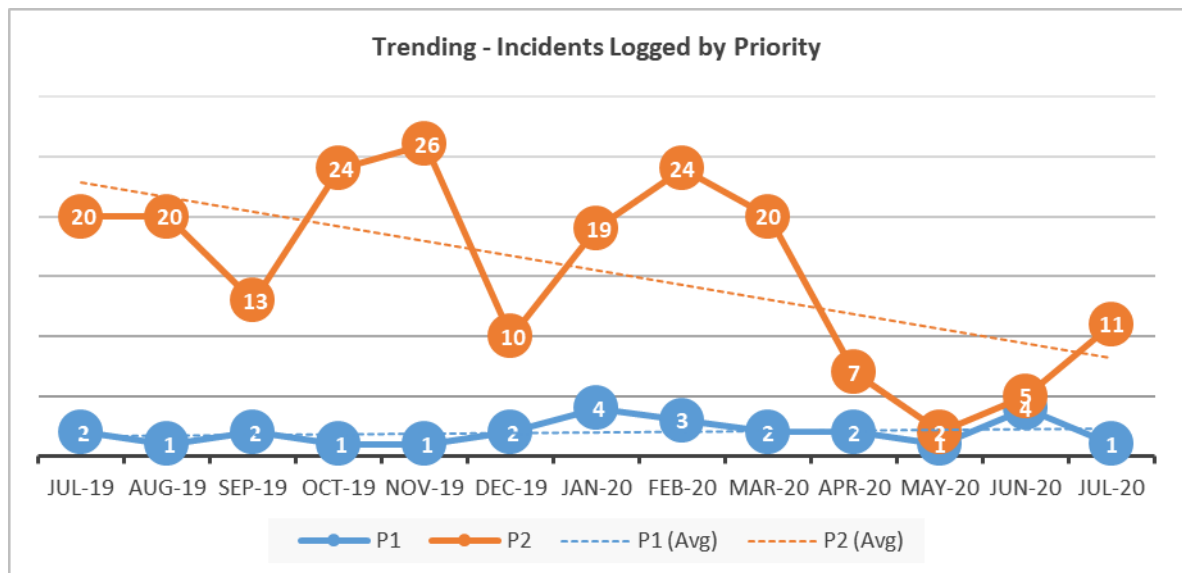
- 4.12 In May, we were also able to work with TotalMobile to rollout an app to enable staff who do not have access to a work device to access the latest staff updates. This enables us to disseminate information more quickly to this staff group and without the need for Managers and Supervisors to contact them directly.

Verint Shielding Platform

- 4.13 At the beginning of May, a Shielding platform was enabled within a 3- week period to allow the Council, to record, monitor and track all requests for both our shielded and vulnerable citizens, and to provide reporting to Scottish Government. This builds on the work carried out by the Customer team where a new Verint CRM portal was established under the Customer Digital Enablement transformation programme, with positive feedback being received on our increased reporting capability.

