

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10.00 am Tuesday, 8th December, 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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

Contacts

Email: martin.scott@edinburgh.gov.uk / natalie.le.couteur@edinburgh.gov.uk

Tel: 0131 529 4237 / 0131 529 6160

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. Items of business will be considered at the following times:

Comfort Break – 11.30am

Items to 8.7 to 1pm

Lunch 1 – 1.30pm

Item 8.8 - 1.30pm

Item 8.9 starts at 2pm

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 3 November 2020 - submitted for approval as a correct record 7 - 12

5. Outstanding Actions

- 5.1 Outstanding Actions – 8 December 2020 13 - 30

6. Work Programme

- 6.1 Governance, Risk and Best Value Committee Work Programme – 8 December 2020 31 - 38

7. Business Bulletin

- 7.1 None.

8. Reports

- | | | |
|-----|--|-----------|
| 8.1 | Internal Audit: Revisiting Internal Audit Extension Timeframes – Report by the Chief Internal Auditor | 39 - 46 |
| 8.2 | Internal Audit: Overdue Findings and Key Performance Indicators at 30 October 2020 – Report by the Chief Internal Auditor | 47 - 150 |
| 8.3 | Internal Audit Update Report: 8 July 2020 to 31 October 2020 – Report by the Chief Internal Auditor | 151 - 158 |
| 8.4 | Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update - referral from the Finance and Resources Committee | 159 - 182 |
| 8.5 | 2020-30 Capital Budget Strategy - 2020/21 Period Five Monitoring and Revised Budget Update - referral from the Finance and Resources Committee | 183 - 196 |
| 8.6 | Corporate Leadership Team (CLT) Risk Register – Report by the Chief Executive | 197 - 206 |
| 8.7 | Best Value Assurance Audit - referral from the Policy and Sustainability Committee | 207 - 270 |

Lunch Break – 1-1:30pm

- | | | |
|------|--|-----------|
| 8.8 | Annual Assurance Schedule – Edinburgh Health and Social Care Partnership – Report by the Chief Officer, Edinburgh Health and Social Care Partnership | 271 - 314 |
| 8.9 | Capital Theatres Company Performance Report 2019/20 - referral from the Culture and Communities Committee | 315 - 326 |
| 8.10 | Edinburgh International Conference Centre - Annual Update - referral from the Housing, Homelessness and Fair Work Committee | 327 - 388 |

8.11	The EDI Group – Update Report – referral from the Housing, Homelessness and Fair Work Committee	389 - 436
8.12	Marketing Edinburgh Annual Report 2019/20 – referral from the Housing, Homelessness and Fair Work Committee	437 - 450
8.13	Whistleblowing update – Report by the Chief Executive	451 - 454

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	455 - 488
11.2	Addition to the 2020/21 Internal Audit Annual Plan – Report by the Chief Internal Auditor	489 - 492

Andrew Kerr

Chief Executive

Committee Members

Councillor Joanna Mowat (Convener), Councillor Eleanor Bird, Councillor Jim Campbell, Councillor Maureen Child, Councillor Denis Dixon, Councillor Phil Doggart, Councillor Gillian Gloyer, Councillor Gordon Munro, Councillor Susan Rae, 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 Natalie Le Couteur, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4237 / 0131 529 6160, email martin.scott@edinburgh.gov.uk / natalie.le.couteur@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/>

Webcasting of Council meetings

Please note this meeting may be filmed for live and subsequent broadcast via the Council's internet site – at the start of the meeting the Convener will confirm if all or part of the meeting is being filmed.

The Council is a Data Controller under current Data Protection legislation. We broadcast Council meetings to fulfil our public task obligation to enable members of the public to observe the democratic process. Data collected during this webcast will be retained in accordance with the Council's published policy including, but not limited to, for the purpose of keeping historical records and making those records available via the Council's internet site.

Any information presented by individuals to the Council at a meeting, in a deputation or otherwise, in addition to forming part of a webcast that will be held as a historical record, will also be held and used by the Council in connection with the relevant matter until that matter is decided or otherwise resolved (including any potential appeals and other connected processes). Thereafter, that information will continue to be held as part of the historical record in accordance with the paragraphs above.

If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services (committee.services@edinburgh.gov.uk).

This page is intentionally left blank

Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 3 November 2020

Present

Councillors Mowat (Convener), Bird, Jim Campbell, Child, Dixon, Doggart, Munro, Staniforth, Work and Young (substituting for Councillor Neil Ross),

1. Minutes

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 29 September 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 5 (2) – City of Edinburgh Council – Sheltered Housing

Action 11 (1, 2, 3 and 4) – Internal Audit Annual Opinion for the year ended 31 March 2020

Action 12 (2) – Revenue Budget 2020/21 – month three position

2) To note that Action 1 would be updated to March 2021.

3) Action 2 – Committee Reporting – To note that the Governance, Democracy and Resilience team were working on reports to do with political governance and committee structures of reporting and that the Executive Director of Resources would clarify with the Democracy, Governance & Resilience Senior Manager whether the report would be available for Committee in December.

4) To otherwise note the outstanding actions.

(Reference – Outstanding Actions 3 November 2020, submitted.)

3. Work Programme

Decision

1) To note the Work Programme.

- 2) To note that the Principles to govern the working relationship between the City of Edinburgh Council Governance, Risk and Best Value Committee and the Edinburgh Integrated Joint Board Audit and Risk Committee report would be delayed. To note that NHS colleagues were invited to attend the IJB Audit and Assurance and the matter had been escalated the Chief Officer, Edinburgh Health and Social Care Partnership, for attention.

(Reference – Governance, Risk and Best Value Committee Work Programme 3 November 2020, submitted.)

4. Business Bulletin

Decision

To note the business bulletin.

(Reference – Governance, Risk and Best Value Committee Business Bulletin 3 November 2020, submitted.)

5. Internal Audit: Final Internal Audit reports supporting the 2019/20 Annual Opinion

Committee were provided with copies of three final Internal Audit (IA) reports that formed part of the 2019/20 IA annual opinion for their review and scrutiny.

Decision

- 1) To note the final Internal Audit reports.
- 2) To note the Head of Place Development would consider how Fire Safety measures are managed and communicated to Committee and Ward Councillors in the High-Rise Blocks within the Council's property estate.
- 3) To note that the Unwanted Fire Alarm Signals (UFAS) form would be removed from the intranet.
- 4) To agree that the Head of Customer and Digital Services would advise of the number of staff members with access to social media accounts.
- 5) To note that Councillor Young and the Head of Place Development would take discussions offline regarding feedback Councillor Young had received on the regarding the Council's compliance with policies when compared to private landlords.

(References – Governance, Risk and Best Value Committee, 18 August 2020 (item 5); report by the Chief Internal Auditor, submitted.)

6. City of Edinburgh Council - 2019/20 Annual Audit Report to the Council and the Controller of Audit

Details were provided of the principal findings arising from the City of Edinburgh Council's 2019/20 external audit, which focused primarily on the review of the financial statements, but also included consideration of the Council's financial management, financial sustainability, governance and transparency and arrangements to secure and demonstrate value for money.

Decision

- 1) To note that, following the audit process, it was anticipated that an unqualified audit opinion would be issued on the Council's annual accounts for 2019/20.
- 2) To refer the audited annual accounts to the Finance and Resources Committee for approval and thereafter to Council for noting.
- 3) To note that, following approval by the Finance and Resources Committee, the audited annual accounts would be signed and submitted to the external auditor.
- 4) To note the areas of strength identified within the wider scope audit work and that progress in the delivery of the remaining improvement actions set out in Appendix 5 of the auditor's report would be considered as part of the adaptation and renewal programme and reported to the committee over the coming year.
- 5) To note that, once approved, a summarised version of the annual accounts would also be published on the Council's website by 30 November.
- 6) To agree that the Head of Finance would keep Members abreast of appeals to UK and National Government for additional monies made by Officers and Elected Members

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

7. Annual Assurance Schedule - Resources Directorate

Each year the City of Edinburgh Council requires that Executive Directors complete Certificates of Assurance that represent their view of the effectiveness and appropriateness of controls in their areas of responsibility. The Resources Directorate Annual Assurance Schedule for 2019/20 was presented.

Decision

- 1) To note the Resources Directorate annual assurance schedule for 2019-20.
- 2) To note that the Resources Directorate annual assurance schedule 2020-21 would be submitted for scrutiny in 12 months' time.

(References – Governance, Risk and Best Value Committee 29 October 2019 (item 6); report by the Executive Director of Resources, submitted)

8. Enterprise Risk Management Policy – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on the Enterprise Risk Management Policy to the Governance, Risk and Best Value Committee for consideration.

The Enterprise Risk Management Policy described the Council's overarching risk management approach and was supported by a more granular operational risk management framework that described how the policy would be applied by all Council directorates and divisions to ensure that the Council was adequately protected, where possible, from the adverse impacts of unexpected events

Decision

To note the report.

(References – Policy and Sustainability Committee, 6 October 2020 (item 17); referral from the Policy and Sustainability Committee submitted.)

9. Council’s Risk Appetite Statement – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on the Council’s risk appetite statement to the Governance, Risk and Best Value Committee for consideration.

Decision

To note the report.

(References – Policy and Sustainability Committee, 6 October 2020 (item 18); referral from the Policy and Sustainability Committee submitted.)

10. Operational Risk Management Framework

A refresh of the Council’s current operational risk management arrangements over the next three years in response to the Council’s changing risk profile, ensuring that is more effectively aligned with the ‘three lines of defence’ model and good practice was presented for approval.

Decision

- 1) To approve the proposals set out in the paper for improving the Council’s operational risk management framework on a phased basis across the next three years, to enable more effective alignment with the ‘three lines of defence’ model and implementing good practice.
- 2) To note the response from the Chief Executive to the actions agreed at the August 2020 meeting of the Committee in relation to the Risk Management internal audit report

(References – Governance, Risk and Best Value Committee 3 December 2019 (item 10); report by the Executive Director of Resources, submitted)

11. Concurrent Risks Resilience Planning – referral from the Policy and Sustainability Committee

The Policy and Sustainability Committee had referred a report on the latest position with regard to the Council’s approach to resilience planning, which was being adapted following lessons learned from Covid-19 and the need to plan for a number of concurrent risks. to the Governance, Risk and Best Value Committee for consideration.

Decision

To note the report.

(References – Policy and Sustainability Committee, 6 October 2020 (item 22); referral from the Policy and Sustainability Committee submitted.)

12. Corporate Governance Framework Self-Assessment 2019/20

Details were provided on the Council's Corporate Governance Framework (CGF) which was based on the Chartered Institute of Public Finance & Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government.

The Council's self-assessment of its compliance with the framework for the financial year 1 April 2019 to 31 March 2020 was presented.

Decision

- 1) To note the Corporate Governance Framework Self-Assessment 2019-20.
- 2) To note ongoing development of an effective framework for the Council, with a focus on continuous improvement.
- 3) To note that the full effects of the COVID-19 pandemic on the design of the Council's control framework would be reported in the 2020-21 self-assessment period.
- 4) To agree that the Convener and any interested Committee Members would meet with Officers to consider how the Corporate Governance Framework Self-Assessment for 2020/21 could be refined to enhance the document.

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

13. Impact of Sheltered Housing Support in reducing loneliness and isolation

Information on improvements made to tackle loneliness and isolation experienced by citizens living in sheltered housing managed by the Edinburgh Health and Social Care Partnership, and how this would continually develop was provided.

The report also covered the Partnership's approach to supporting other vulnerable citizens during the pandemic.

Decision

- 1) To note the content of the report and the progress made to reduce loneliness and isolation for citizen's in City-wide Sheltered Housing communities.
- 2) To note that despite restrictions imposed by Covid-19, a programme of involvement and ongoing engagement with citizens had continued to see improvement for people whilst informing ongoing service development, for continually improving outcomes for people.
- 3) To note the briefing paper included as appendix 1 to the report, highlighting specific preventative activity during Covid-19 for those with dementia and their carers.
- 4) To note that Housing Officers who attended Sheltered Housing properties to test alarms would wear appropriate PPE and residents who were receiving tests would be warned prior.

(References – report by the Chief Officer, Edinburgh Health and Social Care Partnership, submitted.)

Outstanding Actions

Governance, Risk and Best Value Committee

8 December 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	March 2021 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		December 2020 This will be included as part of

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		the Political Management Report being considered at Council on 10 December 2020. <u>June 2020 Update</u> - Due to the Covid-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	December 2020 October/ November 2020		Recommended for closure The Marketing Edinburgh Annual Report is included

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
					February 2020 January 2020		<p>on the agenda on 8 December.</p> <p>Marketing Edinburgh Annual Report is on the agenda for Housing, Homelessness and Fair work Committee on 5 November and will be referred to GRBV on 8 December.</p> <p><u>June 2020:</u> Update More detailed report due at Policy & Sustainability in October 2020. Then onto the next available GRBV.</p> <p><u>March 2020:</u> Update</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>The report was scheduled to come to the March meeting. This meeting was 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>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
4	17.09.19	Work Programme – Management of Sheltered Housing Work Programme – Member/Officer Protocol	1) To request a report on the management of sheltered housing under Items for Scrutiny.	Chief Officer, Edinburgh Health and Social Care Partnership	October 2019		1. CLOSED. 1. Report submitted to Committee on 29 October 2019. New action opened
			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.	Chief Executive	February 2021 November 2020 September 2020 January 2020		<u>December 2020</u> The Code of Conduct Consultation is now live. The draft response to this is being developed to be presented to Council on 4 February 2021 (Consultation closes 6 February). Officers are working to ensure these two documents align The

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>Member/Officer Protocol will be brought to GRBV following this exercise in February 2021.</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</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p>Scottish Government that 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>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments	
5	03.12.19	Annual Assurance Schedule - Place Directorate	1)	To request a report back setting out what operational governance is in place to ensure that projects are delivered.	Executive Director of Place	January 2021 December 2020 August 2020 March 2020		<p><u>December 2020</u></p> <p>This will be included in the Place Annual Assurance report for 2021.</p> <p><u>August 2020:</u> Update</p> <p>This report will come to Committee in due course.</p>
			2)	Information to be provided to all Elected Members on the new city wide and locality team structures together with contact details of designated Senior Responsible Officers for major and local	Executive Director of Place	December 2020 August 2020 March 2020		<p>Recommended for closure</p> <p>The new service responsibilities within the Transport service were circulated to all Elected Members on 3 August 2020. Briefings for Elected Members can be arranged if</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			projects.				requested. There have been no changes to other Locality service responsibilities to date.
6	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		Recommended for closure This report is included on the agenda on 8 December. August 2020: Update The EDI Annual Accounts have not yet been finalised, once finalised accounts will go to EDI Board for approval before coming to GRBV.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							June 2020: Update This will be incorporated in the 2019 annual accounts report.
7	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.	Chief Executive	February 2021 December 2020		
			2) To agree to provide further detail on the process around resolving issues with community councillors.				Recommended for closure Question was answered at Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) To agree to include further information on the issues raised in relation to Council ALEOs and specifically the assurance statement relating to Marketing Edinburgh in the update scheduled to be reported to committee in July		July 2021		
			4) To agree the following textual changes: <ul style="list-style-type: none"> adjust paragraph 1.1 of the Annual Governance Statement to take the 				Recommended for closure: Amendments made

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>second sentence beginning with, “This 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- 				

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Committee” <ul style="list-style-type: none"> To remove the second “that” from paragraph 1.27. 				
8	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.	Chief Executive	March 2021 December 2020		
			2) To agree to follow up on the care home investigation.		December 2020	<u>Recommended for closure</u> Item is on the agenda for this meeting.	
9	07.07.20	Motion by Councillor Doggart – Pandemic Planning	1) Agrees that the chief executive reviews the council’s	Chief Executive	TBC		An interim debrief of the Council’s response to Covid-19 has been

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			<p>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>2) Asks that the chief executive updates the Policy and Sustainability committee on when he believes it would be appropriate both in terms of resources and timing for such a review to take place.</p>				<p>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 exercise at this time, but this will be kept under review and undertaken at the earliest</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							appropriate opportunity
10	29.09.20	Revenue Budget 2020/21 – Month Three Position	<p>1) To agree that the Convener would write to the Convener of the Policy and Sustainability Committee to raise the committee's concerns about whether the review of the IJB Strategic Plan was sufficient and that the response would be included on the Committee Business Bulletin (the draft letter would also be circulated to committee members for comment before it was sent).</p>	Convener			<p>Update</p> <p>Letter Issued to Convener of Policy and Sustainability on 3 November 2020.</p> <p>A draft letter was circulated to GRBV committee members on 29.10.20</p>
			<p>2) To request that a copy of the communication with the Cabinet Secretary for Finance at the Scottish</p>	Executive Director of Resources			<p>Closed</p> <p>An update was on the business bulletin for the</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Government (referenced at paragraph 2.1.6) would be circulated to committee members.				meeting of 3 November 2020
11	03.11.20	Internal Audit: Final Internal Audit reports supporting the 2019/20 Annual Opinion	1) To note the Head of Place Development would consider how Fire Safety measures are managed and communicated to Committee and Ward Councillors in the High-Rise Blocks within the Council's property estate.	Executive Director of Place	June 2021		
			2) To note that the Unwanted Fire Alarm Signals (UFAS) form would be removed from the intranet.	Executive Director of Resources			Recommended for closure Form removed 04.11.20
			3) To agree that the Head of Customer and Digital Services would	Executive Director of Resources			Recommended for closure

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			advise of the number of staff members with access to social media accounts				details sent 03.11.2020.
12	03.11.20	Corporate Governance Framework Self-Assessment 2019/20	To agree that the Convener and any interested Committee Members would meet with Officers to consider how the Corporate Governance Framework Self-Assessment for 2020/21 could be refined to enhance the document.	Chief Executive	March 2021		A meeting date in late February/early March will be issued to committee members by 31 December 2020.

This page is intentionally left blank

Work Programme

Governance, Risk and Best Value Committee – 8 December 2020

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
Page 31	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	September 2021
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	September 2021

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

17	Committee Decisions	Democracy	Annual report	Scrutiny	Chief Executive	Governance, Risk and Best Value Committee	Annual	December 2020 This will be included as part of the Political Management Report being considered at Council on 10 December 2020.
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
27	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	January 2021 (Place) January 2021 (Communities and Families) February 2021 (Chief Executive) August 2021 (EIJB) November 2021 (Resources)
28	Review of the Member/Officer Protocol	Review	Including timescales for submission	Scrutiny	Chief Executive	Council Wide	Flexible	February 2021

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

GRBV Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
January 2021		
Annual Assurance Schedule – Communities and Families	Scrutiny	Flexible
Annual Assurance Schedule - Place	Scrutiny	Flexible
Edinburgh Leisure – Progress Report	Scrutiny	Flexible
Quarterly Status Update – Digital Services - Report by the Executive Director of Resources	Scrutiny	Flexible

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

Internal Audit: Revisiting Internal Audit Extension Timeframes

Item number

Executive/routine

Executive

Wards

Council Commitments

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.2 reviews and notes the proposals included in this paper to risk accept, refresh and rebase (where appropriate) management actions associated with open and overdue Internal Audit (IA) findings following consideration of the challenges associated with the current operating environment and the ongoing impact of Covid-19.

Lesley Newdall

Chief Internal Auditor

Legal and Risk Division, Resources Directorate

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

Internal Audit: Revisiting Internal Audit Extension Timeframes

2. Executive Summary

- 2.1 The purpose of this paper is to update the committee on management's decisions to risk accept, refresh and rebase (where appropriate) management actions associated with open and overdue IA findings as at 30 October 2020, following consideration of the challenges associated with the current operating environment and the ongoing impact of Covid-19 upon the Council.
- 2.2 Completion of this exercise confirms that the risks associated with open IA findings across the Council remain relevant and require to be addressed, as only a small number of management actions will be refreshed.
- 2.3 It is recommended that two High rated findings in relation to the design of the Place localities operating model and the refresh of the Council's operational property strategy are transferred to the Adaptation and Renewal programme for completion. This will involve a further refresh of the actions and extension of the dates for the 8 management actions associated with these findings.
- 2.4 Following the four month extension applied to all open IA findings, management has requested that implementation dates are extended for a further 65 management actions associated with open IA findings.

3. Background

- 3.1 A paper outlining IA's Covid-19 response was presented to the GRBV in June 2020 that recommended application of a four-month extension to completion dates for all open and overdue IA findings, enabling management to focus on resilience activities and the return to business as usual.
- 3.2 This paper also confirmed that management was encouraged to work with IA, where practicable and possible, towards the closure of open and overdue management actions associated with IA findings, and that the position would be reviewed again at the end of July.

- 3.3 IA has worked with directorates to establish the impact of Covid-19 on their open IA findings to determine their capacity for supporting closure in the current environment and agree whether findings should be closed; completion dates extended, where required; or could be risk accepted in instances where Covid-19 had impacted capacity and the residual risk associated with the open finding was Low to Medium.
- 3.4 There was a total of 126 open and overdue IA findings as at 30th October 2020 across the Council. This figure includes all of the completed 2019/20 audits. These open IA findings are supported by a total of 376 management actions, with multiple actions mapped to each finding that require to be completed to support closure of these findings. As at 30 October, a total of 65 findings and 170 management actions were overdue, based on implementation dates agreed with management when audit reports were finalised.
- 3.5 Further detail on the number of open IA findings and supporting management actions for each directorate, as at 30th October 2020, is included at Appendix 1.
- 3.6 In October 2020, the Corporate Leadership Team (CLT) agreed that additional support was needed in directorates to help to address the open and overdue IA findings position, with the objective of seeing a significant improvement by the end of January 2021.
- 3.7 This additional support has now been secured, and it is expected that progress will be evident with closure of open and overdue findings, where possible; the design of solutions required to address overdue IA findings; and / or a significant reduction in the ratings allocated to overdue findings indicating that the associated risks are gradually being addressed. Focus will also be directed towards current IA findings to ensure that they are closed on time and do not become overdue.

4. Main report

Proposed changes to the current open IA findings position

- 4.1 Management has proposed the following changes to the 376 management actions supporting the 126 open IA findings (as at 30 October 2020) as detailed in the table at Appendix 1:
- 4.1.1 **risk acceptance** – a total of 4 management actions supporting 3 open IA findings are proposed for risk acceptance. Agreement has been reached with IA on 2 of the 4 risk proposals, and 2 are subject to ongoing discussion with management. Further information is included at 4.2 below:
- 4.1.2 **management actions refreshed and dates extended** - a total of 22 management actions are refreshed, with new actions and implementation dates agreed. The majority of these findings relate to High rated actions to be completed by all directorates that were originally raised in the Resilience

audit completed in September 2018. Further detail is included at 4.3 to 4.6 below.

- 4.1.3 **actions to be transferred to the Adaptation and Renewal Programme** – 2 High rated findings (and 8 associated management actions) in relation to the design of the Place Localities operating model, and the refresh of the Council's operational property strategy will be transferred to Adaptation and Renewal programme for resolution. It is likely that these actions will also require to be refreshed and their implementation dates extended.
- 4.1.4 **implementation dates extended** - completion dates for 65 management actions (41 High; 23 Medium; and 1 Low) will be extended;
- 4.1.5 **no changes required** – the balance of 277 management actions will be completed within currently agreed implementation timeframes.

Risk Acceptance

4.2 The impact of the risk accepted management actions is as follows:

- 4.2.1 **Phishing Resilience (Resources)** - the residual elements of one High rated finding (one management action) raised in the July 2018 Phishing Resilience audit has been risk accepted, as the Resources directorate (Digital Services) has confirmed that it has not been possible to route phishing information generated by clicking the MS outlook 'report phishing' button directly to the CGI helpdesk without incurring additional costs. Consequently, the themes associated with phishing incidents reported via e mail will not be investigated by CGI and included in reports provided to the Security Working Group. Digital Services Management has confirmed that they will continue to explore options to ensure that phishing emails reported by email users are investigated. This proposal has been discussed and agreed with IA.
- 4.2.2 **HMO Licencing (Place)** - the remaining aspects of a Low rated management action raised in the August 2019 HMO Licencing audit relating to the induction process for new licencing team members has been risk accepted by the Place directorate. Whilst a new induction process has been designed, IA has not confirmed whether it has been applied to all new employees as the licencing team has been impacted by Covid-19. This proposal has been discussed and agreed with IA.
- 4.2.3 **Asset Management Strategy (Resources)** - discussion is ongoing with management in relation to their proposals to risk accept a High rated finding and two associated management actions that were reopened in the July 2019 Asset Management Strategy audit. These findings were originally raised in the January 2016 Management Information Quality within Facilities Management audit, and relate to the completeness, accuracy and quality of historic and current data used to manage the Council's operational property portfolio.

Resilience Management Actions

- 4.3 The Resilience audit completed in September 2018 included a High rated finding that required each Directorate to:
- 4.3.1 review third party contracts to confirm that they have established appropriate resilience arrangements to support ongoing delivery of Council services;
 - 4.3.2 develop annual assurance arrangements with third party suppliers in relation to their resilience arrangements;
 - 4.3.3 complete an annual review of resilience business impact assessments and call trees; and,
 - 4.3.4 develop resilience plans for their statutory and critical services and essential activities:
- 4.4 The majority of these findings are now overdue as their originally agreed completion dates were between 2018 and 2019.
- 4.5 The resilience findings were reviewed and discussed with the Council's Resilience team to consider whether they should be refreshed, and completion dates rebased, given the impact of Covid-19 and current plans to refresh the Council's operational resilience approach.
- 4.6 This confirmed that directorate actions in relation to establishing the adequacy of third party supplier resilience arrangements remain relevant, and that these implementation dates should be extended (refer 4.6.1 and 4.6.2 below), and that a further four directorate operational resilience actions should be refreshed with dates extended following implementation of the refreshed operational resilience arrangements. Details of the refreshed actions and revised implementation dates are included at 4.6.3 to 4.6.6 below.
- 4.6.1 review third party contracts to confirm that they have established appropriate resilience arrangements to support ongoing delivery of Council services with a revised implementation date of 31 March 2021.
 - 4.6.2 develop processes to obtain annual assurance from third party suppliers on the adequacy of their resilience arrangements with a revised implementation date of 31 March 2022.
 - 4.6.3 update resilience business impact assessments and enter the dates into the resilience management system (Continuity 2) by 31 May 2022.
 - 4.6.4 develop resilience plans / protocols for High-risk essential services by 31 December 2022, and then all other services by 31 December 2023 following implementation of the planned organisational restructure and the roll out of revised business impact assessments by the Resilience team.
 - 4.6.5 develop resilience plans for all remaining essential services by 31 December 2023.

4.6.6 update and validate business area resilience plans and protocols annually by 31 December 2024.

4.7 Given the timeframes involved in reviewing open IA findings with directorates, the full population of amendments proposed in this report was not reflected in the overdue findings position as at 30 October 2020 presented to the Committee. Where relevant, overdue management actions included in Appendix 2 of the Overdue Findings report have been manually updated to reflect the outcomes of this exercise.

5. Next Steps

5.1 Internal Audit has offered training and support for the additional employees in each directorate who will be focused on supporting improvement in the current position with open IA findings between October and January 2021.

5.2 Quarterly reporting on the open and overdue IA findings position to the committee will be reinstated with effect from December 2020.

5.3 The position with open IA findings will continue to be closely monitored and will be reconsidered in the event of any subsequent resilience events that could further impact management's capacity to address the risks associated with open IA findings.

6. Financial impact

6.1 There are no direct financial impacts arising from this report, although failure to close findings and address the associated risks in a timely manner may have some inherent financial impact.

7. Stakeholder/Community Impact

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

8. Background reading/external references

8.1 [Internal Audit – Covid-19 Response - Item 8.1](#)

9. Appendices

9.1 Appendix 1 – Analysis of changes to open IA findings and supporting management actions as at 30 October 2020.

Appendix 1 – Analysis of changes to open IA findings and supporting management actions as at 30th October 2020

Directorate	Resources			Communities and Families			Health and Social Care			Place			Chief Executive and Strategy and Comms			Total
	High	Med	Low	High	Med	Low	High	Med	Low	High	Med	Low	High	Med	Low	
Total number of open findings	16	20	7	4	11	-	9	12	2	15	8	8	5	9	-	126
Total number of supporting management actions	53	43	12	41	28	1	31	32	4	49	16	19	28	19	-	376
Management Actions Risk accepted	3*	-	-	-	-	-	-	-	1	-	-	1	-	-	-	4
Management actions refreshed and dates extended**	4	-	-	4	-	-	4	-	-	4	-	-	5	1	-	22
Management actions - extended Implementation dates agreed	7	4	1	16	10	-	6	8	0	4	-	-	8	1	-	65
Management actions transferred to Adaptation & Renewal Programme	2	-	-	-	-	-	-	-	-	5	-	-	1	-	-	8
Management action on schedule for completion by current implementation date	37	39	11	21	18	1	21	24	4	36	16	18	14	17	-	277

* note that that this includes the 2 management actions that have been proposed for risk acceptance and are currently being discussed with management

** note that this includes the Council wide resilience actions – 4 for each Directorate

This page is intentionally left blank

Governance, Risk, and Best Value Committee

10:00am, Tuesday, 8 December 2020

Internal Audit: Overdue Findings and Key Performance Indicators at 30 October 2020

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Committee notes:
 - 1.1.1 the status of the overdue Internal Audit (IA) findings as at 30 October 2020; and
 - 1.1.2 refers this paper to the relevant Council Executive committees and the EIJB Audit and Assurance Committee for information.

Lesley Newdall

Chief Internal Auditor

Legal and Risk Division, Resources Directorate

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

Internal Audit: Overdue Findings and Key Performance Indicators at 30 October 2020

2. Executive Summary

Open and overdue Internal Audit findings

- 2.1 Due to the impacts of Covid-19, the last report on overdue IA findings was presented to the Committee in December 2019 and reported the position as at 22 October 2019. A high level update on the position as at 31 March 2020 was also included in the 2019/20 IA annual opinion that was presented to the Committee in August 2020.
- 2.2 Monthly reporting on overdue IA findings to the Corporate Leadership team (CLT) recommenced in October 2020, reporting the position as at 28 September 2020.
- 2.3 With regard to resolution of the 26 historic overdue findings reopened in June 2018, only one overdue finding remains and validation of this is in progress.
- 2.4 A total of 126 open IA findings remain to be addressed across the Council as at 30 October 2020. This includes the one remaining historic finding and excludes open and overdue Internal Audit findings for the Edinburgh Integration Joint Board and the Lothian Pension Fund.
- 2.5 Of the 126 currently open IA findings:
 - 2.5.1 a total of 65 (52%) are open, but not yet overdue;
 - 2.5.2 61 (48%) are currently reported as overdue as they have missed the final agreed implementation dates. This reflects an increase of 6% in comparison to the October 2019 position (42%).
 - 2.5.3 72% of the overdue findings are more than six months overdue, reflecting an increase of 6% in comparison to October 2019 (66%) with 28% aged between six months and one year and 44% more than one year overdue.
 - 2.5.4 The historic position (more than one year overdue) has improved in comparison to the October 2019, with a decrease from 66% to 44% evident, reflecting increased management focus on this population.
 - 2.5.5 evidence in relation to 10 of the 61 overdue findings is currently being reviewed by IA to confirm that it is sufficient to support closure; and

2.5.6 51 overdue findings still require to be addressed.

- 2.6 Whilst good progress continues with resolution of all but one of the reopened historic overdue findings and findings that are more than one year overdue, it is important to ensure that management continues to focus on timely implementation of agreed management actions supporting the remaining population of open and overdue findings. This should result in an improvement in the ageing profile of overdue findings and will help to ensure that the Council is not exposed to the risks associated with these findings for a significant period of time.
- 2.7 The number of overdue management actions associated with open and overdue findings where completion dates have been revised more than once since July 2018 is 71, reflecting an increase of 38 when compared to the October 2019 position. This excludes the four month date extension that was applied to reflect the impact of Covid-19.

Key Performance Indicators

- 2.8 Recognising the impacts of Covid-19, IA key performance indicators (KPIs) have not been applied to the Covid-19 audits completed by IA during the period July to October 2020.
- 2.9 KPIs will now be applied to delivery of the remaining audits included in the refreshed 2020/21 IA annual plan approved by the Committee in September 2020. Whilst the KPIs will be applied, the ongoing Covid-19 impacts on the areas being audited will also be considered.

3. Background

- 3.1 Overdue findings arising from IA reports are reported monthly to the Corporate Leadership Team (CLT) and quarterly to the GRBV Committee.
- 3.2 This report specifically excludes open and overdue findings that relate to the Edinburgh Integration Joint Board (EIJB) and the Lothian Pension Fund (LPF). These are reported separately to the EIJB Audit and Assurance Committee and the Pensions Audit Sub-Committee respectively.
- 3.3 Findings raised by IA in audit reports typically include more than one agreed management action to address the risks identified. IA methodology requires all agreed management actions to be closed in order to close the finding.
- 3.4 The IA definition of an overdue finding is any finding where all agreed management actions have not been evidenced as implemented by management and validated as closed by IA by the date agreed by management and IA and recorded in relevant IA reports.
- 3.5 The IA definition of an overdue management action is any agreed management action supporting an open IA finding that is either open or overdue, where the individual action has not been evidenced as implemented by management and validated as closed by IA by the agreed date.

- 3.6 Where management considers that actions are complete and sufficient evidence is available to support IA review and confirm closure, the action is marked as ‘implemented’ by management on the IA follow-up system. When IA has reviewed the evidence provided, the management action will either be ‘closed’ or will remain open and returned to the relevant owner with supporting rationale provided to explain what further evidence is required to enable closure.
- 3.7 A ‘started’ status recorded by management confirms that the agreed management action remains open and that implementation progress ongoing.
- 3.8 A ‘pending’ status recorded by management confirms that the agreed management action remains open with no implementation progress evident to date.
- 3.9 An operational dashboard has been designed to track progress against the key performance indicators included in the IA Journey Map and Key Performance Indicators document that was designed to monitor progress of both management and Internal Audit with delivery of the Internal Audit annual plan. The dashboard is provided monthly to the Corporate Leadership Team to highlight any significant delays that could potentially impact on delivery of the annual plan.

4. Main report

- 4.1 The 126 open IA findings across the Council have been split into the following two categories to enable separate monitoring and reporting of the historic findings that were reopened in June 2018:
- 4.1.1 Current findings (125 in total) shows progress with findings raised, tracked, and reported on as part of the routine IA assurance cycle; and
- 4.1.2 Historic overdue findings (1 in total) highlight progress with closure of the 26 historic findings that were reopened in June 2018.
- 4.2 A total of 61 open IA findings (60 current and 1 historic) are overdue.
- 4.3 The movement in open and overdue IA findings during the period 22 October 2019 to 30 October 2020 is as follows:

	Analysis of changes between 22/10/19 and 30/10/20				Analysis at 30/10/20	
	Position 22/10/19	Added	Closed	Position 30/10/20	Current	Historic reopened
Open	101	69	(44)	126	125	1
Overdue	42	51	(32)	61	60	1

Appendix 1 provides a graphic of the analysis detailed at 4.1 and 4.2 above.

Current Overdue Findings

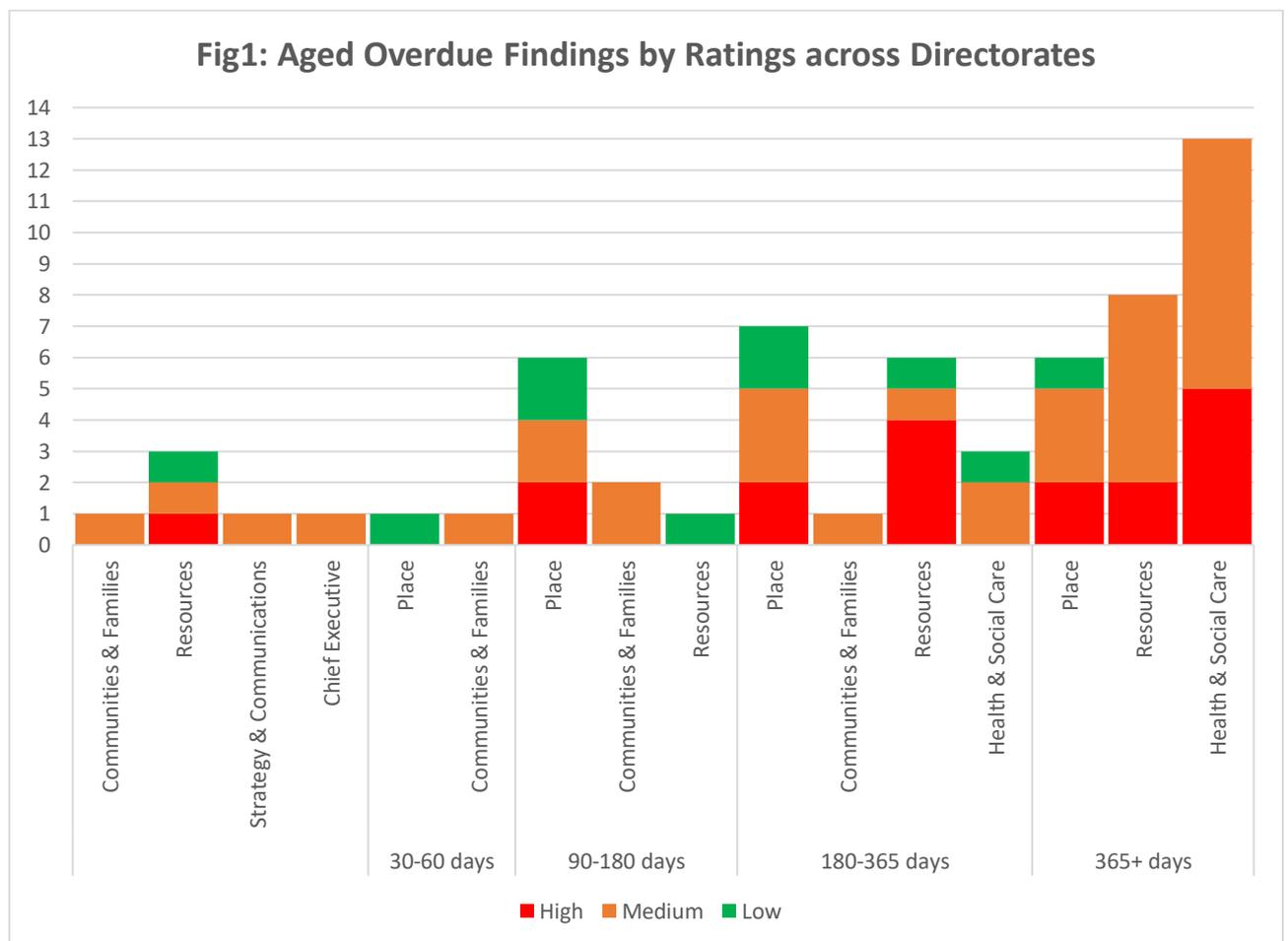
- 4.4 Of the 126 currently open findings, 61 (48%) comprising 18 High; 33 Medium; and 10 Low rated findings are now 'overdue'.
- 4.5 However, IA is currently reviewing evidence to support closure of 10 of these findings (3 High, 5 Medium and 2 Low), leaving a balance of 51 overdue findings (15 High; 28 Medium; and 8 Low) still to be addressed.