Core Digital Service Performance

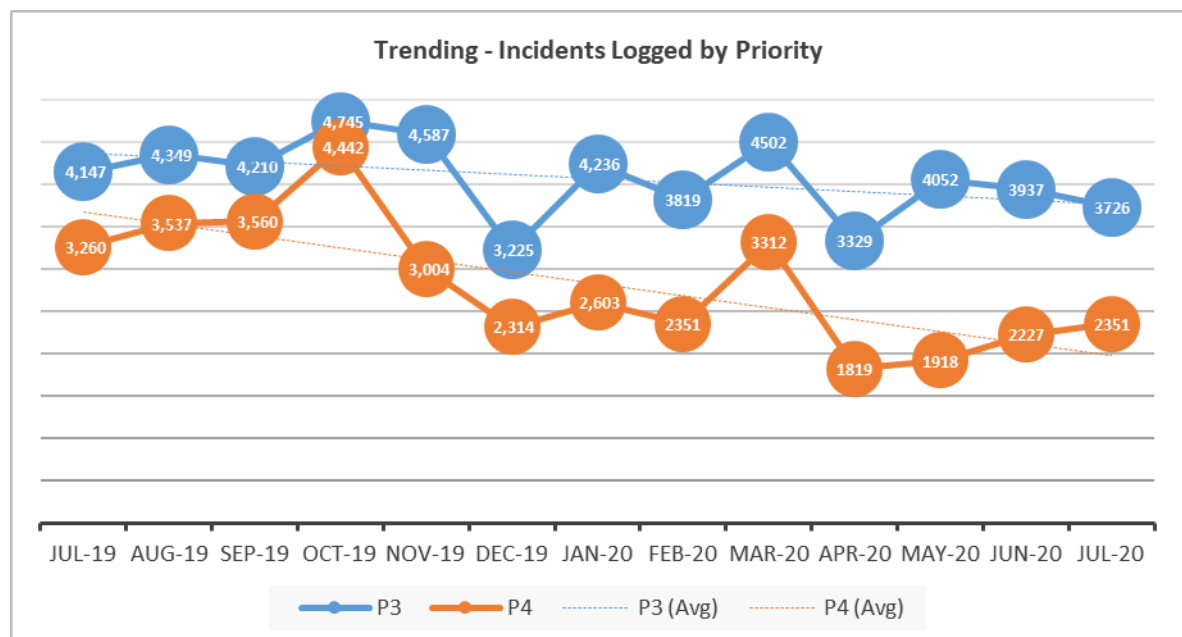
- 4.14 Service performance is driven through a set of twenty-four key contractual measures that, in turn translate to a set of key performance indicators (KPIs). Service Incidents definitions can be found in Appendix 9.1.
- 4.15 Since the last report to Committee, despite a dip during March and April as both organisations and users across the world adapted to the challenges of Covid-19 and the need to quickly adopt home working, service level agreement (SLA) attainment levels have continue to increase on average.
- 4.16 The immediate impact the Covid-19 lockdown had on the Service Desk was profound, with demand doubling and over 12,000 telephone calls made to the Service Desk in March. This increased volume coupled with the logistical impact of the CGI Service Desk being migrated to a home working solution significantly impacted performance.
- 4.17 In contrast, and as testament to the patience, empathy and appreciation of the support being received by Council colleagues, the Customer Satisfaction scores for the last quarter are the highest recorded since the contract began in April 2016. Volume of Priority 1 incidents remains low whilst the volume of Priority 2 Incident continues to fall, on average, across the year. Over August, however, we experienced an increase in P2 calls. This related to two specific incidents – the re-opening of 152 buildings on 10th August after several months closure and a severe weather incident which caused flooding and outages at several sites. This increase has now stabilised.



4.18 Resolution of Priority 1 and 2 Incidents

Ref	Description	Target	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019
KPI01	# Priority 1 Resolved > 4 Hrs	1	0	0	0	0	0	0
KPI02	# Priority 2 Resolved > 8 Hrs	2	2	3	1	2	2	1
		Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020	June 2020	July 2020
		0	2	0	1	0	1	0
		0	1	0	0	0	0	2

4.19 The overall volume of non-critical Priority 3 (P3) and Priority 4 (P4) incidents shows a downward trend throughout the year with the ratio of incidents to users reducing to 0.4 calls per user per month. The figures reported for April represent the mobilisation of both CEC and the CGI Service Desk to remote working. During this period there were limitations on access to the Service Desk but also a significant drop in the users on the network. These results have since stabilised.



4.20 Resolution SLA Performance – Priority 3 and Priority 4

Ref	Description	Target	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019
KPI03	% Priority 3 resolved < 24 Hrs	90%	91.4%	96.5%	96.5%	93.1%	93.5%	92.3%
KPI04	% Priority 4 resolved < 48Hrs	90%	94.7%	97.4%	97.4%	95.3%	93.9%	93.9%
			Jan 2020	Feb 2020	Mar 2020	April 2020	May 2020	June 2020
			94.1%	97.0%	95.6%	90.0%	95.8%	94.3%
			95.8%	97.8%	97.5%	90.3%	94.7%	95.5%

Performance challenges and planned improvements to service

- 4.21 The main performance challenge over the reporting period was in response to Covid-19 and the increased demand for the Service Desk.

A number of actions were undertaken by CGI to mitigate the impact on Service and ensure return to pre-Covid19 KPI performance. This was achieved from the May-20 reporting period and continues to be met along with every other KPI. The actions included:

- Rapid deployment of a devolved Service Desk with all Supplier members working from home by 24 March to ensure continuity of service and safe working for members.
- Close monitoring and management of sickness levels across the Service Desk, which have been maintained at pre-Covid19 levels ensuring resource availability has not been reduced.
- Utilisation of members from other parts of the Supplier business to support Service Desk teams in call answering.
- Co-production with CEC and issue of a “Frequently Asked Questions” user guide for the Authority to cascade to all ICT users to reduce advice and guidance calls to the Service Desk, which was cascaded to end users by the Authority in late March 2020 and is updated regularly.
- Requesting the Authority to promote usage of the online portal for non-urgent matters.