Historic Overdue Findings

- 4.6 IA is currently reviewing evidence recently provided to support closure of the one final remaining medium rated historic finding. This work will be completed by December 2020.

Overdue findings ageing analysis

- 4.7 Figure 1 illustrates the ageing profile of all 61 current and historic overdue findings by rating across directorates as at 30 October 2020.



- 4.8 This analysis of the ageing of the 61 overdue findings outlined below highlights that Directorates continue to make good progress with resolving findings between six months and one-year overdue, as the proportion of those findings, has significantly decreased. However, there has been an increase in the proportion of findings less

than six months overdue, as well as a rise in the proportion of findings that are overdue by more than one year.

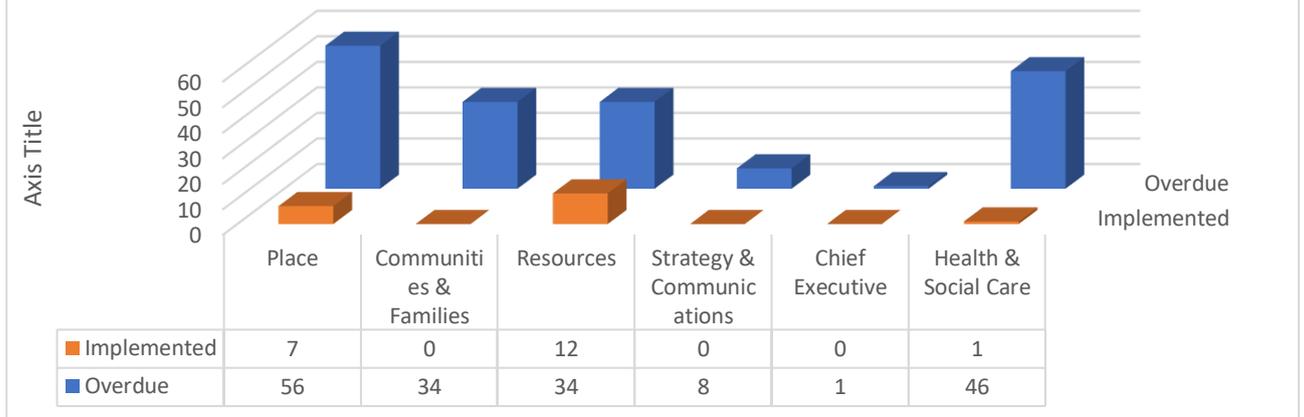
- 8 (13%) less than 3 months (90 days) overdue, in comparison to 26% as at October 2019;
- 9 (15%) between 3 and 6 months (90 and 180 days) overdue, in comparison to 7% as at October 2019;
- 17 (28%) between 6 months and one year (180 and 365 days) overdue, in comparison to 16% as at October 2019; and
- 27 (44%) more than one year overdue, in comparison to 50% as at October 2019.

It should be noted that findings more than 180 days old include the one remaining medium rated historic finding to be closed (see 4.6 above) that is currently being reviewed by IA.

Agreed Management Actions Analysis

- 4.9 The 126 open IA findings are supported by a total of 376 agreed management actions. Of these, 179 (48%) are overdue as the completion timeframe agreed with management when the report was finalised has not been achieved. This reflects a 16% increase from the October 2019 position (32%).
- 4.10 Of the 179 overdue management actions, 20 have a status of 'implemented' and are currently with IA for review to confirm whether they can be closed, leaving a balance of 159 to be addressed.
- 4.11 Appendix 2 provides an analysis of the 179 overdue management actions highlighting:
- their current status as at 30 October 2020 with:
 - 20 implemented actions where management believe the action has been completed and it is now with IA for validation;
 - 119 started where the action is open, and implementation is ongoing; and
 - 40 pending where the action is open with no implementation progress evident to date.
 - 44 instances (24%) where the latest implementation date has been missed; and
 - 76 instances (42%) where the implementation date has been revised more than once.
- 4.12 Figure 2 illustrates the allocation of the 179 overdue management actions across Directorates, and the 20 that have been passed to IA for review to confirm whether they can be closed.

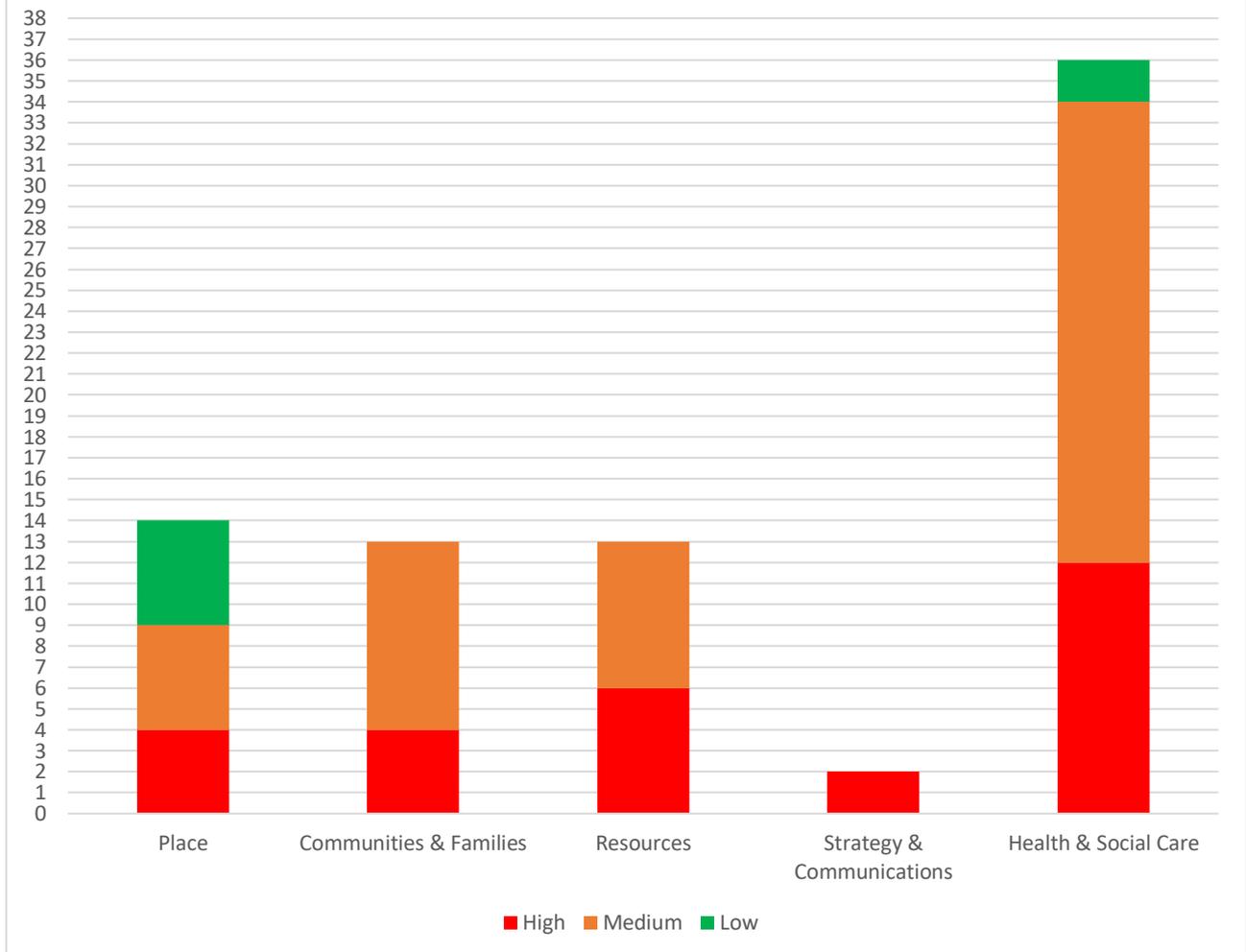
Figure 2: Overdue and Implemented Management Actions by Directorate



Revised Implementation Dates

- 4.13 Figure 3 illustrates that there are currently 78 open management actions (including those that are overdue) across directorates where completion dates have been revised between one and five times since July 2018. This number excludes the automatic extension applied by IA to reflect the impact of Covid-19.
- 4.14 This reflects an increase of 45 in comparison to the position reported in October 2019 (33).
- 4.15 Of these 78 management actions, 28 are associated with High rated findings; 43 Medium; and 7 Low, with the majority of date revisions in Health and Social Care directorate.

Figure 3 - management actions with more than one revised completion date since July 2018



4.16 Given the timeframes involved in reviewing open IA findings with directorates as part of the revisiting IA extension timeframes exercise, the full population of amendments to overdue findings has not been reflected in this paper. Where relevant, overdue management actions included in Appendix 2 have been manually updated to reflect extension timeframes outcomes.

Key Performance Themes Identified from the IA Dashboard

4.17 The IA dashboard has not been applied since April 2020 as the annual IA plan was paused to enable the Council to focus on implementation of Covid-19 resilience activities. The dashboard will be reinstated to support delivery of the IA annual plan with effect from October 2020.

5. Next Steps

- 5.1 IA will continue to monitor the open and overdue findings position, providing monthly updates to the CLT and quarterly updates to the Governance, Risk and Best Value Committee.

6. Financial impact

- 6.1 There are no direct financial impacts arising from this report, although failure to close findings and address the associated risks in a timely manner may have some inherent financial impact.

7. Stakeholder/Community Impact

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

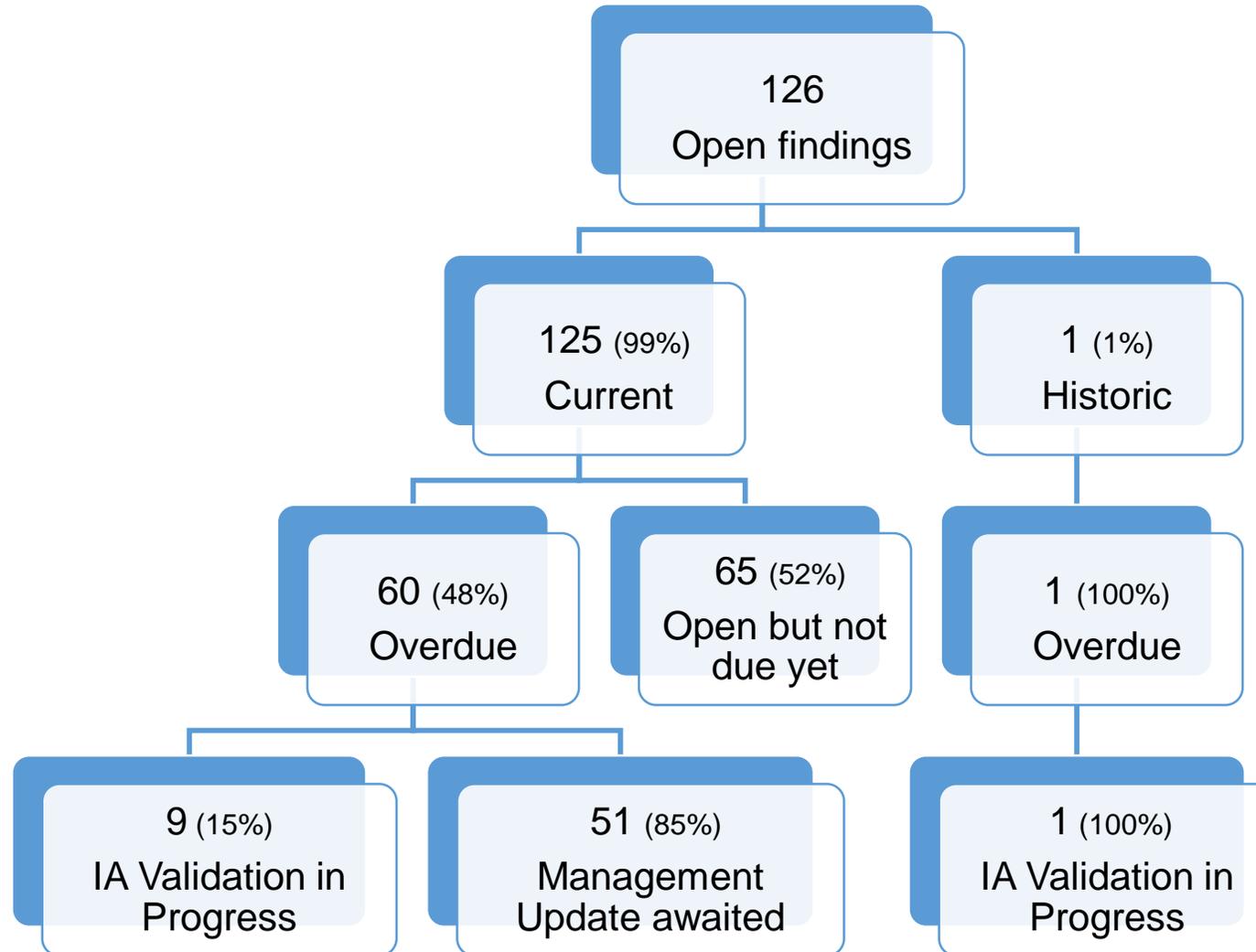
8. Background reading/external references

- 8.1 [Internal Audit report - Historic Internal Audit Findings - May 2018 Committee - Item 7.3](#)
- 8.2 [Internal Audit Report – Overdue Findings and Late Management Responses as at 22 October 2019 – December 2019 Committee - Item 11](#)

9. Appendices

- 9.1 Appendix 1 – Graphic of Open and Overdue IA Findings
- 9.2 Appendix 2 – Internal Audit Overdue Management Actions

Appendix 1 - Internal Audit Open and Overdue findings position as at 30th October 2020



Appendix 2 - Internal Audit Overdue Management Actions

Glossary of terms

1. Project – This is the name of the audit report.
2. Owner – The Executive Director responsible for implementation of the action.
3. Issue Type – This is the priority of the audit finding, categorised as Critical; High; Medium; or Low
4. Issue – This is the name of the finding.
5. Status – This is the current status of the management action. These are categorised as:
 - Pending (the action is open and there has been no progress towards implementation),
 - Started (the action is open and work is ongoing to implement the management action), and
 - **Implemented** (the service area believes the action has been implemented and this is with Internal Audit for validation).
6. Agreed Management action – This is the action agreed between Internal Audit and Management to address the finding.
7. Estimated date – the original agreed implementation date.
8. Revised date – the current revised date. **Red** formatting in the dates field indicates the last revised date is overdue.
9. Number of revisions – the number of times the date has been revised since July 2018. **Amber** formatting in the dates field indicates the date has been revised more than once.
10. Contributor – Officers involved in implementation of an agreed management action.

Page 57

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
1	Portfolio Governance Framework CE1801 Issue 1: Project and portfolio management and scrutiny Paul Lawrence, Executive Director of Place and SRO	High	CE1801 Issue 1.2: Completeness and accuracy of project reporting Implemented	It was agreed at the Council's Change Board on 17 April 2019 that the management actions detailed above would be implemented by each Directorate (with the exception of the Health and Social Care Partnership where scrutiny of change and major projects is performed by the Edinburgh Integration Joint Board) and Strategy and Communications	Estimated Date: 31/12/2019 Revised Date: 01/05/2020 No of Revisions 0	Alison Coburn David Givan George Gaunt Laurence Rockey Simone Hislop