Cybersecurity Management

- 4.22 The Council and CGI teams are collaboratively managing Security Risks continuously across the estate. The security risks cover a range of issues from the new CRF vendor management to user account privileges that ensure the Government or Legal Frameworks by service improvements, integration, or removal, are not at risk.
- 4.23 The Security Risk Management Plan (RMP) has started its quarterly reviews and Risks owners have been asked to provide regular updates to improve on the Risk appetite on both sides of this framework for the Council and CGI.
- 4.24 Preparation for PSN Code of Connectivity Certification 2020 has begun. However, CGI and the Council are aware that with the delays around the pandemic this year, that some of the outstanding tasks that need mitigation from last year, might not be in time for submission 2020.
- 4.25 The Council achieved Cyber Essentials certification in June 2020 and the Cyber Essentials Plus submission is due to be assessed in September 2020.

- 4.26 Work on the Public Sector Cyber Action Plan Cyber Resilience Framework (PSCAP CRF) due for reporting and achieving in 2021, has slowed down due to the pandemic and other assessments taking precedence. The CRF has a requirement on passing both PSN and Cyber Essentials certifications, so concentrating on these aspects has been a priority.
- 4.27 During the pandemic, and with more users working remotely, security incidents remained low thanks to the training programmes and communication plans as set out by the Council. A few Council staff tried bypassing the controls put in place to protect the Council network and these staff have been re-educated to prevent any breaches, with Risks accepted for future reviews. The Microsoft 365 roll out is creating additional security challenges due to its essential deployment. However, a full review is needed as the Council expands on utilising this service to its full extent and enabling the utilisation to all Council staff.
- 4.28 Monthly automated vulnerability scanning is in place. Due to the pandemic and the delayed refresh of Windows 7 and Windows Server 2003/ 2008 devices, the analysis reports show that once these legacy devices have been removed it should reduce the vulnerabilities by a considerable amount. The Council and CGI are collaborating on ownership of third-party applications and legacy operating system patches.
- 4.29 With more Council Staff working remotely, our security posture will need to change as the dynamic of the security landscape changes also. The Council had only the offices as single attack vectors (areas that the hacker could attack to breach the network), and now all the remote Council staff are acting as single attack vectors. CGI and the Council will produce a Security Strategy for remote workers should the Council change the policy on remote working becoming part of the 'norm' to ensure these additional vectors do not become compromised as hackers adapt to target remote workers.
- 4.30 Since the last update to Committee and number of security features have been approved and implemented:
- PDNS service (Protected-DNS).
 - Use Your Own Device

Additionally, pending completion from the last update:

- DKIM, DMARC
- New Wi Fi Standard
- Implementation of new Password Policy
- Removal of many legacy services

Governance, Audit and Contract Management

- 4.31 The Council and CGI have an operational governance framework in place, built upon the requirements of the partnership contract. This includes regular reporting to the Corporate Leadership Team's Change Board on the delivery and development of major transformation programmes, in accordance with the Council's approved approach to managing major projects and change.
- 4.32 Internal Audit Reports in respect of Change Initiation, CGI Partnership Management and Governance and Digital Services Incident and Problem Management have

been recently finalised and the report for the audit of Shadow IT is nearing finalisation.

- 4.33 Additionally, Internal Audit is due to undertake audits of CGI Change Management, Resilience, Mobile Device Management and Network Management over the remainder of 2020/21.
- 4.34 Digital Services currently has 27 live management actions arising from audits (26 owned by Digital Services and one for which we are noted as a 'contributor'). These are actively managed and reviewed. All open management actions, and the latest updates on these, for Customer and Digital Services can be found in Appendix 9.3.
- 4.35 Following the Council's external audit opinion for 2018/19, the Committee is advised there have been improvements with the issues raised in terms of security compliance, service performance and change delivery by CGI as well as a more managed approach to engagement with both Internal and External audit to ensure timely submission of evidence.

Customer Digital Enablement (CDE)

- 4.36 At GRBV in December 2019, we updated on the initial improvements and changes achieved through the CDE programme and committed to provide Committee with an update after a period of live running of the new system,
- 4.37 This update can be found in Appendix 9.4.

5. Next Steps

- 5.1 The Council continues to strengthen and improve our management, governance, security, and delivery arrangements for the digital programme in partnership with CGI. The development of a future focussed strategy and direction for our technology requirements is the key for the next phases of our digital programme being developed. The development of a clear strategy will also inform the future prioritisation of investment, both capital and revenue, in digital activities.