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
2	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>CF1901 Issue 2.3(c): Risk Based Annual Address Checks</p> <p style="background-color: green; color: black;">Implemented</p>	<p>The Transactions Team is currently engaging the Council's Business Transformation team to explore intelligent automation options for completing annual checks. Should this solution not be feasible, a risk-based methodology will be developed and documented to determine scope and extent of future checks.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 0</p>	<p>Alison Roarty Jane MacIntyre Layla Smith Michelle Vanhegan Neil Jamieson Nicola Harvey Ruth Currie Sheila Haig</p>
3	<p>Historic Unimplemented Findings</p> <p>MIS1601 - issue 1 Budgetary Impact</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Recommendation 1 - Budgetary Impact</p> <p style="background-color: green; color: black;">Implemented</p>	<p>The R&M budget for 2016/17 will be closely monitored as services are now procured direct from suppliers and an imbedded due diligence process has been developed. This will inform the budget setting process, but it should, however, be noted that this has historically been based on availability and not need.</p>	<p>Estimated Date: 31/03/2017</p> <p>Revised Date: 29/06/2018</p> <p>No of Revisions 0</p>	<p>Audrey Dutton Gohar Khan Layla Smith Michelle Vanhegan Murdo MacLeod Peter Watton</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
4	<p>ICT System Access Rights</p> <p>CW1809 Financial Systems Access Controls - Development of Overarching Action plan</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>CW1809 - Development of Overarching Action plan</p> <p>Implemented</p>	<p>Digital Services has confirmed that they will own the findings raised from this review and will work (in conjunction with other divisions such as information governance; finance; and human resources) to create an appropriate action plan to address the risks identified. The action plan will initially focus only on the Council's key financial systems and will consider all of the recommendations made by Internal Audit in this report. It is also acknowledged that the risks that have been highlighted are not exclusively limited to financial systems and could also extend to the Health and Social Care Partnership (the Partnership). Consequently, the action plan will include guidance to be applied by all system administrators across the Council. This will be communicated and shared with the expectation that it will be applied across all systems and divisions, including those that deliver services on behalf of and provide support to the Partnership. Following distribution of the guidance, discussions will be held with Internal Audit to determine whether the remaining systems used across the Council should be subject to a separate audit to confirm whether the user administration guidance is being consistently applied. Once the plan has been prepared and resources to support implementation identified and agreed with relevant divisions, timeframes for implementation of individual system plan actions will be discussed and agreed with Internal Audit. The plan will be prepared by March 2020.</p>	<p>Estimated Date: 28/02/2020</p> <p>Revised Date: 01/07/2020</p> <p>No of Revisions 0</p> <p>Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service.</p>	<p>Alison Roarty Heather Robb Layla Smith Michelle Vanhegan Nicola Harvey</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
5	<p>Digital Services Change Initiation</p> <p>CW1901 Change Initiation: Issue 2 - Actions and responsibilities in the Partnership Board report</p> <p>Stephen Moir, Executive Director of Resources</p>	Low	<p>CW1901 Recommendation 2.1.1 - Reporting rationale for significant delays to the Partnership Board</p> <p>Implemented</p>	Agreed – will be implemented as recommended by Internal Audit.	<p>Estimated Date: 30/09/2020</p> <p>Revised Date:</p> <p>No of Revisions 0</p>	<p>Alison Roarty Derek Masson Heather Robb Jackie Galloway Layla Smith Michelle Vanhegan Nicola Harvey</p>
Page 60 6	<p>Digital Services Change Initiation</p> <p>CW1901 Change Initiation: Issue 2 - Actions and responsibilities in the Partnership Board report</p> <p>Stephen Moir, Executive Director of Resources</p>	Low	<p>CW1901 Recommendation 2.1.2 - Reporting themes impacting change requests to the Partnership Board</p> <p>Implemented</p>	Agreed – will be implemented as recommended by Internal Audit.	<p>Estimated Date: 30/09/2020</p> <p>Revised Date:</p> <p>No of Revisions 0</p>	<p>Alison Roarty Derek Masson Heather Robb Jackie Galloway Layla Smith Michelle Vanhegan Nicola Harvey</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
7	Lone working HSC1902: Lone Working - Issue 5: Health and Safety Risk Management and Covid-19 Impacts Judith Proctor, Chief Officer	Medium	HSC1902: Issue 5.1(b) - COVID-19 lone worker risk assessments Implemented	A reminder will be issued to all Partnership localities and services to request that all current risk assessments are reviewed to ensure they take account of the changing working environment. Further changes to risk assessment templates and procedures will be addressed as part of the wider detailed action plan.	Estimated Date: 30/09/2020 Revised Date: No of Revisions 0	Angela Lindsay Angela Ritchie Cathy Wilson Deborah Mackle Helen Elder Mike Massaro-Mallinson Moira Pringle Nikki Conway Tom Cowan
Page 61	Non-Housing Invoices Schedule of Rates Stephen Moir, Executive Director of Resources	Medium	New non-housing contractor framework Implemented	The non-Housing contractor framework will be re-tendered during 2017. The inclusion of detailed best-value and due-diligence options will be considered as part of the process. This may include schedule of rates, gain share, penalties etc or a combination.	Estimated Date: 31/08/2017 Revised Date: 31/03/2019 No of Revisions 2	Audrey Dutton Gohar Khan Layla Smith Mark Stenhouse Michelle Vanhegan Murdo MacLeod Peter Watton
9	Non-Housing Invoices Availability of documentation Stephen Moir, Executive Director of Resources	Medium	CAFM Implemented	It is anticipated that CAFM will be in operational use (services being implemented on a rolling programme thereafter) in early 2017 with a non-Housing R&M implementation process in place for FY 2017/18	Estimated Date: 01/04/2017 Revised Date: 31/08/2018 No of Revisions 1	Audrey Dutton Gohar Khan Layla Smith Michelle Vanhegan Murdo MacLeod Peter Watton

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
10	Local Development Plan Financial Modelling Paul Lawrence, Executive Director of Place and SRO	High	Funding Implemented	Challenge of infrastructure proposals will be performed at the LDP Action Programme oversight group. Complete and agree Financial Model of 2018 LDP Action Programme Annual Report to CLT and F&R Committees Prepare update to Financial Model in line with next LDP project plan.	Estimated Date: 31/03/2018 Revised Date: 01/10/2020 No of Revisions 2	Alison Coburn Claire Duchart David Leslie David Givan George Gaunt Kate Hopper Michael Thain Sandra Harrison
Page 62	Local Development Plan Governance arrangements over infrastructure appraisals Paul Lawrence, Executive Director of Place and SRO	Medium	Infrastructure Governance arrangements Implemented	Establish and agree appropriate roles, resources and the responsibilities for delivery the above matters as an early action in the project plan for LDP 2. Oversight will be provided by the Project Board to ensure that all individual appraisals performed across Service Areas have applied these recommendations. (sept 18)	Estimated Date: 31/03/2018 Revised Date: 01/10/2020 No of Revisions 2	Alison Coburn Claire Duchart David Leslie David Givan George Gaunt Kate Hopper Michael Thain Sandra Harrison

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
12	<p>Planning and S75 Developer Contributions</p> <p>End to end developer contribution processes, procedures, and training</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>PL 1802 Iss 2 Rec 2.1 process documentation, guidance, and standardised documentation</p> <p>Implemented</p>	<p>Planning is working with Finance and Legal Service on a number of key areas of the end to end process. Significant progress has been made including; the pilot and use of a transport officer proforma, to identify and detail infrastructure requirements: and the introduction of standard legal agreements. Planning continues to work with legal services to finalise developer contribution templates for planning officers and this will inform a standardised approach to key consultee infrastructure requests. All Internal Audit recommendations will be implemented as detailed above (with the exception of 3), with Planning leading the process. As an alternative to IA recommendation 3, the rationale detailing why either no agreement; or a section 69 or 75 agreement has been developed and applied, will be documented.</p>	<p>Estimated Date: 31/03/2020 Revised Date: 01/08/2020 No of Revisions 0</p>	<p>Alison Coburn Alison Henry Annette Smith Bruce Nicolson David Leslie David Givan George Gaunt Graham Nelson Hugh Dunn Kevin McKee Michael Thain Michelle Vanhegan Nick Smith Rebecca Andrew</p>
13	<p>Waste & Cleansing Services - Performance Management Framework</p> <p>PL1807 Issue 1: Waste and Cleansing Performance Management Framework</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1807 1.1 Waste and Cleansing budget uplift</p> <p>Implemented</p>	<p>Finance colleagues will be engaged to ensure that the Waste and Cleansing budget is rebased to reflect actual demographic changes and includes street cleansing.</p>	<p>Estimated Date: 29/05/2020 Revised Date: 01/10/2020 No of Revisions 0</p>	<p>Alison Coburn Andy Williams David Givan Gareth Barwell George Gaunt Karen Reeves</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
14	<p>Waste & Cleansing Services - Performance Management Framework</p> <p>PL1807 Issue 1: Waste and Cleansing Performance Management Framework</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1807 1.2 Performance Indicators</p> <p>Implemented</p>	<p>This indicator will be included as a question in quarterly survey and the results included in annual Waste and Cleansing performance reports. The next annual Waste and Cleansing performance report is due to be presented to the Transport and Environment Committee in May 2020.</p>	<p>Estimated Date: 29/05/2020</p> <p>Revised Date: 01/10/2020</p> <p>No of Revisions 0</p>	<p>Alison Coburn Andy Williams David Givan Gareth Barwell George Gaunt Karen Reeves</p>
15	<p>Waste & Cleansing Services - Performance Management Framework</p> <p>PL1807 Issue 1: Waste and Cleansing Performance Management Framework</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1807 1.3 Waste and Cleansing Policy</p> <p>Implemented</p>	<p>The Policy Handbook will not be updated to reflect items suitable for inclusion in residual waste bins as it is not updated frequently enough to ensure that this information would be up to date and accurate. A clearer link to the Scottish Government's Code of Practice on Litter and Refuse guidance will be included in all customer communications and on the website.</p>	<p>Estimated Date: 27/12/2019</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 1</p>	<p>Alison Coburn Andy Williams David Givan Gareth Barwell George Gaunt</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
16	Property Maintenance Monitoring of outstanding jobs Stephen Moir, Executive Director of Resources	Medium	Monitoring of outstanding jobs Implemented	The AS400 system does not allow recoding or reporting on completion until invoice stage. Contractors are already confirming when jobs complete to agreed SLAs (M&E in particular). This includes outstanding jobs. New contracts being procured will require all contracts to report on performance, but this is not anticipated to be complete until end 2017 by which time CAFM will also be in place. CAFM will support monitoring of outstanding works orders. In the meantime, as noted in Finding 2, an interim monitoring/tracking process has been developed for condition survey high risk/urgent items	Estimated Date: 31/12/2017 Revised Date: 31/05/2019 No of Revisions 3	Audrey Dutton Gohar Khan Layla Smith Mark Stenhouse Michelle Vanhegan Murdo MacLeod Peter Watton
Page 65 17	Supplier Management Framework and CIS Payments RES1809 Issue 2: Contracts and Grants Management Strategic Direction Stephen Moir, Executive Director of Resources	High	RES1809 Issue 2.1: Identification of High-Risk Contracts and Contracts and Grants Management Capacity Implemented	Currently, there are approximately 120 Tier 1 contracts on the Council's contract register, and 291 Tier 2 contracts. The C&GM Team will assist services in identifying those contracts they have which should be categorised as either Tier 1 or Tier 2, and this will be dealt with under the Council's contract management framework, including at contract mobilisation post contract award. This work will be dependent upon active service area engagement. Commercial and Procurement Services will shortly be commencing a review of the Council's current Commercial and Procurement Strategy (2016-2020), which will be submitted to the Finance and Resources Committee for adoption in March 2020. This will include detail on how the operational work of the team will support the strategy, including the work of the C&GM Team. A suitable section will be included in the Strategy around contract management support/training, including an estimated number of compliance reviews that are to be undertaken and the Directorates to which they relate, and if practicable specific contracts. Compliance with the strategy is reported annually to Finance and Resources Committee, in August, so this will enable annual monitoring against this.	Estimated Date: 30/09/2020 Revised Date: 01/02/2021 No of Revisions 0	Annette Smith Gavin Brown Hugh Dunn Iain Strachan Layla Smith Michelle Vanhegan Mollie Kerr

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
18	<p>New Facilities Management Service Level Agreement</p> <p>RES1814 - Facilities Management SLA: Janitorial Services Governance Framework</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Facilities Management SLA: Issue 1.1 Key Performance Indicators</p> <p>Implemented</p>	<p>A suite of KPI's is currently being developed in conjunction with the Communities & Families. While an element of these are service led, Facilities Management are keen to ensure a customer led component to these. These KPI's will be based on industry standards and will be linked to Facilities Management performance data and the outcomes of quality assurance reviews. Once agreed, KPI's will be communicated through training sessions, web updates and included in the SLA and janitorial handbook which is distributed both to staff and to our customers and key stakeholders. Monthly dashboards will be produced highlighting performance against indicators. These will be both for internal service use and for customer reporting.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/08/2020</p> <p>No of Revisions 0</p> <p>Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service.</p>	<p>Audrey Dutton Gohar Khan Layla Smith Mark Stenhouse Michelle Vanhegan Peter Watton</p>
19	<p>New Facilities Management Service Level Agreement</p> <p>RES1814 - Facilities Management SLA: Janitorial Services Governance Framework</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Facilities Management SLA: Issue 1.3 Ongoing quality assurance reviews</p> <p>Implemented</p>	<p>Ongoing quality assurance reviews will be established as described above. In addition to using these to measure the efficacy of our SLA delivery, these are required as part of the ISO 9001/45001 certification process and designed to give us comfort over the robustness of our policies, procedures and supporting documentation.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/08/2021</p> <p>No of Revisions 1</p>	<p>Audrey Dutton Gohar Khan Layla Smith Mark Stenhouse Michelle Vanhegan Peter Watton</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
20	<p>Asset Management Strategy and CAFM system 18/19</p> <p>RES1813 Asset Management Strategy and CAFM: Issue 1 - Council Property Strategy</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>1.2 - Property Aspects of Major Projects</p> <p>Implemented</p>	<p>P&FM will recommunicate the requirement for business cases to be developed through the Asset Investment Groups; request that Strategy and Communications include it in the Strategic Change and Delivery project management toolkit; and have oversight of ensuring P&FM have input into any property changes at the Change Board. P&FM will comment on all known business cases and provide estimates of property whole life costs (not just R&M costs). For smaller projects, such as the siting of a portacabin on school grounds to accommodate increased pupil numbers, Properties and Facilities Management will design a process and supporting funding protocols to ensure that P&FM are consulted at an early stage to enable revenue costing to be prepared for the client service (for example, where additional janitorial and cleaning services are required) and for the source of funding to be established and agreed. The process and supporting funding protocols will be shared with all Directorates and Heads of Service for discussion and agreement.</p>	<p>Estimated Date: 31/03/2020 Revised Date: 01/08/2020 No of Revisions 0</p>	<p>Andrew Field Audrey Dutton Gohar Khan Layla Smith Lindsay Glasgow Michelle Vanhegan Peter Watton</p>
21	<p>Portfolio Governance Framework</p> <p>CE1801 Issue 1: Project and portfolio management and scrutiny</p> <p>Laurence Rockey, Head of Strategy & Communications</p>	High	<p>CE1801 Issue 1.4: Whole of life toolkit</p> <p>Pending</p>	<p>Strategic Change and Delivery will include guidance for project managers on whole life costing based on the approach adopted by finance</p>	<p>Estimated Date: 29/05/2020 Revised Date: 01/10/2020 No of Revisions 0</p>	<p>Alison Henry Gillie Severin Hugh Dunn Rebecca Andrew Simone Hislop</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
22	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 1: Policies, Procedures & Guidance</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901: Issue 1.1(a) - Review of Schools Admissions Policy</p> <p>Pending</p>	<p>Following review, the policy will be presented to the Education, Children and Families committee for review and approval. The Executive Director of Communities & Families will be the policy owner, with the Senior Education Officer responsible for operational review and oversight.</p>	<p>Estimated Date: 30/04/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Andy Gray Arran Finlay Claire Thompson Michelle McMillan Nickey Boyle Ruth Currie</p>
23	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901 Issue 2.1(a): Committee on Pupil Student Support Recording of Officer Review</p> <p>Pending</p>	<p>Communities and Families, Committee Services and Transactions will ensure the officer review of the annual placing request list and the rationale supporting recommendations made to the Committee on Pupil Student Support from 2020 onwards is formally documented.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Michelle Vanhegan Neil Jamieson Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
24	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901 Issue 2.3(a): Validation of Registration & Enrolment Applications</p> <p>Pending</p>	<p>A reminder will be sent to all schools to reinforce the requirement to confirm that adequate and valid evidence is provided to support all registrations and enrolments, including two matching proofs of address aligned with the address provided in the application.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Andy Gray Arran Finlay Claire Thompson Michelle McMillan Nickey Boyle Ruth Currie</p>
25	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901 Issue 2.3(b): Quality Assurance Checks in Schools</p> <p>Pending</p>	<p>Schools business managers will be instructed to undertake sample quality assurance checks of evidence obtained from parents to support applications to ensure compliance with procedures. This will include completion of checks prior to completion of enrolment processes. Checking of completion will form part of the Communities and Families Self-Assurance Framework from 2021 onwards.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Andy Gray Arran Finlay Claire Thompson Michelle McMillan Nickey Boyle Ruth Currie</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
26	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901 Issue 2.4: Managing Conflicts of Interest</p> <p>Pending</p>	<p>Guidance will be developed for use in all schools to ensure any conflicts of interest are recorded and managed appropriately. This will include Business Manager review and Head Teacher sign off where necessary.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Andy Gray Arran Finlay Claire Thompson Michelle McMillan Nickey Boyle Ruth Currie</p>
27	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 4: Data Access, Security & Retention</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901: Issue 4.1: Access to Personal Data</p> <p>Pending</p>	<p>Files and shared folders will be reviewed, and appropriate access permissions and password controls implemented.</p>	<p>Estimated Date: 31/07/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Michelle Vanhegan Neil Jamieson Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
28	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 4: Data Access, Security & Retention</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901: Issue 4.2: Secure Email Transmission</p> <p>Pending</p>	<p>The Information Governance Unit and Digital Services will be engaged to discuss the recipients; nature and sensitivity of information transmitted via email to establish whether the current method is appropriately secure or whether additional steps are required. This will include consideration of email data classification labels where deemed appropriate.</p>	<p>Estimated Date: 30/09/2020</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 0</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Michelle Vanhegan Neil Jamieson Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>
29	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 4: Data Access, Security & Retention</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901: Issue 4.3: Data Sharing Agreements</p> <p>Pending</p>	<p>The Information Governance Unit will be consulted to determine if data sharing agreements which meet these requirements, are currently in place with Midlothian, East Lothian and West Lothian Councils. If current agreements are not in place, or do not cover the required categories of data, specific data sharing agreements will be established.</p>	<p>Estimated Date: 30/09/2020</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 0</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Michelle Vanhegan Neil Jamieson Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
30	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 4: Data Access, Security & Retention</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901: Issue 4.4(a): Document Retention & Disposal; All Services</p> <p>Pending</p>	<p>The Information Governance Unit will be engaged to confirm data retention and disposal requirements. Where necessary the data retention schedule will be updated. Document retention and disposal requirements will be reinforced across all services processing admissions and appeals including schools. All appeals information currently retained out with the relevant period will be destroyed in line with the Council's disposal guidelines and a retention schedule and destruction log maintained.</p>	<p>Estimated Date: 30/06/2020 Revised Date: 22/02/2021 No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Michelle Vanhegan Neil Jamieson Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>
31	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 4: Data Access, Security & Retention</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901: Issue 4.4(b): Document Retention & Disposal; Schools</p> <p>Pending</p>	<p>A communication will be issued to schools to request that retention schedules and destruction logs are established to ensure records are managed and disposed of in line with the Council's retention schedule.</p>	<p>Estimated Date: 30/06/2020 Revised Date: 22/02/2021 No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Andy Gray Arran Finlay Claire Thompson Michelle McMillan Nickey Boyle Ruth Currie</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
32	Payments and Charges CW1803 Payments and Charges Issue 4: Processing and recording Licensing Fees Paul Lawrence, Executive Director of Place and SRO	Medium	CW1803 Rec. 4.2 - Quality checking Pending	Licensing has existing assurance procedures for monitoring noncompliance with core procedures and processes. These will be reviewed to identify whether additional quality assurance is required proportionate to the level of risk. Any revision of the procedures will be focused on those aspects of the processes which present higher levels of legal risk and will use existing assurance data to identify areas that would benefit from more robust scrutiny. Longer term upgrades to the APP Civica Licensing should reduce the risks in this area. The review and proposed revision of assurance procedures will be agreed with Internal Audit to ensure that this risk is fully addressed.	Estimated Date: 20/12/2019 Revised Date: 01/05/2020 No of Revisions 0	Alison Coburn Andrew Mitchell David Givan Gavin Brown George Gaunt Michael Thain Sandra Harrison
Page 33	Payments and Charges CW1803 Payments and Charges Issue 5: Processing and recording of Parking Permit fees Paul Lawrence, Executive Director of Place and SRO	Medium	CW1803 Rec. 5.1 - Process for updating fees and charges in the Apply system Pending	Current processes and UAT (User Acceptance Testing) mechanisms do exist for updating permit prices. However, these will be reviewed and enhanced with better recording of processes and outcomes. A new procedure regarding the change of permit price process on NSL Apply will be implemented.	Estimated Date: 29/05/2020 Revised Date: 01/10/2020 No of Revisions 0	Alison Coburn David Givan Ewan Kennedy Gavin Brown Gavin Graham George Gaunt Michael Thain Sandra Harrison