6. Financial impact

- 6.1 Our partnership with CGI is saving the Council an estimated £6m per annum against the 2015/16 baseline spend on ICT with our former partner, BT. Over the first phase of the Council's contract with CGI, this saves £45 million. The Committee should note that this saving has already been fully assumed and incorporated as part of the Council's Medium-Term Financial Framework and planning assumptions.
- 6.2 During 2018 the Finances and Resources Committee approved a negotiated 'variation' to the baseline contract which realised a further £11m of savings and reset of all digital transformation programmes.
- 6.3 On the 27th August 2020, the Finance and Resources Committee approved a 6-year extension to end March 2029 following negotiations between CGI and the Council, realising a further saving of £14.1m. This contract extension enables the Council to

realise financial savings and build on the progress made in partnership with CGI, with greater focus upon change management and enhanced service delivery.

7. Stakeholder/Community Impact

- 7.1 The Council's Corporate Leadership Team (CLT) risk register formally identifies digital capabilities and information governance as a risk and ensures 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.
- 7.2 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.

8. Background reading/external references

- 8.1 [Quarterly Status Update - ICT Programme](#) – report to Governance, Risk and Best Value Committee – 30 October 2018
- 8.2 [Quarterly Status Update - ICT Programme](#) – report to Governance, Risk and Best Value Committee – 19 February 2019
- 8.3 [Quarterly Status Update - ICT Programme](#) – report to Governance, Risk and Best Value Committee – 4 June 2019
- 8.4 [Quarterly Status Update - ICT Programme](#) – report to Governance, Risk and Best Value Committee – 29th October 2019

9. Appendices

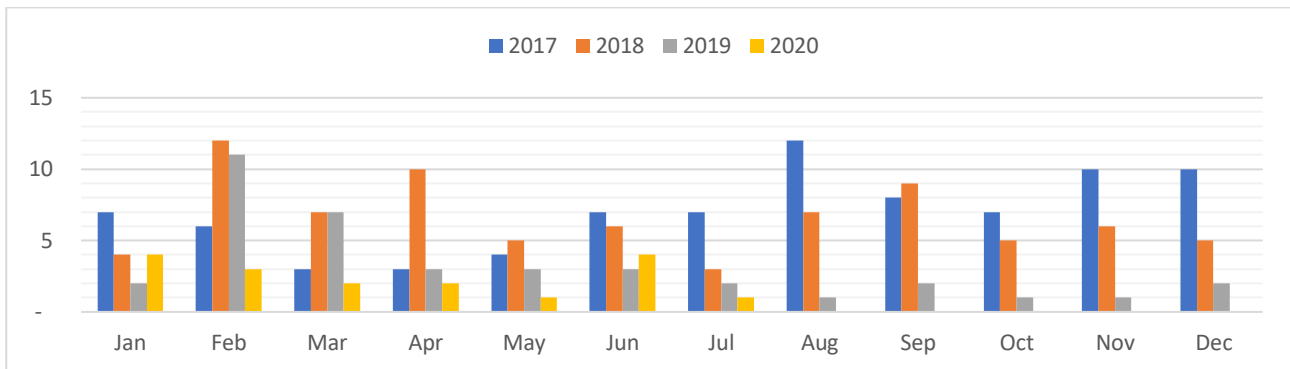
- 9.1 Appendix 1 - Incident Definitions
- 9.2 Appendix 2 - Year on Year Service Level Agreement Comparison
- 9.3 Appendix 3 - Customer and Digital Services Open Audit Actions as at 02/09/20
- 9.4 Appendix 4 – Customer Digital Enablement Update – September 2020

Appendix 1 - Incident Definitions

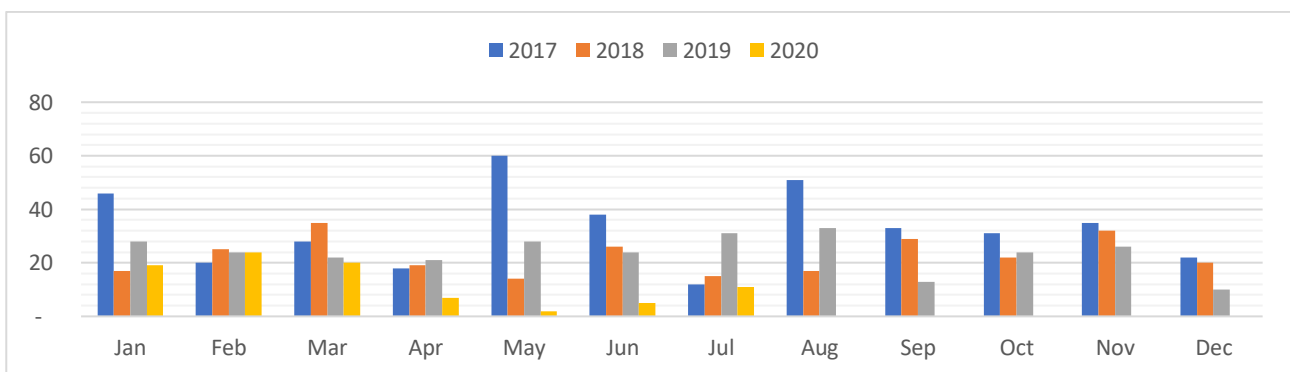
<p>"Severity 1 Service Incident"</p> <p>A Service Incident which, in the reasonable opinion of the Authority:</p> <ul style="list-style-type: none"> (a) constitutes a loss of the Services which prevents a large group (of at least 50) End Users from working; or (b) has a critical impact on the activities of the Authority; or (c) causes significant financial loss and/or disruption to the Authority; or (d) results in any material loss or corruption of Authority Data; or (e) results in a P1 being Non-Available; or (f) causes an entire business area to be unable to work. <p>Non-exhaustive examples include: A failure of the Services to provide user authentication service; or at least 50 End Users unable to work or a P1 failings its KPI Availability targets.</p>
<p>"Severity 2 Service Incident"</p> <p>A Service Incident which, in the reasonable opinion of the Authority:</p> <ul style="list-style-type: none"> (a) has the potential to have a major (but not critical) adverse impact on the activities of the Authority and no workaround acceptable to the Authority is available; or (b) has the potential to cause a financial loss and/or disruption to the Authority which is more than trivial but less severe than the significant financial loss described in the definition of a Service 1 Service Incident; or (c) causes financial loss and/or disruption to the Authority; or (d) affects greater than 25 but less than 50 End Users; or (e) results in a P2 Application being Non-Available. <p>Non-exhaustive examples include: Corruption of organisational database tables or loss of ability to update Authority Data.</p>
<p>"Severity 3 Service Incident"</p> <p>A Service Incident which, in the reasonable opinion of the Authority:</p> <ul style="list-style-type: none"> (a) has the potential to have a major adverse impact on the activities of the Authority which can be reduced to a moderate adverse impact due to the availability of a workaround acceptable to the Authority; or (b) has the potential to have a moderate adverse impact on the activities of the Authority; or (c) affects less than 25 End Users; or (d) results in a P3 Application being Non-Available; <p>Non-exhaustive examples include: inability to access data or a class of customers.</p>
<p>"Severity 4 Service Incident"</p> <p>A Service Incident which, in the reasonable opinion of the Authority has the potential to have a minor adverse impact on the provision of the Services to End Users.</p> <p>Non-exhaustive examples include an inability to access data for a single customer.</p>