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
34	<p>Payments and Charges</p> <p>CW1803 Payments and Charges Issue 5: Processing and recording of Parking Permit fees</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>CW1803 Rec. 5.2 - Procedure for authorising payments</p> <p>Pending</p>	<p>NSL Apply offers improved control mechanisms by automating many processes and tasks, including payments. These are currently not being used. Implementations of these controls, along with a formalised payment acceptance procedure will ensure correct payments are received and further reduce any anomalies. The payment acceptance procedure will confirm that the Council does not accept part payment for parking permits and only reduces the price when the applicant is a disabled persons' blue badge holder. The procedure will establish a quality assurance payment sampling processes for implementation across Business Support teams who administer parking permits.</p>	<p>Estimated Date: 31/03/2020 Revised Date: 01/08/2020 No of Revisions 0</p>	<p>Alison Coburn David Givan Ewan Kennedy Gavin Brown Gavin Graham George Gaunt Michael Thain Sandra Harrison</p>
<p>Page 74</p> <p>35</p>	<p>Payments and Charges</p> <p>CW1803 Payments and Charges Issue 5: Processing and recording of Parking Permit fees</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>CW1803 Rec. 5.3 - Ongoing risk-based quality assurance</p> <p>Pending</p>	<p>A quality assurance payment acceptance procedure will be developed to ensure the accuracy of parking permit payments. This process will be based on the Internal Audit recommendations.</p>	<p>Estimated Date: 31/03/2020 Revised Date: 01/08/2020 No of Revisions 0</p>	<p>Alison Coburn David Givan Ewan Kennedy Gavin Brown Gavin Graham George Gaunt Michael Thain Sandra Harrison</p>
36	<p>Emergency Prioritisation & Complaints</p> <p>CW1806 Issue 1: ATEC 24 Operational Framework</p>	Medium	<p>CW1806 Issue 1.1(7): ATEC 24 Review of Operational Processes - Key Safes</p> <p>Pending</p>	<p>7. The key safe business case, or an alternative approach, will be progressed and an installation programme implemented to allow the numbers of individual safes to be maximised.</p>	<p>Estimated Date: 30/04/2020 Revised Date: 01/05/2021 No of Revisions 1</p>	<p>Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer					
37	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.4(1): ATEC 24 Quality Assurance Framework - Methodology Pending	1. A documented quality assurance process aligned to Technology Enabled Care Services Association (TSA) guidelines will be developed and communicated for call handling and response visits. The process will include quality assurance roles and responsibilities, frequency and scope of quality assurance checks, sampling methodologies to be applied.	Estimated Date: 30/04/2020 Revised Date: 01/02/2021 No of Revisions 1	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
Page 75 38	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.4(2): ATEC 24 Quality Assurance Framework - Application Pending	2. Quality assurance outcomes will be linked to supervision and training and performance objectives, with regular one to ones scheduled to ensure action is taken to address any competence issues or gaps identified.	Estimated Date: 30/04/2020 Revised Date: 01/02/2021 No of Revisions 1	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
39	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework	Medium	CW1806 Issue 1.4(3): ATEC 24 Quality Assurance Framework - Review Pending	3. Where systemic themes or trends are identified from quality assurance reviews, management will consider whether existing operational processes should be revisited.	Estimated Date: 30/04/2020 Revised Date: 01/05/2021 No of Revisions 1	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer					
40	Emergency Prioritisation & Complaints CW1806 Issue 2: ATEC 24 Customer Engagement Judith Proctor, Chief Officer	Low	CW1806 Issue 2.1(1): ATEC 24 Customer Feedback - Implementatio n of Process Pending	1. Feedback processes to obtain input from service users will be implemented. These should be incorporated into a continuous improvement programme for service delivery, with improvement actions appropriately allocated and monitored.	Estimated Date: 31/01/2020 Revised Date: 01/02/2021 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
Page 76 41	Homelessness Services CW1808 Issue 2: Homelessness data quality and performance reporting Alistair Gaw, Executive Director of Communities and Families	High	CW1808 Recommendati on 2.2.2 - Performance Information Pending	2.2.2 - We will report performance information in relation to Service Standards and key homelessness outcomes regularly on the Council's website and other forums such as social media	Estimated Date: 31/03/2020 Revised Date: 31/03/2021 No of Revisions 2 Current revised date agreed as part of extension exercise	Debbie Herbertson Emma Morgan Jackie Irvine Nichola Dadds Nicky Brown

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
42	<p>Homelessness Services</p> <p>CW1808 Issue 3: Provision of homelessness advice and information</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1801 Recommendation on 3.1.3: Homelessness information leaflet</p> <p>Pending</p>	<p>3.1.3 - Following the engagement events with key stakeholders, we will develop a leaflet for applicants based on the information set out above, and any other relevant information. The leaflet will be made available in all Council offices, locality offices, libraries, health centres, Citizen Advice Bureaus, charities and other local support and advice agencies.</p>	<p>Estimated Date: 30/04/2020</p> <p>Revised Date: 01/09/2020</p> <p>No of Revisions 0</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Debbie Herbertson Jackie Irvine Nichola Dadds Nicky Brown</p>
Page 77 43	<p>Brexit impacts - supply chain management</p> <p>CW1905 Issue 2: Brexit governance and risk management</p> <p>Andrew Kerr, Chief Executive</p>	Medium	<p>CW1905- Recom. 2.1a: Resilience team - Adequacy & effectiveness of the Brexit risk management & governance process</p> <p>Pending</p>	<p>Resilience presented a report on Brexit planning, preparedness and governance to the Corporate Leadership Team on 8 July and will subsequently be presented to the Policy and Sustainability Committee. This includes proposals for the cessation of the cross-party Brexit working group, with all Brexit resilience planning taken forward through the Council resilience group. The paper also proposes that the Council Incident Management Team (CIMT) considers Brexit alongside Covid-19 and includes Brexit as a standing item on CIMT agendas from September 2020. Once approved by the Policy and Sustainability Committee, these new governance arrangements will be implemented. Resilience will coordinate review of the corporate Brexit risk register, in conjunction with the Commercial and Procurement Service and Corporate Risk Management teams for consideration at the CLT risk committee.</p>	<p>Estimated Date: 30/09/2020</p> <p>Revised Date:</p> <p>No of Revisions 0</p>	<p>Donna Rodger Gavin King Laurence Rockey Mary-Ellen Lang</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
44	<p>Drivers - findings only report</p> <p>1: Completion of Driver Licence checks</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>1.3 - Driver permit revocation</p> <p>Pending</p>	<p>1. A standard reminder e mail will be prepared by the Head of Place Development and issued to employees and their line managers where permission forms have not been received 10 days prior to their expiry. 2. The e mail will highlight that driver permits will be revoked if they are not received by the required date, and employees and line managers will be made aware that they are no longer eligible to drive for the Council and 9for vocational and agency drivers) that they are no longer covered by Council insurance. 3. and 4 Permits will be revoked where permission forms are not received on time and e mail confirmation provided to employees and line managers reminding them that they can no longer drive on behalf of the Council.</p>	<p>Estimated Date:04/05/2020</p> <p>Revised Date:01/09/2020</p> <p>No of Revisions 0</p>	<p>Alison Coburn</p> <p>David Givan</p> <p>Gareth Barwell</p> <p>George Gaunt</p> <p>Graeme Hume</p> <p>Nicole Fraser</p> <p>Scott Millar</p>
Page 78	<p>Drivers - findings only report</p> <p>1: Completion of Driver Licence checks</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>1.4 - Risk management</p> <p>Pending</p>	<p>The risks detailed in this Internal Audit finding will be highlighted for inclusion in the Place Management Risk Register.</p>	<p>Estimated Date: 04/05/2020</p> <p>Revised Date: 04/09/2020</p> <p>No of Revisions 0</p>	<p>Alison Coburn</p> <p>David Givan</p> <p>Gareth Barwell</p> <p>George Gaunt</p> <p>Nicole Fraser</p> <p>Scott Millar</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
46	HMO Licensing PL1803 Issue 2 - Collection and processing of HMO licence fees Paul Lawrence, Executive Director of Place and SRO	High	PL1803 Issue 2.1 BACS payment reference Pending	It should be noted that measure is in place to ensure that no application is progressed without the required fee being reconciled. This reflects the statutory process and the need to ensure that the Council treats applications for a renewal lawfully unless the reconciliation process can evidence a payment has not been made. There is no evidence from directorate monitoring the level of income from HMOs licence applications which would demonstrate that fees are not being collected. Any unmatched fee not identified will in effect contribute to the Council's general revenue account and therefore there is no financial loss to the Council. The Internal Audit recommendation outlined above is not accepted as it not believed to be achievable. Therefore Licencing; Customer; and Finance will investigate potential solutions re the BACS issue, (including any potential scope for a technology solution) to address this risk. These options will be reviewed with Internal Audit and a longer-term solution identified and implemented. It has been agreed with Internal Audit that (once the solution has been identified) another audit finding will be raised that will monitor implementation of the solution to confirm that it is operating effectively. In the meantime, a statement will be added to the Licencing pages on the Council's external website and application forms advising customers of what reference must be used to successfully make a BACs payment.	Estimated Date: 30/03/2020 Revised Date: 05/10/2020 No of Revisions 1	Alison Coburn Andrew Mitchell David Givan George Gaunt Grace McCabe Isla Burton Michael Thain Sandra Harrison
47	HMO Licensing PL1803 Issue 3 - Operational Performance and Reporting Paul Lawrence, Executive Director of Place and SRO	Medium	PL1803 Issue 3.6 HMO Key Performance Indicators and Performance Reporting Pending	The Regulatory Committee were previously advised that HMO performance data would be excluded whilst the Licencing introduced the significant change of moving towards a three-year licensing system. Performance reports therefore only included Civic and Taxi data in the period 2015-2018. Licencing will be reporting to Regulatory Committee on the first cycle of three-year licencing for HMO's prior to the setting of Licensing Fees for 2020/21 in early 2020. The Directorate will include within that report relevant performance data and make recommendations for approval for performance targets ongoing performance targets.	Estimated Date: 31/01/2020 Revised Date: 01/06/2020 No of Revisions 0	Alison Coburn Andrew Mitchell David Givan George Gaunt Grace McCabe Isla Burton Michael Thain Sandra Harrison

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
48	Road Services Improvement Plan PL1808 Issue 1. Roads Improvement Plan financial operating model and project governance Paul Lawrence, Executive Director of Place and SRO	High	PL1808 - 1.2 Roads Service Improvement Plan approval Pending	On appointment of the tier 3 and 4 management team, a re-base of the improvement plan will take place and the revised plan will be submitted to the Council's Change Board and the Transport and Environment Committee for approval, with ongoing progress updates provided to both forums.	Estimated Date: 31/07/2020 Revised Date: 01/12/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser
Page 80 49	Road Services Improvement Plan PL1808 Issue 2. Roads services performance monitoring and quality assurance Paul Lawrence, Executive Director of Place and SRO	High	PL1808 - 2.1 Service Delivery Performance Monitoring Pending	One of the roles included in the new Roads structure is a Roads Service Performance Coordinator. The team member appointed to this role will be responsible for designing; implementing; and maintaining a performance and quality assurance framework that will incorporate the recommendations made to support ongoing monitoring and management of the Roads service. This will involve ensuring that all Roads teams develop team plans that include key performance measures; outline their respective roles and responsibilities for delivery; and are aligned with overall Council's commitments that are relevant to Roads.	Estimated Date: 31/07/2020 Revised Date: 01/12/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
50	Road Services Improvement Plan PL1808 Issue 2. Roads services performance monitoring and quality assurance Paul Lawrence, Executive Director of Place and SRO	High	PL1808 - 2.2 Roads services quality assurance framework Pending	1. The existing Transport Design and Delivery quality framework will be revised to reflect the new Roads and Transport Infrastructure Service and rolled out across the service. As part of this review, the recommendations highlighted above will be considered and incorporated where appropriate. The Design, Structures and Flood Prevention Manager will be responsible for refreshing the quality framework once appointed. 2. A sampling regime will be designed and embedded for safety inspections to ensure that defects are being categorised properly. This process will be designed and implemented by the Team Leader for Safety Inspections to be appointed as part of the ongoing restructure. 3. A sampling regime will be designed and embedded for road defect repairs to ensure that repairs are fit for purpose and effective. 4. Key performance indicators for each team will be included in the target setting for each 4th tier manager and their direct reports to ensure focus on these measures. Emerging themes from Team Plans and quality assurance reviews will also be shared with Roads teams, and individual and team training needs will be considered based on the themes identified. This process will be designed and implemented by the Service Performance Coordinator to be appointed as part of the ongoing restructure.	Estimated Date: 30/06/2020 Revised Date: 01/11/2020 No of Revisions: 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser Sean Gilchrist
51	Road Services Improvement Plan PL1808 Issue 3. Roads inspection, defect categorisation, and repairs Paul Lawrence, Executive Director of Place and SRO	Low	PL1808 - 3.2b) Inspector training and qualifications Pending	2. Ensure all relevant Inspectors are accredited by an appropriately accredited professional body.	Estimated Date: 31/08/2020 Revised Date: 01/01/2021 No of Revisions: 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser Sean Gilchrist

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
52	Road Services Improvement Plan PL1808 Issue 4. Roads - Management of public liability claims Paul Lawrence, Executive Director of Place and SRO	Low	PL1808 - 4.1 Management of public liability claims Pending	A new process will be developed within the Confirm system which requires reconciliation between accident claim enquiries and those logged on the Local Authority Claims Handling System (LACHS) system.	Estimated Date: 28/05/2020 Revised Date: 01/10/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Jordan Walker Nicole Fraser Sean Gilchrist
Page 82 55	Road Services Improvement Plan PL1808 Issue 4. Roads - Management of public liability claims Paul Lawrence, Executive Director of Place and SRO	Low	PL1808 - 4.2 Management of public liability claims Pending	Quarterly meetings will be arranged between the Safety Inspection team and the Insurance team to identify trends and areas of focus. This process will be designed and implemented by the Team Leader, Safety Inspections to be appointed as part of the ongoing restructure.	Estimated Date: 30/04/2020 Revised Date: 01/09/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser Sean Gilchrist