Appendix 2 - Year on Year Service Level Agreement Comparison

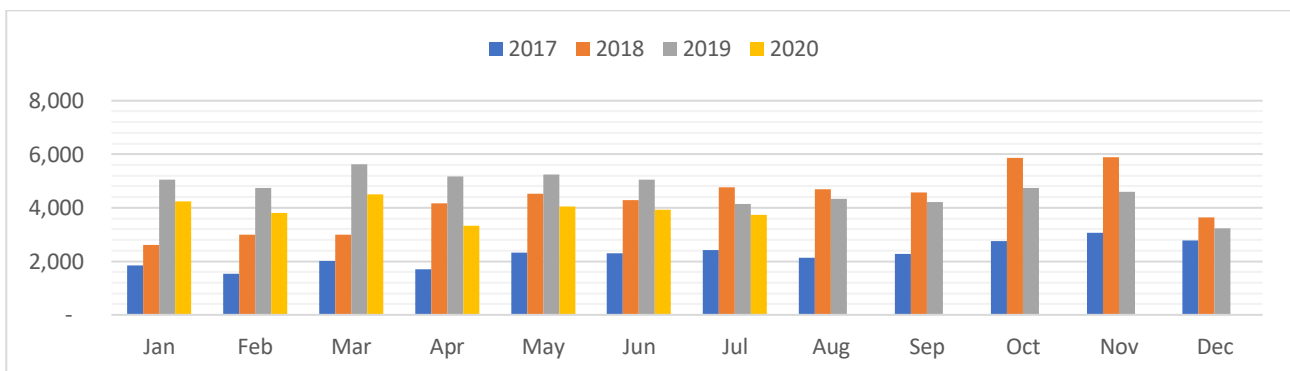
P1: Year on Year Comparison



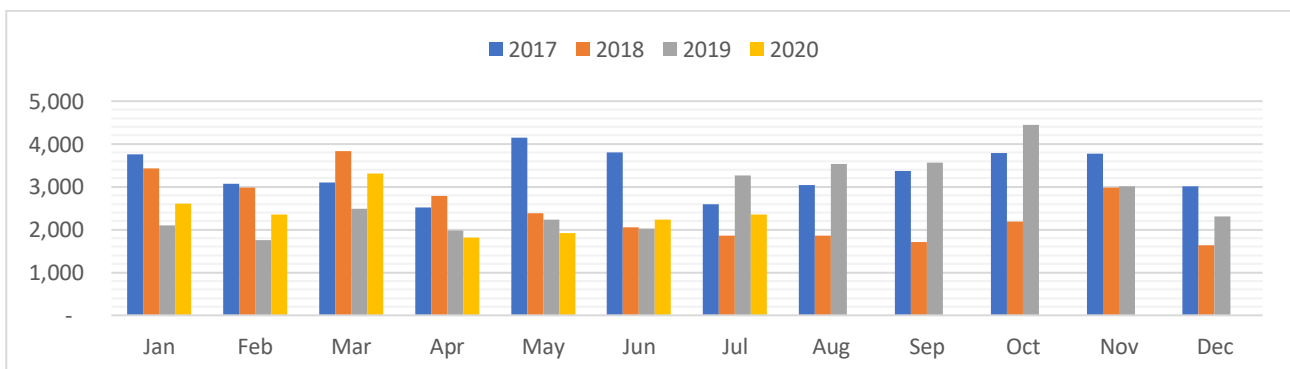
P2: Year on Year Comparison



P3: Year on Year Comparison



P4: Year on Year Comparison



Appendix 3 - Customer and Digital Services Open Audit Actions as at 02/09/20

Recommendation Ref	Status	Priority	Due Date	Latest Update
RES1808 – Public Sector Cyber Action Plan Issue 1: Recommendation 1.2 – Cyber Essentials Accreditation	Started	High reduced to Medium	30/09/2019 Revised to 31/12/2020 Revised to 01/05/2021	Vulnerability Scanning for the Corporate Network is in place. Vulnerability Scanning for L& T network commenced August 2020. Two further months scans required as evidence before closure.
RES1808 – Public Sector Cyber Action Plan Issue 1: Recommendation 4.1 – User Access Controls	Implemented	High reduced to Medium	31/05/2019 Revised to 01/10/2019	Evidence and additional information supplied – awaiting IA review to close.
PL1803 – HMO Licensing Issue 1.1: Project Plan	Started	High	20/12/2019 Revised to 29/02/2020 Revised to 30/10/2020 Revised to 01/03/2021	Action has taken longer than expected whilst awaiting discussion between CGI and the Service following the prioritisation of an upgrade to the existing system. CGI are preparing a proposal for the Service - the acceptance of this would enable the project to start and action to be closed.
RES1805 – Certifications and Software Licenses Issue 1.1: Council – Governance and Oversight of Certificates and Licenses	Implemented	High	31/01/2020 Revised to 01/11/2020	Baselined CGI project plan now agreed – 2 months evidence collection underway.
RES1805 – Certifications and Software Licenses Issue 1.2: CGI – Reporting and Monitoring – Licenses and Certificates	Implemented	High	31/01/2020 Revised to 01/11/2020	Baselined CGI project plan now agreed – 2 months evidence collection underway.
RES1805 – Certifications and Software Licenses Issue 2.1: Completeness and Accuracy of License Inventory Reports	Implemented	High	31/01/2020 Revised to 01/11/2020	Baselined CGI project plan now agreed – 2 months evidence collection underway.
RES1805 – Certifications and Software Licenses Issue 2.2: Thematic Certificates and Licenses Incidents	Implemented	High	31/01/2020 Revised to 01/11/2020	Baselined CGI project plan now agreed – 2 months evidence collection underway.
CW1809 – Financial Systems Access Controls	Implemented	High	28/02/2020 Revised to 01/07/2020	Evidence with IA and determination awaited.
RES1901 – Sub-Contract Management Issue 1.1: Assessment of Criticality of CGI Sub-contractors	Started	Medium	30/04/2020 Revised to 31/08/2020 Revised to 01/01/2021	Work progressing in line with revised implementation date of 01/01/2021. Will be done by Jan 2021
CF1901 – School Admissions, Appeals and Capacity Planning Issue 2.3(c): Risk Based Annual Address Checks	Started	High	30/06/2020 Revised to 01/11/2020	Progress has been made. Full implementation expected ahead of revised date.