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
54	<p>Street Lighting and Traffic Signals</p> <p>Street Lighting and Traffic Signals: Process and quality assurance documentation and training</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1810 Issue 3: Rec 2 - Refresher training for existing employees</p> <p>Pending</p>	<p>An essential Learning Matrix that specifies the refresher training that the team requires to complete on an ongoing basis has been developed and provided to Learning and Organisational Development for their review and feedback, with no response received as yet. The matrix will now be implemented, and employee training requirements will be assessed (and agreed) as part of the Annual Conversations.</p>	<p>Estimated Date: 20/12/2019</p> <p>Revised Date: 01/03/2021</p> <p>No of Revisions 5</p>	<p>Alan Simpson Alison Coburn Claire Duchart Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Mark Love Nicole Fraser Robert Mansell Tony Booth</p>
Page 83 55	<p>Fleet Review</p> <p>Project management and governance framework</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>4. Recommendation - Stakeholder Engagement</p> <p>Pending</p>	<p>An internal/ external stakeholder engagement plan will be developed; approved by the project Board and applied throughout the project. Any key stakeholder engagement actions will also be reflected in the project plan.</p>	<p>Estimated Date: 28/06/2019</p> <p>Revised Date: 01/09/2020</p> <p>No of Revisions 2</p>	<p>Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Nicole Fraser Scott Millar Veronica Wishart</p>
56	<p>Fleet Review</p> <p>Project management and governance framework</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>5. Recommendation - Procurement Strategy and Plan</p> <p>Pending</p>	<p>A procurement and strategy plan will be designed along with the procurement team; approved by the project Board and used to support the procurement process; The request for procurement will include requirements in relation to paperless processes and compatibility with existing fleet systems; and The contractual position with CGI regarding telematics will be confirmed prior to commencement of procurement.</p>	<p>Estimated Date: 30/07/2019</p> <p>Revised Date: 01/12/2020</p> <p>No of Revisions 1</p>	<p>Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Nicole Fraser Scott Millar Veronica Wishart</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
57	<p>Drivers</p> <p>Recording and addressing driving incidents</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recording and addressing driving incidents Rec 2</p> <p>Pending</p>	<p>A monthly reconciliation between the incidents reported to Fleet Services and those recorded on SHE will be performed, with line managers advised re any gaps on the SHE system that need to be addressed;</p>	<p>Estimated Date: 01/04/2019</p> <p>Revised Date: 01/09/2019</p> <p>No of Revisions 1</p>	<p>Adam Fergie Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Katy Miller Martin Young Nicole Fraser Scott Millar Steven Wright</p>
Page 84	<p>Supplier Management Framework and CIS Payments</p> <p>RES1809 Issue 1: Contract Management by Directorates and Service Areas</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>RES1809 Issue 1.3(3): Contract manager support and guidance - Place</p> <p>Pending</p>	<p>Place This recommendation is accepted, and this will be added as appropriate to the Place mandatory training matrix at the next review.</p>	<p>Estimated Date: 31/08/2020</p> <p>Revised Date: 01/01/2021</p> <p>No of Revisions 0</p>	<p>Alison Coburn David Givan Gareth Barwell George Gaunt Lynne Halfpenny Michael Thain</p>
59	<p>Budget Setting and Management</p> <p>RES 1903 Issue 1: Savings proposals documentation and risk assessments</p> <p>Laurence Rockey,</p>	Medium	<p>RES 1903 Issue 1.1: Savings proposals documentation and risk assessments</p> <p>Pending</p>	<p>1. Savings plan and business case templates will both be reviewed to ensure that they align to major projects documentation. In addition, a procedural document will be created which details the amount and depth of documentation, which is required to support savings plans, based on outcomes of the prioritisation matrix assessment. 2. The Finance budget monitoring RAG (Red, Amber, Green) delivery risk assessment categories will each be formally defined, and consistently</p>	<p>Estimated Date: 30/09/2020</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 0</p>	<p>Alison Henry Annette Smith Donna Rodger Emma Baker Hugh Dunn John Connarty Layla Smith Michelle Vanhegan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Head of Strategy & Communications			applied to all savings delivery progress updates provided to Directorate management teams, CLT, and service committees.		
60	Budget Setting and Management RES 1903 Issue 3: Continuous improvement: Lessons learned and customer feedback. Laurence Rockey, Head of Strategy & Communications	Medium	RES 1903 Issue 3.1: Annual budget setting lessons learned methodology Pending	A methodology for the lessons learned process will be developed and stated in a procedure document. This work will be performed through liaison between the Change Strategy Team and Finance. The methodology will include the requirements stated above.	Estimated Date:31/05/2020 Revised Date:01/10/2020 No of Revisions 0	Alison Henry Annette Smith Donna Rodger Emma Baker Hugh Dunn John Connarty Layla Smith Michelle Vanhegan
Page 85 61	School admissions, appeals and capacity planning CF1901: School admissions, appeals and capacity planning - Issue 1: Policies, Procedures & Guidance Alistair Gaw, Executive Director of Communities and Families	High	CF1901: Issue 1.1(b) - Review of Admissions Operational Procedures Started	A working group led by the Communities and Families Senior Education Officer with representation from all service areas involved in school admissions, appeals and capacity planning, will be established to undertake a review of all procedural documents. This will include consideration of amalgamation of existing procedures, where appropriate and implementation of a review schedule and version control.	Estimated Date: 31/08/2020 Revised Date: 22/02/2021 No of Revisions 1 Current revised date agreed as part of extension exercise	Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Matthew Clarke Michelle Vanhegan Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
62	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 1: Policies, Procedures & Guidance</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901: Issue 1.1(c) - Placing Appeals Procedures</p> <p>Started</p>	<p>As part of the working group led by the Communities and Families Senior Education Officer, appeals procedures which detail end to end processes to be applied across all areas involved in placing requests will be established and this will include clear roles and responsibilities.</p>	<p>Estimated Date: 31/08/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Matthew Clarke Michelle Vanhegan Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>
63	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 1: Policies, Procedures & Guidance</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>CF1901: Issue 1.1(d)/(e) - Communicatin g Guidance on Website & Orb</p> <p>Started</p>	<p>Following review and completion of working group actions, all policies and procedures will be published on the Council's website and Orb, and communicated to all relevant officers, with changes highlighted.</p>	<p>Estimated Date: 30/09/2020</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 0</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Matthew Clarke Michelle Vanhegan Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
						Sheila Haig Stephen Moir
64	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 2: Operational Processes - Admissions & Appeals</p> <p>Laurence Rockey, Head of Strategy & Communications</p>	High	<p>CF1901 Issue 2.1(b): Committee on Pupil Student Support Remit, Review & Recording of Outcomes</p> <p>Started</p>	<p>Decisions and outcomes of the annual meeting of the Committee on Pupil Student Support will be documented, and a process implemented to ensure that the outcomes are addressed by the Council. Consideration will be given to reviewing and updating the remit of the Committee. Committee members will be provided with training and support to enable them to fulfil their role in line with the agreed remit.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 30/11/2020</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alistair Gaw Andy Gray Arran Finlay Donna Rodger Hayley Barnett Lesley Birrell Nickey Boyle Ruth Currie</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
65	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 3: Process Documentation & Delivery Responsibilities</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901 Issue 3.1(a): Development & Communication of end to end processes and role/responsibilities</p> <p>Started</p>	<p>The remit of the working group led by the Communities and Families Senior Education Officer, will include reviewing and documenting end to end processes for the annual school admissions, appeals, and capacity planning process. A matrix describing divisional roles and responsibilities for processes, which details who will be responsible; accountable; consulted; and informed for each stage will also be developed. The end to end procedures and matrix will be discussed and agreed with all divisional teams involved in the process, communicated, and published on the Council's intranet (the Orb) with training provided where required.</p>	<p>Estimated Date: 31/08/2020 Revised Date: 22/02/2021 No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Matthew Clarke Michelle Vanhegan Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>
66	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 3: Process Documentation & Delivery Responsibilities</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901 Issue 3.1(b): Internal Partnership Protocols</p> <p>Started</p>	<p>Internal partnership protocols will be prepared and implemented for services delivered by other divisions on behalf of Schools and Lifelong Learning, incorporating the scope of services and roles and responsibilities defined in the new end to end process documentation. Where relevant, current internal charging arrangements will be reviewed to ensure that it accurately reflect the levels of support provided. Partnership protocols and associated key performance measures / indicators will be reviewed at least every two years to ensure they remain aligned with service delivery, operational processes and relevant regulatory and professional standards. Governance arrangements to support ongoing performance monitoring will be designed and implemented to ensure that both Schools and Lifelong Learning and the service areas that support them are satisfied with the quality of services provided.</p>	<p>Estimated Date: 31/08/2020 Revised Date: 22/02/2021 No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Matthew Clarke Michelle Vanhegan Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
						Sheila Haig Stephen Moir
67	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 3: Process Documentation & Delivery Responsibilities</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	CF1901 Issue 3.1(c): Annual Process - Debrief & Lessons Learned Started	Following completion of the annual process, a debrief meeting will be held with all teams involved to understand what worked well and what areas need to be improved. The outcomes should be recorded in a 'lessons learned' document that is used to implement the improvement opportunities identified and address any process issues in advance of the next annual process.	<p>Estimated Date:31/08/2020</p> <p>Revised Date:22/02/2021</p> <p>No of Revisions 1</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey</p> <p>Layla Smith Matthew Clarke Michelle Vanhegan</p> <p>Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
68	<p>School admissions, appeals and capacity planning</p> <p>CF1901: School admissions, appeals and capacity planning - Issue 3: Process Documentation & Delivery Responsibilities</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CF1901 Issue 3.1(d): Roles & Responsibilities outwith Annual Process</p> <p>Started</p>	<p>The working group will review the roles and responsibilities for any tasks performed out with the annual P1/S1 admissions, appeals and capacity planning process. These will be documented and communicated to all teams involved in the process. The review will include identifying key contacts for common non-annual admissions queries, for example, home schooling; private schooling; dealing with refugees; and requests for current or future capacity information, to ensure that they can be appropriately redirected and resolved.</p>	<p>Estimated Date: 31/08/2020</p> <p>Revised Date: 22/02/2021</p> <p>No of Revisions 3</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Roarty Andy Gray Arran Finlay Donna Rodger Hayley Barnett Laurence Rockey Layla Smith Matthew Clarke Michelle Vanhegan Neil Jamieson Nick Smith Nickey Boyle Nicola Harvey Ruth Currie Sheila Haig Stephen Moir</p>
69	<p>Resilience BC</p> <p>Resilience responsibilities</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 3.3 H&SC - Defining and allocating operational resilience duties</p> <p>Started</p>	<p>Operational resilience responsibilities for completion and ongoing maintenance of Directorate and Service Area Business Impact Assessments; Resilience plans; and coordination of resilience tests in conjunction with the Resilience team will be clearly defined and allocated. The total number of employees with operational resilience responsibilities will be determined with reference to the volume of business impact assessments and resilience plans that require to be completed and maintained to support recovery of critical services.</p>	<p>Estimated Date: 20/12/2018</p> <p>Revised Date: 01/09/2020</p> <p>No of Revisions 5</p>	<p>Angela Ritchie Cathy Wilson Jacqui Macrae</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
70	Resilience BC Resilience responsibilities Judith Proctor, Chief Officer	High	Rec 4.3 H&SC - Objectives for operational Resilience responsibilities Started	Corporate; management; and team member objectives for operational resilience responsibilities (for example completion of Service Area Business Impact Assessments; Resilience Plans; and coordination of Resilience tests) will be established, with ongoing oversight performed by Directors and Heads of Service to confirm that these are being effectively delivered to support the resilience responses included in both the Directorate and Council's annual governance statements.	Estimated Date: 31/07/2019 Revised Date: 01/09/2020 No of Revisions 1	Angela Ritchie Cathy Wilson Jacqui Macrae
71	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Paul Lawrence, Executive Director of Place and SRO	High	Rec 3.1 a) Place - Development of Resilience Plans/protocols for statutory and critical services Started	Rebased action October 2020 Following a refresh of Business Impact Assessments and the new organisational structure, resilience plans/protocols will be developed, with support and training from Resilience, for high-risk essential services. A list of these services is to be provided by Resilience for approval by CLT. Date revised to 31 December 2022.	Estimated Date: 19/06/2020 Revised Date: 31/12/2022 No of Revisions 1 Current revised date agreed as part of extension exercise	Alison Coburn Claire Duchart David Givan Gavin King George Gaunt Laurence Rockey Mary-Ellen Lang
72	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Stephen Moir, Executive Director of Resources	High	Rec 3.1b Resources - Development of Resilience Plans/protocols for statutory and critical services Started	Rebased action October 2020 Following a refresh of Business Impact Assessments and the new organisational structure, resilience plans/protocols will be developed, with support and training from Resilience, for high-risk essential services. A list of these services is to be provided by Resilience for approval by CLT. Date revised to 31 December 2022.	Estimated Date: 19/06/2020 Revised Date: 31/12/2022 No of Revisions 1 Current revised date agreed as part of extension exercise	Gavin King Laurence Rockey Layla Smith Mary-Ellen Lang Michelle Vanhegan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
73	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Judith Proctor, Chief Officer	High	Rec 3.1c H&SC - Development of Resilience Plans/protocols for statutory and critical services Started	Rebased action October 2020Following a refresh of Business Impact Assessments and the new organisational structure, resilience plans/protocols will be developed, with support and training from Resilience, for high-risk essential services. A list of these services is to be provided by Resilience for approval by CLT. Date revised to 31 December 2022.	Estimated Date: 19/06/2020 Revised Date: 31/12/2022 No of Revisions 1 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Gavin King Jacqui Macrae Laurence Rockey Mary-Ellen Lang
Page 92 74	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Alistair Gaw, Executive Director of Communities and Families	High	Rec 3.1d C&F - Development of Resilience Plans/protocols for statutory and critical services Started	Rebased action October 2020Following a refresh of Business Impact Assessments and the new organisational structure, resilience plans/protocols will be developed, with support and training from Resilience, for high-risk essential services. A list of these services is to be provided by Resilience for approval by CLT. Date revised to 31 December 2022.	Estimated Date: 19/06/2020 Revised Date: 31/12/2022 No of Revisions 1 Current revised date agreed as part of extension exercise	Donna Rodger Gavin King Laurence Rockey Mary-Ellen Lang Michelle McMillan Nickey Boyle Ruth Currie

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
75	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Laurence Rockey, Head of Strategy & Communications	High	Rec 3.1e S&C - Development of Resilience Plans/protocols for statutory and critical services Started	Rebased action October 2020 Following a refresh of Business Impact Assessments and the new organisational structure, resilience plans/protocols will be developed, with support and training from Resilience, for high-risk essential services. A list of these services is to be provided by Resilience for approval by CLT. Date revised to 31 December 2022.	Estimated Date: 19/06/2020 Revised Date: 31/12/2022 No of Revisions 1 Current revised date agreed as part of extension exercise	Donna Rodger Gavin King Mary-Ellen Lang
Page 93 76	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Paul Lawrence, Executive Director of Place and SRO	High	Rec 6.1a Place - Review of third-party contracts to confirm appropriate resilience arrangements Started	Existing third-party contracts supporting critical services should be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services should be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses requiring third parties to establish adequate resilience arrangements for both services and systems that are tested (at least annually) with the outcomes shared with / provided to the Council. Where these changes cannot be incorporated into existing contracts, they should be included when the contracts are re tendered.	Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 3 Current revised date agreed as part of extension exercise	Alison Coburn Annette Smith Claire Duchart David Givan George Gaunt Hugh Dunn Iain Strachan Mollie Kerr

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
77	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Stephen Moir, Executive Director of Resources	High	Rec 6.1b Resources - Review of third-party contracts to confirm appropriate resilience arrangements Started	Existing third-party contracts supporting critical services should be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services should be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses requiring third parties to establish adequate resilience arrangements for both services and systems that are tested (at least annually) with the outcomes shared with / provided to the Council. Where these changes cannot be incorporated into existing contracts, they should be included when the contracts are re tendered.	Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 2 Current revised date agreed as part of extension exercise	Annette Smith Hugh Dunn Iain Strachan Layla Smith Michelle Vanhegan Mollie Kerr
Page 94 78	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Judith Proctor, Chief Officer	High	Rec 6.1c H&SC - Review of third-party contracts to confirm appropriate resilience arrangements Started	Existing third-party contracts supporting critical services should be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services should be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses requiring third parties to establish adequate resilience arrangements for both services and systems that are tested (at least annually) with the outcomes shared with / provided to the Council. Where these changes cannot be incorporated into existing contracts, they should be included when the contracts are re tendered.	Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 2 Current revised date agreed as part of extension exercise	Alana Nabulsi Angela Ritchie Annette Smith Cathy Wilson Hugh Dunn Iain Strachan Moir Pringle Mollie Kerr Sally McGregor

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
79	<p>Resilience BC</p> <p>Completion and adequacy of service area business impact assessments and resilience arrangements</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>Rec 6.1d C&F - Review of third-party contracts to confirm appropriate resilience arrangements</p> <p>Started</p>	<p>Existing third-party contracts supporting critical services should be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services should be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses requiring third parties to establish adequate resilience arrangements for both services and systems that are tested (at least annually) with the outcomes shared with / provided to the Council. Where these changes cannot be incorporated into existing contracts, they should be included when the contracts are re tendered.</p>	<p>Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Annette Smith Hugh Dunn Iain Strachan Michelle McMillan Mollie Kerr Nickey Boyle Ruth Currie</p>
Page 95 80	<p>Resilience BC</p> <p>Completion and adequacy of service area business impact assessments and resilience arrangements</p> <p>Laurence Rockey, Head of Strategy & Communications</p>	High	<p>Rec 6.1e S&C - Review of third-party contracts to confirm appropriate resilience arrangements</p> <p>Started</p>	<p>Existing third-party contracts supporting critical services will be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services will be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses requiring third parties to establish adequate resilience arrangements for both services and systems that are tested (at least annually) with the outcomes shared with / provided to the Council. Where these changes cannot be incorporated into existing contracts, they will be included when the contracts are re tendered and critical service plans should be documented and communicated by Corporate Resilience.</p>	<p>Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Annette Smith Donna Rodger Gavin King Hugh Dunn Iain Strachan Mary-Ellen Lang Mollie Kerr</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
81	<p>Resilience BC</p> <p>Completion and adequacy of service area business impact assessments and resilience arrangements</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>Rec 6.2a</p> <p>Place - Annual assurance from Third Party Providers</p> <p>Started</p>	<p>Following receipt of initial assurance from all third-party providers for statutory and critical services (as per rec 6.1), annual assurance that provider resilience plans remain adequate and effective should be obtained. This should include confirmation from the provider that they have tested these plans and recovery time objectives for systems and recovery time and point objectives for technology systems agreed with the Council were achieved. It is recommended that contract managers include this requirement as part on ongoing contract management arrangements. Where this assurance cannot be provided, this should be recorded in Service Area and Directorate risk registers. Date revised to reflect that following receipt of initial assurance by 31 March 2021, annual assurance should be obtained by 31 March 2022.</p>	<p>Estimated Date:28/06/2019</p> <p>Revised Date:31/03/2022</p> <p>No of Revisions</p> <p style="text-align: center;">3</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alison Coburn</p> <p>Claire Duchart</p> <p>David Givan</p> <p>George Gaunt</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
82	<p>Resilience BC</p> <p>Completion and adequacy of service area business impact assessments and resilience arrangements</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>Rec 6.2b Resources - Annual assurance from Third Party Providers</p> <p>Started</p>	<p>Following receipt of initial assurance from all third party providers for statutory and critical services (as per rec 6.1), annual assurance that provider resilience plans remain adequate and effective should be obtained. This should include confirmation from the provider that they have tested these plans and recovery time objectives for systems and recovery time and point objectives for technology systems agreed with the Council were achieved.</p> <p>It is recommended that contract managers include this requirement as part on ongoing contract management arrangements.</p> <p>Where this assurance cannot be provided, this should be recorded in Service Area and Directorate risk registers.</p> <p>Date revised to reflect that following receipt of initial assurance by 31 March 2021, annual assurance should be obtained by 31 March 2022.</p>	<p>Estimated Date: 28/06/2019</p> <p>Revised Date: 31/03/2022</p> <p>No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Annette Smith Hugh Dunn Iain Strachan Layla Smith Michelle Vanhegan Mollie Kerr</p>
83	<p>Resilience BC</p> <p>Completion and adequacy of service area business impact assessments and resilience arrangements</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 6.2c H&SC - Annual assurance from Third Party Providers</p> <p>Started</p>	<p>Assurance will be obtained annually for statutory and critical services from third party service providers that their resilience plans remain adequate and effective; and have been tested to confirm that the recovery time objectives for systems and recovery time and point objectives for technology systems agreed with the Council were achieved. Where this assurance cannot be provided, this will be recorded in Service Area and Directorate risk registers.</p>	<p>Estimated Date: 21/06/2019</p> <p>Revised Date: 31/03/2022</p> <p>No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Angela Ritchie Cathy Wilson Gavin King Jacqui Macrae Laurence Rockey Mary-Ellen Lang</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
84	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Alistair Gaw, Executive Director of Communities and Families	High	Rec 6.2d C&F - Annual assurance from Third Party Providers Started	<p>Following receipt of initial assurance from all third party providers for statutory and critical services (as per rec 6.1), annual assurance that provider resilience plans remain adequate and effective should be obtained. This should include confirmation from the provider that they have tested these plans and recovery time objectives for systems and recovery time and point objectives for technology systems agreed with the Council were achieved.</p> <p>It is recommended that contract managers include this requirement as part on ongoing contract management arrangements.</p> <p>Where this assurance cannot be provided, this should be recorded in Service Area and Directorate risk registers.</p> <p>Date revised to reflect that following receipt of initial assurance by 31 March 2021, annual assurance should be obtained by 31 March 2022.</p>	<p>Estimated Date: 28/06/2019 Revised Date: 31/03/2022 No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	Anna Gray Michelle McMillan Nickey Boyle
85	Resilience BC Completion and adequacy of service area business impact assessments and resilience arrangements Laurence Rockey,	High	Rec 6.2e S&C - Annual assurance from Third Party Providers Started	<p>Following receipt of initial assurance from all third party providers for statutory and critical services (as per rec 6.1), annual assurance that provider resilience plans remain adequate and effective should be obtained. This should include confirmation from the provider that they have tested these plans and recovery time objectives for systems and recovery time and point objectives for technology systems agreed with the Council were achieved.</p>	<p>Estimated Date: 28/06/2019 Revised Date: 31/03/2022 No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	Donna Rodger Mary-Ellen Lang