RES1807 – Out of Support Technology and Public Service Network Accreditation Issue 1.1: PSN Governance Arrangements	Implemented	High reduced to Low	31/01/2020 Revised to 31/07/2020 Revised to 01/12/2020	Evidence with IA and determination awaited
CE1902 – Policy Management Framework Issue 1.2b: Policy Register review: Initial review of online policy register - Resources	Started	High	31/12/2020	Recently raised action. Work in progress.
CE1902 – Policy Management Framework Issue 1.2d: Policy Register review: Full Policy review – Resources	Started	High	31/10/2021	Recently raised action. Work in progress.
CE1902 – Policy Management Framework Issue 2.2: Completion and publication of Integrated Impact Assessments – Resources.	Started	High	31/10/2021	Recently raised action. Work in progress.
CF1901 – School Admissions, Appeals and Capacity Planning Issue 2.3(d): Sharing Outcomes of Annual Checks	Started	High	30/11/2020 Revised to 01/04/2021	Action is progressing with full implementation expected by original implementation date.
RES1901 – Sub-Contract Management Issue 1.2: Review of CGI contract sub-contract management clauses	Started	Medium	01/08/2023	Likely to be proposed for 'risk acceptance'.
RES1901 – Sub-Contract Management Issue 2.1: Ongoing Dacoll supplier management	Started	Low	01/08/2023	Likely to be proposed for 'risk acceptance'.
RES1908 – Model and intelligent Automation Risk Issue 2.1: Management oversight of virtual processes	Started	Low	01/04/2021	Recently raised action, work in progress.
RES1908 – Model and Intelligent Automation Risk Issue 2.2: Automated alert functionality	Started	Low	01/04/2021	Recently raised action, work in progress.
CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.1: Change request systems and processes Rec 1.1.1	Started	Medium	31/12/2020	Work in progress.
CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.1: Change request systems and processes Rec 1.1.3	Started	Medium	31/12/2020	Work in progress.

CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.1: Change request systems and processes Rec 1.1.4	Started	Medium	31/12/2020	Work in progress.
CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.2: Change request service levels, engagement, and timelines Rec 1.2.1	Started	Medium	31/12/2020	Work in progress.
CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.2: Change request service levels, engagement, and timelines Issue 1.2.2:	Started	Medium	31/12/2020	Work in progress.
CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.2: Change request service levels, engagement, and timelines Issue 1.2.3	Started	Medium	31/12/2020	Work in progress.
CW1901 – Digital Services Change Initiation Issue 1: Inconsistencies in the change management process Rec 1.2: Change request service levels, engagement, and timelines Rec 1.2.4	Started	Medium	31/12/2020	Work in progress.
CW1901 – Digital Services Change Initiation Issue 2: Actions and responsibilities in the Partnership Board report Rec 2.1: Root cause and analysis and solutions Rec 2.1.1	Implemented	Low	30/09/2020	Work in progress. Implementation by due date not possible due to mismatch with evidence requirements. IA have agreed to hold at 'implemented' until end Nov.
CW1901 – Digital Services Change Initiation Issue 2: Actions and responsibilities in the Partnership Board report Rec 2.1: Root cause and analysis and solutions Rec 2.1.2	Implemented	Low	30/09/2020	Work in progress. Implementation by due date not possible due to mismatch with evidence requirements. IA have agreed to hold at 'implemented' until end Nov.
RES1904 – CGI Partnership Management and Governance Issue 1.1.1: Independent assurance	Started	Medium	31/03/2021	Recently raised action, work in progress.
RES1904 – CGI Partnership Management and Governance Issue 1.2: CGI governance framework	Started	Medium	31/03/2021	Recently raised action, work in progress.

RES1904 – CGI Partnership Management and Governance Issue 1.3: Key performance indicators	Started	Medium	31/03/2021	Recently raised action, work in progress.
RES1907 – Digital Services Incident and Problem Management Issue 1.1.1: Incident Reports	Started	Low	31/12/2020	Recently raised action, work in progress.
RES1907 – Digital Services Incident and Problem Management Issue 1.1.1: Incident Reports	Started	Low	31/12/2020	Recently raised action, work in progress.

Appendix 4 - Customer Digital Enablement Update – September 2020

Summary

Phase 1 of the Customer Digital Enablement (CDE) programme went live in autumn 2019. This exciting development saw the onboarding of a new customer relationship management (CRM) platform, Verint, and the delivery of 21 online forms. The initial focus of the programme was to improve the online service journey for those key transactions that drive most of the contact to the Council. This has been achieved through simple and cost-effective online forms that provide a range of benefits including real time customer information, streamlined processes for Council staff and efficient integration with key service systems. This development resulted in 85% of transactions for these services being undertaken online, through service specific web-based forms.