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Head of Strategy & Communications			<p>It is recommended that contract managers include this requirement as part on ongoing contract management arrangements.</p> <p>Where this assurance cannot be provided, this should be recorded in Service Area and Directorate risk registers.</p> <p>Date revised to reflect that following receipt of initial assurance by 31 March 2021, annual assurance should be obtained by 31 March 2022.</p>		
Page 99	<p>Records Management - LAAC</p> <p>CW1705 Issue 1: Project file review process</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 1.1: Review and Refresh of the project file review process.</p> <p>Started</p>	<p>Agreed actions will be implemented as recommended by Internal Audit. The project team will work to an end of January date for implementation of the quality assurance within the project team with an end of February date for Internal Audit to review the process applied.</p>	<p>Estimated Date: 28/02/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 3</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
87	<p>Records Management – LAAC</p> <p>CW1705 Issue 1: Project file review process</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 1.2: Process communication and training</p> <p>Started</p>	<p>Agreed actions will be implemented as recommended by Internal Audit. The project team will work to an end of January date for implementation of quality assurance within the project team with an end of February date for Internal Audit to review the process applied.</p>	<p>Estimated Date: 28/02/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 2</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey</p> <p>Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
88 Page 101	<p>Records Management - LAAC</p> <p>CW1705 Issue 1: Project file review process</p> <p>Alistair Gaw, Executive Director - of Communities and Families</p>	<p>Medium</p>	<p>CW1705 Issue 1.3: Quality assurance checks</p> <p>Started</p>	<p>Project management information will be monitored weekly to identify the volume of files that have been reviewed by the project team and an independent risk based quality assurance approach developed and implemented that focuses on files that have not been 'split' by the project team, to confirm that they have been accurately classified as files that have not been merged prior to their return to Iron Mountain for archiving. Quality assurance sample sizes will be selected at the start of each week and will depend on the volumes of files reviewed by the project team and the relevant proportion of non-merged and merged files. Where merged files have been identified and split by the project team, a lighter touch approach involving peer reviews will be adopted to ensure that the project file review process has been consistently applied and appropriate actions implemented. Quality assurance outcomes will be recorded and all significant errors (for example failure to identify merged files), areas of good practices, and areas for improvement will be shared with the project team. Availability of quality resource will be monitored throughout the project to ensure that it remains adequate to complete an appropriate number of QA reviews based on file outcomes. A retrospective sample of cases already reviewed by the project team will also be selected for retrospective review based on the approach outlined above. The project team will work to an end of February date for implementation of quality assurance within the project team with an end of March date for Internal Audit to review the process applied.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 3</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
89	<p>Records Management - LAAC</p> <p>CW1705 Issue 2: Review of additional files</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 2.1: Review of additional files</p> <p>Started</p>	<p>The total volume of files at Westerhailes will be quantified. Once this has been completed, a risk-based sample approach will be applied to review the files and identify any that may have been merged.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 2</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>
90	<p>Records Management - LAAC</p> <p>CW1705 Issue 2: Review of additional files</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 2.2: Impact analysis</p> <p>Started</p>	<p>The outcomes of the review of additional files (as detailed at recommendation 2.1) will be shared with the Senior Responsible Officers together with an impact analysis detailing the resourcing and associated costs of including the files within the project scope, and recommendations made as to whether the scope of the project should be extended to include these files, or whether reliance should be placed on the new business as usual process to be implemented as detailed at Finding 3. Where the decision is taken to include the potentially merged files within the scope of the project, they will be transferred across to the project team and logged for review. The project team will work to a completion 29 May with a date of 26 June for validation by Internal Audit.</p>	<p>Estimated Date: 26/06/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 2</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
91	<p>Records Management - LAAC</p> <p>CW1705 Issue 3: Pre destruction business as usual file review process</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 3.1: Pre destruction business as usual file review process</p> <p>Started</p>	<p>The pre destruction business as usual file review process is currently being developed and will cover all of the points recommended by Internal Audit. The process will be prepared by the end January 2020 and agreed with the Health and Social Care and Communities and Families Directorates by the end of February 2020.</p>	<p>Estimated Date: 28/02/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 3</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>
Page 1036	<p>Records Management - LAAC</p> <p>CW1705 Issue 3: Pre destruction business as usual file review process</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 3.2a (C&F): Communication and training</p> <p>Started</p>	<p>Children's Practice team managers have already been briefed regarding the outcomes of the audit and a refreshed process will soon be implemented. The process will be co-produced with Business Support Team Managers, communicated and uploaded to the Orb. Given the scale of training to be provided, a CECiL based approach will be applied with support provided by Business Support and requested from Learning and Organisational Development (Human Resources), with divisions requested to track completion of the CECiL module. Locality Management teams will also receive face to face training on the new process.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 01/12/2020</p> <p>No of Revisions 2</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
93	<p>Records Management - LAAC</p> <p>CW1705 Issue 3: Pre destruction business as usual file review process</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>CW1705 Issue 3.2b (H&SCP): Communication and training</p> <p>Started</p>	<p>Health and Social Care will adopt a similar approach to Communities and Families with the new process communicated and uploaded to the Orb. A CECiL based approach will also be applied with support provided by Business Support and requested from Learning and Organisational Development (Human Resources), with completion of the CECiL module by the relevant teams tracked. Locality Management teams will also receive face to face training on the new process.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 0</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Cathy Wilson Jacqui Macrae Tom Cowan</p>
94	<p>Records Management - LAAC</p> <p>CW1705 Issue 3: Pre destruction business as usual file review process</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1705 Issue 3.3a (C&F): Quality assurance process</p> <p>Started</p>	<p>A joint risk-based quality assurance process will be established between Business Support and Team Managers in Localities. Quality assurance outcomes will be recorded, and learnings shared with team managers at Children's Practice Team meetings, enabling city wide service improvement actions to be identified and implemented where appropriate.</p>	<p>Estimated Date:30/06/2020</p> <p>Revised Date:01/11/2020</p> <p>No of Revisions 0</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Alison Roarty Ani Barclay Donna Rodger Freeha Ahmed John Arthur Laurence Rockey Louise McRae</p> <p>Nickey Boyle Nicola Harvey Ruth Currie Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
95	<p>Records Management - LAAC</p> <p>CW1705 Issue 3: Pre destruction business as usual file review process</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>CW1705 Issue 3.3b (H&SCP): Quality Assurance Process</p> <p>Started</p>	<p>A joint quality assurance process will be established between Business Support and Team Managers in Localities. The new Health and Social Care Partnership Chief Nurse and Head of Quality will be responsible for managerial oversight of the quality assurance processes, ensuring that lessons learned are fed back to the Localities and outcomes reported to the Clinical and Care Governance Committee for scrutiny and oversight.</p>	<p>Estimated Date: 30/06/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 0</p> <p>Revised due date to be further agreed with management and updated</p>	<p>Cathy Wilson Jacqui Macrae Tom Cowan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
Page 196	<p style="text-align: center;">Payments and Charges</p> <p>CW1803 Payments and Charges Issue 1: Review, authorisation, and publication of fees and charges</p> <p style="text-align: center;">Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>CW1803 Rec. 1.1 - Process documentation supporting calculation of fees and charges including review of reserve balances</p> <p style="text-align: center;">Started</p>	<p>Response from Licensing Any new fees or proposed adjustments are presented to the Committee for scrutiny and agreement. The rationale for Taxi, Civic and Houses in Multiple Occupation (HMO) licensing fees was reviewed and agreed by Regulatory Committee in 2015 and 2017 respectively and no further changes are planned at this time. As part of the annual budget process, the Place Directorate makes recommendations on any inflationary uplifts that should be applied to fees based on projected costs and the Licensing reserves position. In 2018/2019 there was no increase in the Licensing budget which reflected the reserves position at that time. In the 2019/20 budget Taxi and Civic discretionary licence fees were increased by 2.5% to reflect increased costs associate with the local government pay settlement for 2018/19 and 2019/2020. In comparison, the increase applied to fees supporting generation of other types of income across the Council was circa 5%. This demonstrates that Licensing is proactively managing both fees and reserves. For HMO Licences, the Regulatory Committee approved a revised fee structure in 2017, and there is planned reduction of current reserve balances over a 3-year period. Consequently, HMO fees for 2019/2020 were not increased. For budget 2020/2021 a review of HMO reserves will be performed with Finance and recommendations made either to the Regulatory Committee or Full Council on any further fee adjustments required to ensure the planned reduction of the reserve is achieved. There are also unplanned factors that impact the final reserves position. These include increased application volumes; the impact of vacancies and recruitment; and repairs or replacement of property or equipment (for example a replacement ramp at the Taxi Examination Centre in 2016/17 at the cost of £90K). These unplanned factors are also considered when revised fees are proposed during the budget process. The Taxi reserve increase is largely driven by increased application volumes. The reserve is also being allowed to increase in the medium term to offset planned capital spend on relocation of the Taxi</p>	<p>Estimated Date: 31/07/2020</p> <p>Revised Date: 01/12/2020</p> <p>No of Revisions 0</p>	<p>Alison Coburn Andrew Mitchell Annette Smith David Givan Gavin Brown George Gaunt Hugh Dunn John Connarty Layla Smith Michael Thain Michelle Vanhegan Sandra Harrison Stephen Moir</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
Page 107				<p>Examination Centre when the Council closes the Murrayburn depot site in the next 2-3 years to avoid potential capital budget pressures. Licensing is working with Finance to ensure there is greater certainty in setting fees when taking account of the impact of the Central Support Charges levied. In 2018 the Directorate introduced financial reporting to the Regulatory Committee in addition to the established financial reporting provided to the Finance and Resource Committee. http://www.edinburgh.gov.uk/download/meetings/id/58887/item_72_-_licence_income_for_fees_2017-2018 http://www.edinburgh.gov.uk/download/meetings/id/59029/minute_of_the_regulatory_committee_of_221018 Response from Finance At present, the allocation of central support costs in line with accountancy conventions is not finalised until after the licensing charges for the future year have been set. A mechanism to approximate allocation of central support charges in advance to allow for more considered analysis of reserve balances and costs within each budgetary process will facilitate this. There is already a framework in place to apportion income and costs across licence categories and calculate additions to or withdrawals from licensing reserves. This populates the annual City of Edinburgh Licensing Board Financial Report as required under Section 9B of the Licensing (Scotland) Act 2005. This framework where appropriate will be developed to add to existing transparency in respect of rationale and processes. The combination of both actions above will enable regular review and monitoring of reserve positions and related decision making. The implementation date allows for 2020-21 budget setting and 2019-20 final accounts processes to be completed allowing for audit evidence.</p>		

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
97	<p>Payments and Charges</p> <p>CW1803 Payments and Charges Issue 4: Processing and recording Licensing Fees</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>CW1803 Rec. 4.1 - Procedures supporting processing and recording licencing fees</p> <p>Started</p>	<p>The Licensing Service processes approximately 21,000 applications per annum and the Internal Audit sample reviewed represents approximately 1% of the overall number of applications. Internal procedures will be reviewed to ensure that that they adequately cover the issues raised and all staff will receive refresher training to reinforce the importance of consistent application of the procedures. Longer term upgrades to the APP Civica Licensing system should also offer enhanced capability with mandatory sections for each licence type processed.</p>	<p>Estimated Date: 20/12/2019 Revised Date: 01/05/2020 No of Revisions 0</p>	<p>Alison Coburn Andrew Mitchell David Givan Gavin Brown George Gaunt Michael Thain Sandra Harrison</p>
Page 108 98	<p>Payments and Charges</p> <p>CW1803 Payments and Charges Issue 5: Processing and recording of Parking Permit fees</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>CW1803 Rec. 5.4 - NSL income reconciliation</p> <p>Started</p>	<p>The recommendation is accepted. Financial reconciliations between the systems have commenced reinstatement. Work is underway to build a management information suite which will augment the control attributes of the reconciliation as a standalone mechanism.</p>	<p>Estimated Date: 28/02/2020 Revised Date: 30/06/2021 No of Revisions 3</p>	<p>Annette Smith Dougie Linton Gavin Graham Hugh Dunn John Connarty Layla Smith Michelle Vanhegan Susan Hamilton</p>
99	<p>Emergency Prioritisation & Complaints</p> <p>CW1806 Issue 1: ATEC 24 Operational Framework</p>	Medium	<p>CW1806 Issue 1.1(2): ATEC 24 Review of Operational Processes - Call Prioritisation</p> <p>Started</p>	<p>2. Call prioritisation procedures will be designed and implemented, including recording the rationale for call prioritisation and delivery of training to staff. A review schedule for these procedures will be implemented with the last review date and date of next scheduled review clearly identifiable i.e. every 3 years.</p>	<p>Estimated Date: 29/11/2019 Revised Date: 01/02/2021 No of Revisions 2</p>	<p>Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer					
100	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.2(1): ATEC 24 Service Level Agreements - Review of all Contracts Started	All third-party contracts and supporting Service Level Agreements (SLAs) will be reviewed and updated. This will include a review of financial arrangements to ensure ATEC 24 is adequately remunerated for the levels of service provided.	Estimated Date: 31/01/2020 Revised Date: 01/12/2020 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Emma Szadurski Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
Page 109	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.2(2): ATEC 24 Service Level Agreements - Schedule for Future Reviews Started	2. All Telecare SLAs will be reviewed every two years to ensure that they take account of service delivery and operational processes, changes to any applicable regulations and relevant professional standards.	Estimated Date: 31/01/2020 Revised Date: 01/12/2020 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Emma Szadurski Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
102	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework	Medium	CW1806 Issue 1.2(3): ATEC 24 Service Level Agreements - Partnership Protocol Started	3. A partnership protocol will be approved and implemented for the Fallen Uninjured Person Service to reflect the current operations, funding arrangements and any planned process improvements.	Estimated Date: 29/11/2019 Revised Date: 01/03/2021 No of Revisions 3	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer					
103	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.3(1): ATEC 24 Performance Reporting - Scorecard KPIs Started	1. Key performance indicators included within the Health and Social Care scorecard will include percentage of calls answered within set targets; percentage of emergency response visits within target; and well as volumes of calls and responses.	Estimated Date: 30/09/2019 Revised Date: 01/12/2020 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Philip Brown Sylvia Latona Tony Duncan
104	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.3(2): ATEC 24 Performance Reporting - Response Parameters Started	2. The parameters used for monitoring call handling and response times will be reviewed and updated in line with Technology Enabled Care Services Association (TSA) guidance and used to inform capacity planning; to ensure that there are sufficient call handlers and responders to meet industry standards.	Estimated Date:31/10/2019 Revised Date:01/12/2020 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
105	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework	Medium	CW1806 Issue 1.1(6): ATEC 24 Review of Operational Processes - Response Recording Started	6. Roll out of handheld devices to allow automated reporting will be progressed.	Estimated Date: 30/04/2020 Revised Date: 01/03/2021 No of Revisions 1	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer					
106	Emergency Prioritisation & Complaints CW1806 Issue 1: ATEC 24 Operational Framework Judith Proctor, Chief Officer	Medium	CW1806 Issue 1.3(3): ATEC 24 Performance Reporting - Scrutiny of Performance Measures Started	3. ATEC 24 Service performance will be reported and regularly scrutinised by the Health and Social Care Partnership Executive Management Team.	Estimated Date: 30/09/2019 Revised Date: 01/12/2020 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Philip Brown Sylvia Latona Tony Duncan
Page 181 181	Emergency Prioritisation & Complaints CW1806 Issue 2: ATEC 24 Customer Engagement Judith Proctor, Chief Officer	Low	CW1806 Issue 2.1(2): ATEC 24 Customer Feedback - Tracking and Communication Started	2. Benefits and service improvements made as a result of customer feedback will be tracked and communicated both externally to customers, and internally to the service.	Estimated Date: 31/01/2020 Revised Date: 01/02/2021 No of Revisions 2	Andy Jones Angela Ritchie Cathy Wilson Craig ODonnell Katie McWilliam Lindsay Munro Sylvia Latona Tony Duncan
108	Emergency Prioritisation & Complaints CW1806: Issue 2: Third Party Service Provision - Health & Social Care Partnership	Medium	CW1806: Issue 2(1): SLAs - Third Party Service Provision Started	A review of the SLA for the ESCS is underway. It is likely the detail of the arrangements will differ considerably from what is currently included within the SLA. The review will, however, take into consideration the points noted above. The review of the SLA will include contributions from City of Edinburgh Council, Midlothian Council and East Lothian Council, and will be presented to the Edinburgh Health and Social Care Partnership Executive Management Team for review and approval.	Estimated Date: 30/11/2019 Revised Date: 01/10/2020 No of Revisions 2	Alistair Gaw Angela Ritchie Brian Henderson Cathy Wilson Colin Beck Fiona Benzies Jackie Irvine Nichola Dadds Nickey Boyle Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer					
109 Page 112	<p>Emergency Prioritisation & Complaints</p> <p>CW1806: Issue 2: Third Party Service Provision - Health & Social Care Partnership</p> <p>Judith Proctor, Chief Officer</p>	Medium	<p>CW1806: Issue 2(2): Partnership Protocol HSCP/Contact Centre</p> <p>Started</p>	Agreed, once the SLA is finalised, a Partnership Protocol will be developed in conjunction with Customer Contact Centre colleagues.	<p>Estimated Date: 28/02/2020</p> <p>Revised Date: 01/03/2021</p> <p>No of Revisions 2</p>	<p>Alison Roarty Alistair Gaw Angela Ritchie Brian Henderson Cathy Wilson Elspeth Thompson Fiona Benzies Jennifer Wilson Julie Rosano Layla Smith Lisa Hastie Michelle Vanhegan Neil Jamieson Nickey Boyle Nicola Harvey Stephen Moir Tony Duncan</p>
110	<p>Homelessness Services</p> <p>CW1808 Issue 2: Homelessness data quality and performance reporting</p> <p>Alistair Gaw, Executive Director</p>	High	<p>CW1808 Recommendati on 2.2.3 - Performance Reporting</p> <p>Started</p>	2.2.3 - We will report performance information through a dashboard to the Housing and Economy Committee, officers are currently working with elected members to finalise the key performance indicators required.	<p>Estimated Date: 31/01/2020</p> <p>Revised Date: 31/03/2021</p> <p>No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Emma Morgan Jackie Irvine Nicky Brown</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	of Communities and Families					
111	<p>Homelessness Services</p> <p>CW1808 Issue 3: Provision of homelessness advice and information</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	Medium	<p>CW1801 Recommendation on 3.1.2: Updating homelessness information on website</p> <p>Started</p>	<p>3.1.2 - Following the engagement events with key stakeholders, the Council's website will be updated to include the information set out within the recommendation, and any other information relevant to key stakeholders. Webpages will be subject to regular review to ensure the information remains up to date and in line with policies and legislation.</p>	<p>Estimated Date: 30/04/2020</p> <p>Revised Date: 31/03/2021</p> <p>No of Revisions 3</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Debbie Herbertson</p> <p>Jackie Irvine</p> <p>Nichola Dadds</p> <p>Nicky Brown</p>
112	<p>Validation of Management Actions 2018/19</p> <p>Validation Audit CW1810 reopened finding - HSC1513: Management structure and business support arrangements</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Validation Audit CW1810 - Issue 2.1 HSC1503: Partnership Management Structure</p> <p>Started</p>	<p>The Partnership's organisational management structure will be finalised, implemented, and embedded. The revised structure does not need to be approved by the IJB because it is an operational matter. It will however be presented to the EIJB for information. The revised implementation date of April 2020 will allow completion of Partnership budget and transformation Programmes.</p>	<p>Estimated Date: 31/12/2015</p> <p>Revised Date: 01/09/2021</p> <p>No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Angela Ritchie</p> <p>Cathy Wilson</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
113	H&SC Care Homes - Corporate Report A1.1: Care Homes Self Assurance Framework Judith Proctor, Chief Officer	Medium	A1.1: Care Homes Self Assurance Framework Started	A self-assurance framework will be designed and implemented that will validate effective operation of controls in place to manage these risks. The Health and Social Care Partnership Operations Manager will be accountable for development; implementation and ongoing operation of the framework. Development and implementation support will be requested from Business Support and Quality Assurance and Compliance.	Estimated Date: 30/06/2019 Revised Date: 01/05/2021 No of Revisions 1 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan
Page 114 114	H&SC Care Homes - Corporate Report A2.3: Welfare Fund and Outings Funds Judith Proctor, Chief Officer	Medium	A2.3(2) Establishment of welfare fund committees Started	A working group has been established that will focus on welfare. The remit of the group will focus on welfare committees; constitutions; accounts; criteria and donations. 2 officers from the working group have been assigned responsibility to write and implement welfare guidelines.	Estimated Date: 31/07/2018 Revised Date: 01/05/2021 No of Revisions 5 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan
115	H&SC Care Homes - Corporate Report A2.3: Welfare Fund and Outings Funds Judith Proctor, Chief Officer	Medium	A2.3(3) Production of annual accounts and review by welfare fund committee Started	A working group has been established that will focus on welfare. The remit of the group will focus on welfare committees; constitutions; accounts; criteria and donations. 2 officers from the working group have been assigned responsibility to write and implement welfare guidelines Task assigned to Business Officer for annual accounts and daily bookkeeping. Guidelines to be written for consistency.	Estimated Date: 31/07/2018 Revised Date: 01/05/2021 No of Revisions 4 Current revised date agreed as	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
					part of extension exercise	
116	H&SC Care Homes - Corporate Report A3.1: Training Judith Proctor, Chief Officer	Medium	A3.1(1) Manager review of training Started	This will be included as part of a new monthly controls process to be implemented and monitored via completion of a monthly spreadsheet. A working group has been established to document all processes to be included.	Estimated Date: 30/06/2019 Revised Date: 01/05/2021 No of Revisions 3 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan
117	H&SC Care Homes - Corporate Report A3.3: Performance & Attendance Management Judith Proctor, Chief Officer	Medium	A3.3(2) Health & Social Care Teams - 6 monthly and annual performance conversations Started	Health and Social Care Teams Will ensure that annual performance conversations (once completed) are recorded on the iTrent system.	Estimated Date: 30/06/2018 Revised Date: 01/05/2021 No of Revisions 5 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
118	H&SC Care Homes - Corporate Report A3.3: Performance & Attendance Management Judith Proctor, Chief Officer	Medium	A3.3(4) Health & Social Care Teams - quarterly review of absence and performance management Started	This is the responsibility of the Unit manager for their direct reports. The Business Support Officer will ensure that the Unit Manager is aware on a monthly basis for Domestic and Handymen reporting to them. The Business Support Officer is required to monitor and report through the Customer process on a monthly basis. The staff nurse / charge nurse to be appointed at Gylemuir will ensure that this is performed for all NHS staff.	Estimated Date: 30/06/2018 Revised Date: 01/05/2021 No of Revisions 3 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan
Page 116 119	H&SC Care Homes - Corporate Report A3.4: Agency Staffing Judith Proctor, Chief Officer	Medium	A3.4(2) Analysis of the agency staff and hours worked charges Started	The BSO will assist the UM (See A2.1). A paper is being presented to the Health and Social Care Senior Management Team week commencing 15th January 2018 that proposes a solution where information will be provided to Locality Managers who will prepare reports for Care Homes. If this solution is agreed, it will be implemented immediately.	Estimated Date: 31/03/2018 Revised Date: 01/05/2021 No of Revisions 4 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan
120	H&SC Care Homes - Corporate Report A3.5: Adequacy of Resources Judith Proctor, Chief Officer	Medium	A3.5(1) Care Inspectorate Dependency Assessments requirements Started	Unit managers submit monthly reports to Cluster manager and Locality management team. Locality management team responsible for ensuring resource meets the demand based on dependency scoring.	Estimated Date: 31/01/2019 Revised Date: 01/05/2021 No of Revisions 5 Current revised date agreed as	Angela Ritchie Cathy Wilson Marian Gray Tom Cowan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
					part of extension exercise	
Page 117	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 1a - Health & Social Care</p> <p>Started</p>	<p>1. Health and Social Care: Given the considerable business support and social worker resources implications, the above recommendations will take time to design, implement and maintain. Business Support is resolving problem appointee arrangements as we go along, however, the backlog of reviews will need a programme management approach to rectify errors and support the governance required. In the meantime, associated risks will be added to the Partnership's risk register to monitor controls and progress on a monthly basis, given its high finding rating. Following the Care Home Assurance Review, the Partnership is developing a self-assurance control framework. Locality Managers have agreed for corporate appointee arrangements to be included in the assurance framework – which if found to be successful and useful, can be mirrored by the other applicable services in this report. Business Support is working on new guidelines for the administration of Corporate Appointeeship (e.g. new procedures, monthly checklists, etc.), which will support the effective delivery of the framework.</p>	<p>Estimated Date: 28/06/2019</p> <p>Revised Date: 01/08/2021</p> <p>No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Angela Ritchie Cathy Wilson Colin Beck Ian Waitt Tony Duncan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
122	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	2.2. Updating procedures to include an annual review of Corporate Appointee contracts Started	2. New guidelines will be written to ensure clarity of responsibilities. Sections will be included detailing Social Work; Business Support; and Transactions team responsibilities. The objective is to create and implement an end to end process that includes eligibility criteria, DWP processes and a full administrative process that will be applied centrally and across Locality offices; clusters; and hubs.	Estimated Date: 30/04/2018 Revised Date: 01/08/2021 No of Revisions 2 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Colin Beck Ian Waitt Tony Duncan
Page 118 123	Social Work Centre Bank Account Reconciliations Corporate Appointee Client Fund Management Judith Proctor, Chief Officer	High	Recommendation 8 Started	8. Refresher training will be offered as part of the implementation of the new guidelines to all staff involved in the process and recorded on staff training records. The training will also be incorporated into the new staff induction process.	Estimated Date: 31/05/2018 Revised Date: 01/08/2021 No of Revisions 3 Current revised date agreed as part of extension exercise	Angela Ritchie Cathy Wilson Colin Beck Ian Waitt Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
124	<p>Social Work Centre Bank Account Reconciliations</p> <p>Corporate Appointee Client Fund Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Recommendation 1b - Business Support</p> <p>Started</p>	<p>1. Business Support: Business Support will enable the review of current processes and guidelines in conjunction with Hub and Cluster Managers with sign off at the Locality Managers Forum. Business support will review all Corporate Appointee accounts and contact the relevant social worker, support worker or hub where the funds are over £16K for immediate review. Business support will advise social work when the funds exceed £16K where there is not a valid reason (for example, client deceased and social worker discussing estate with solicitor). Clarity on contact with DWP is being progressed and will be written into the new guidelines. Regular reporting will be introduced from the revised systems being implemented. This will be provided monthly at Senior Social Work level and annually for H&SC management</p>	<p>Estimated Date: 31/05/2018</p> <p>Revised Date: 01/08/2021</p> <p>No of Revisions 2</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Angela Ritchie Cathy Wilson Colin Beck Ian Waitt Tony Duncan</p>
Page 119 125	<p>Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management</p> <p>Risk and Supplier Performance Management</p> <p>Judith Proctor, Chief Officer</p>	High	<p>Rec 1 - Risk Management</p> <p>Started</p>	<p>A contracts management risk register will be developed describing, prioritising, and addressing risks to delivery. The risk register will be shared with and approved by the Core group by January 2018. The risk register will be refreshed quarterly and reviewed by the Core Group.</p>	<p>Estimated Date: 30/03/2018</p> <p>Revised Date: 01/03/2021</p> <p>No of Revisions 4</p> <p>Current revised date agreed as part of extension exercise</p>	<p>Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
126	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 3 - Performance Expectations Started	The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.	Estimated Date: 31/01/2018 Revised Date: 01/02/2021 No of Revisions 3	Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan
Page 126	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Risk and Supplier Performance Management Judith Proctor, Chief Officer	High	Rec 4 - Timeframes Started	The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.	Estimated Date: 31/01/2018 Revised Date: 01/02/2021 No of Revisions 3	Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan
128	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation	Medium	Rec 2 - Contract Management Processes Started	The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to	Estimated Date: 31/01/2018 Revised Date: 01/02/2021 No of Revisions 3	Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Judith Proctor, Chief Officer			confirm our shared understanding and shared with the EADP core group by January 2018.		
Page 124	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation Judith Proctor, Chief Officer	Medium	Rec 4 - Key Supplier Contracts Started	The existing contract management procedures will be summarised in a single document. It will include the dates information needs to come in, the key contacts, the escalation process in the event of non-performance and the priority metrics that would trigger those processes (waiting times, numbers taken onto caseloads, planned discharges). There will still be subject knowledge and judgement involved in monitoring the contracts; the escalation process cannot be reduced to an algorithm. To be agreed with the providers to confirm our shared understanding and shared with the EADP core group by January 2018.	Estimated Date: 31/01/2018 Revised Date: 01/02/2021 No of Revisions 3	Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
130	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Key Person Dependency and Process Documentation Judith Proctor, Chief Officer	Medium	Rec 5 - Records Management Policy Started	Records retention policy: Direction will be requested from the Information Governance team in relation to Records Management Policy requirements and how they should be applied to retention, archiving and destruction of contract management information. Any lessons learned will be shared with the Health and Social Care contracts management team.	Estimated Date: 30/03/2018 Revised Date: 01/02/2021 No of Revisions 5	Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan
Page 122 131	Edinburgh Alcohol and Drug Partnership (EADP) – Contract Management Supplier Sustainability Judith Proctor, Chief Officer	Medium	Rec 2 - Contingency Plans Started	Contingency plans will be developed, discussed with existing suppliers, and approved by the Core Group.	Estimated Date: 31/01/2018 Revised Date: 01/02/2021 No of Revisions 2	Alana Nabulsi Angela Ritchie Cathy Wilson Colin Beck Tony Duncan