These web-based forms are clearer, more accessible, consistent, and easy to use and have delivered the following improvements:

- Maps that allow customers to easily select any 'asset' they want to transact about.
- Users can see reports made by other residents, helping to prevent duplicate reports and allowing residents to be updated on existing issues.
- Users can opt to receive e-mail updates as the Council progresses with their request or report.
- Customers can upload photos with reports which help services delivery teams identify and assess issues.
- Clearer communication to make it easier for customers to escalate an issue considered to be an emergency.
- Greater ability for Council staff to maintain, update and develop forms, with less reliance on external organisations.
- An improved, streamlined journey for our teams means customer transactions can be processed faster. Agent forms match what the customer sees, and improved scripts help ensure they have the information they need.
- Improved integration with back office systems means less time spent double keying transactional information.

The new infrastructure has also allowed additional online transactions to be developed and enhancements have been made to existing forms including parking, licensing and planning and building standards.

Following the successful delivery of Phase 1, the next phase of the programme will build on a range of service improvements, including fully utilising the existing technology and ensuring it is effectively integrated with further system/processes to deliver a better service experience for our customers. Activities include:

- Planning and Building Standards – Pre-Planning Applications
- Emergency and non-emergency Council home repairs
- Full integration of bulky uplifts
- Online Shared Repairs Service
- Online access to Council rent
- Integration with social media and telephony systems

- Creation of service knowledge base to support internal service delivery and cross skilling within the Contact team

Throughout the first half of 2020 the Council was able to utilise the new infrastructure to develop various applications that supported the Council's response to COVID-19. The flexibility of the system was a vital component in coordinating data and service requests from shielded and vulnerable customers, as well as individuals instructed to self-isolate. This ensured critical services were provided efficiently and timeously at a time when service capacity was extremely stretched. As well as these activities the project continues to engage with the Council's Intelligent Automation team to identify and implement new ways of working that reflect the changing service delivery context.

Governance, Risk and Best Value Committee

10am, Tuesday 29 September 2020

Whistleblowing update

Item number
Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note whistleblowing activity for the quarter 1 April – 30 June 2020.

Andrew Kerr

Chief Executive

Contact: Nick Smith, Council Monitoring Officer/Head of Legal and Risk

E-mail: nick.smith@edinburgh.gov.uk | Tel: 0131 529 4377

Report

Whistleblowing update

2. Executive Summary

- 2.1 This report provides a high-level overview of the operation of the Council's whistleblowing service for the quarter 1 April to 30 June 2020.

3. Background

- 3.1 The Council's whistleblowing service (including a confidential reporting line) is contracted to an independent external organisation, currently Safecall Limited.
- 3.2 The Council's Whistleblowing policy (section 4.3.2) requires that quarterly summary reports on whistleblowing activity are presented to the Governance, Risk and Best Value Committee.

4. Main report

4.1 Disclosures

During the reporting period Safecall received one new disclosure:

Category	Number of disclosures
Major/significant disclosures	0
Minor/operational disclosures	1
Category still to be determined	0
Non-qualifying disclosures	0

- 4.2 This reporting period covers the first three months of the coronavirus pandemic, with national lockdown restrictions in place and the majority of Council staff working remotely, many of those from home.

- 4.3 This has resulted in a marked drop in disclosures, which might be attributable to reductions in face to face engagement between staff and physical attendance at regular places of work for the majority.
- 4.4 Trade Union consultation on proposed revisions to the Whistleblowing Policy was also delayed due to coronavirus restrictions but will take place as soon as possible. The revised policy will be presented for approval to the Policy and Sustainability Committee in due course.

5. Next Steps

- 5.1 Trade Union consultation at 4.4 will take place as soon as working arrangements allow.

6. Financial impact

- 6.1 Costs incurred for the whistleblowing service during the three-month period 1 April to 30 June 2020 totalled £6,830.30 (excluding VAT).

7. Stakeholder/Community Impact

- 7.1 The whistleblowing policy was developed and agreed to complement management reporting arrangements and to ensure all matters at the Council are fully transparent and officers are accountable.
- 7.2 The aim of the policy and the appointment of an independent service provider is to empower employees to report suspected wrongdoing as early as possible in the knowledge that their concerns will be taken seriously and investigated appropriately; that they will be protected from victimisation and other forms of detriment; and that their confidentiality will be maintained.
- 7.3 The whistleblowing policy, and subsequent reviews, have been consulted on with the trades unions to secure a local agreement.

8. Background reading/external references

- 8.1 [Finance and Resources Committee 23 May 2019: item 7.20 Whistleblowing Policy](#)

9. Appendices

- 9.1 None.

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by virtue of paragraph(s) 1, 12, 15 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

Document is Restricted

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