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
132	Localities Operating Model 1. Localities Governance and Operating Model Paul Lawrence, Executive Director of Place and SRO	High	1.1 Recommendation - Localities Operating Model Post Implementation Review Started	Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.	Estimated Date: 31/03/2020 Revised Date: 01/11/2020 No of Revisions 1 Now in the process of being transferred to the Adaptation and Renewal Programme	Alison Coburn Alistair Gaw David Givan Evelyn Kilmurry George Gaunt Mike Avery Peter Strong Ruth Currie Sarah Burns

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
133	Localities Operating Model 1. Localities Governance and Operating Model Paul Lawrence, Executive Director of Place and SRO	High	1.2 Recommendation – Development and Delivery of Council Locality Improvement Plan Actions Started	Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.	Estimated Date: 31/03/2020 Revised Date: 01/02/2021 No of Revisions 1 Now in the process of being transferred to the Adaptation and Renewal Programme	Alison Coburn Alison Henry David Givan Donna Rodger Evelyn Kilmurry George Gaunt Laurence Rockey Michele Mulvaney Mike Avery Paula McLeay Peter Strong Sarah Burns

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
134	Localities Operating Model 1. Localities Governance and Operating Model Laurence Rockey, Head of Strategy & Communications	High	1.3 Recommendation - Locality Service Delivery Performance Measures Started	Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.	Estimated Date: 31/03/2020 Revised Date: 01/08/2021 No of Revisions 1 Now in the process of being transferred to the Adaptation and Renewal Programme	Alison Coburn Donna Rodger Evelyn Kilmurry Michele Mulvaney Mike Avery Paula McLeay Peter Strong Sarah Burns

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
135	<p>Localities Operating Model</p> <p>1. Localities Governance and Operating Model</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>1.4 Recommendation - Engagement with Council centralised divisions</p> <p>Started</p>	<p>Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 1</p> <p>Now in the process of being transferred to the Adaptation and Renewal Programme</p>	<p>Alison Coburn David Givan Evelyn Kilmurry George Gaunt Mike Avery Peter Strong Sarah Burns</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
136	Localities Operating Model 1. Localities Governance and Operating Model Stephen Moir, Executive Director of Resources	High	1.5 Recommendation - Locality budget planning and financial management Started	Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.	Estimated Date: 31/03/2020 Revised Date: 01/11/2020 No of Revisions 1 Now in the process of being transferred to the Adaptation and Renewal Programme	Alison Coburn Annette Smith Evelyn Kilmurry Hugh Dunn John Connarty Michelle Vanhegan Mike Avery Peter Strong Sarah Burns Susan Hamilton

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
137 Page 128	Localities Operating Model 1. Localities Governance and Operating Model Paul Lawrence, Executive Director of Place and SRO	High	1.6 Recommendation - Risk Management Started	Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.	Estimated Date: 31/03/2020 Revised Date: 01/11/2020 No of Revisions 1 Now in the process of being transferred to the Adaptation and Renewal Programme	Alison Coburn David Givan Evelyn Kilmurry George Gaunt Mike Avery Peter Strong Sarah Burns

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
138	<p>Localities Operating Model</p> <p>1. Localities Governance and Operating Model</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>1.7 Recommendation - Succession Planning</p> <p>Started</p>	<p>Management response from the Place Directorate and Strategy and Communications It is recognised the Council's localities operating model has not been fully effective and that oversight of locality performance and delivery of locality improvement plan actions could be improved. This is mainly attributable to the ambitious and complex design of the original localities operating model. The Localities operating model is in the process of being redesigned following dissolution of the Localities Committees as in February 2019, and the Internal Audit recommendations included in the first finding below will be considered and implemented (where appropriate) in the design of the new model and incorporated within reporting provided to established Council executive committees that are responsible for oversight of service delivery across the localities and monitoring progress with delivery of LIP actions. Once the new locality model has been designed, details of the new design and implementation plan will be shared with Internal Audit by 31 March 2020 to demonstrate how their recommendations will be addressed and implemented. It has been agreed with Internal Audit that new management actions will be raised at that time to track implementation progress.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 1</p> <p>Now in the process of being transferred to the Adaptation and Renewal Programme</p>	<p>Alison Coburn David Givan Evelyn Kilmurry George Gaunt Mike Avery Peter Strong Sarah Burns</p>
139	<p>Localities Operating Model</p> <p>2. Oracle Financial System – Authorised Approval Limits</p> <p>Stephen Moir, Executive Director of Resources</p>	Low	<p>2.1 Recommendation - Authorisation Limits Review</p> <p>Started</p>	<p>A large-scale exercise, involving over 500 changes to the structure, was undertaken during the winter months realigning Place, taking into account changes relating to Transformation. A review of all Oracle Requisition Approvers for the department of Place has been initiated and is currently underway. More fundamentally, a rolling programme of all Oracle Requisition Approvers, across all divisions, has been reinstated. Prior to 2015 this was business as usual (BAU), however due to the proposed introduction of the enterprise resource planning solution and other budget cuts and staff reductions this was suspended. The significance of this regular review was recognised and reinstated in 2018. This will be rigorously implemented until firmly re-embedded as part of BAU across the business</p>	<p>Estimated Date: 26/06/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 0</p>	<p>Alison Henry Annette Smith Brenda Brownlee David Camilleri Hugh Dunn Layla Smith Michelle Vanhegan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
140	Planning and S75 Developer Contributions Backlog of Legacy Developer Contributions Stephen Moir, Executive Director of Resources	High	PL 1802 Recommendation 1.1 Review of developer contributions held in the Finance database Started	A full review of all developer contributions held in the Finance database will be performed, and all entries reconciled to amounts held on deposit and/or in the general ledger.	Estimated Date: 31/01/2016 Revised Date: 01/02/2021 No of Revisions 1	Alison Coburn Alison Henry Annette Smith Bruce Nicolson David Leslie David Givan Hugh Dunn Layla Smith Michael Thain Michelle Vanhegan Rebecca Andrew

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
141 Page 131	<p>Planning and S75 Developer Contributions</p> <p>Backlog of Legacy Developer Contributions</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>PL 1802 Recommendation 1.2 Retrospective review of historic developer contribution legal agreements</p> <p>Started</p>	<p>Planning has worked with Finance to identify the status of legacy contributions identified in 2015. Planning accepts that the status of the remaining £2.3 million backlog needs to be identified, and any associated actions identified and recorded. Whilst an agreed implementation date of 30 September 2020 is noted below, priority will be given to completing these actions as quickly as possible.1. The audit recommendations detailed above will be implemented. Finance and planning will work together to determine the risk-based sample to be included in the review. For the sample selected, Planning will determine whether or not the terms of the agreement have been fulfilled where agreements have been fulfilled, Finance will determine whether developer contributions have been received and applied. Where agreements have not been fulfilled and the Council is holding developer funds, the management action specified at 2.3 below will be applied.2. An internal record will be maintained of agreements that have not been fulfilled to prevent services from drawing down contributions to support any development work. Developers will not be advised that agreements are void and no longer applicable, as (under legislation) only developers can seek to discharge the agreement; and3. and 4 where agreements have not been fulfilled and funds are held by the Council, the developer will be contacted (where they can be traced) to ascertain whether they would accept reimbursement of funds. Where this is the case, a value should be agreed between the Council and the developer that reflects interest and indexation (where applicable) and reimbursed.</p>	<p>Estimated Date: 31/01/2016</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 1</p>	<p>Alison Coburn Alison Henry Annette Smith Bruce Nicolson David Leslie David Givan George Gaunt Graham Nelson Hugh Dunn Kevin McKee Michael Thain Michelle Vanhegan Nick Smith Rebecca Andrew</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
142	Planning and S75 Developer Contributions Ongoing management of developer contributions Stephen Moir, Executive Director of Resources	High	PL1802 Iss 3 Rec 3.2 Ongoing maintenance of developer contributions Started	All recommended actions will be implemented as set out above (in IA recommendations).	Estimated Date: 30/09/2020 Revised Date: 01/02/2021 No of Revisions 0	Alison Henry Annette Smith Hugh Dunn Layla Smith Michelle Vanhegan Rebecca Andrew
Page 132	HMO Licensing PL1803 Issue 1 Licensing system - Data Integrity and Performance Issues Stephen Moir, Executive Director of Resources	High	PL1803 Issue 1.1 Project Plan Started	Response from Digital Services Digital Services resources have now been allocated to work with both the Licencing team and CGI to progress the change request for the upgrade to APP Civica CX, and this will involve developing a plan to support implementation of the system upgrade that includes details of all relevant activities to be completed and implementation timeframes. Response from Licencing the Place Directorate and Digital Services have made change requests for CGI to provide analysis on the business benefits, costs and risks of moving to the APP. These change requests are outstanding from CGI from 2018. Upon receipt of this analysis the Directorate will agree with the Resource Directorate a project plan for approval by senior managers,	Estimated Date: 20/12/2019 Revised Date: 31/03/2021 No of Revisions 3	Alison Roarty Grace McCabe Heather Robb Isla Burton Julie Rosano Layla Smith Michelle Vanhegan Nicola Harvey

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
144	HMO Licensing PL1803 Issue 1 Licensing system - Data Integrity and Performance Issues Paul Lawrence, Executive Director of Place and SRO	High	PL1803 Issue 1.2 Escalation of system issues Started	The Place Directorate has previously reported on operational performance issues to the Regulatory Committee in 2018. The Place Directorate will include a full assessment of system issues with APP within a wider performance report due to be submitted to Regulatory Committee in the last quarter of 2019/20. This report will include an update on proposed project plan for APP Cx	Estimated Date: 31/03/2020 Revised Date: 31/03/2021 No of Revisions 1 Revised due date to be further agreed with management and updated	Alison Coburn Andrew Mitchell David Givan George Gaunt Grace McCabe Isla Burton Michael Thain Sandra Harrison
Page 133 145	HMO Licensing PL1803 Issue 3 - Operational Performance and Reporting Paul Lawrence, Executive Director of Place and SRO	Medium	PL1803 Issue 3.1 Inspection revisit policy Started	It is not legally possible to refuse a licence application based on number of visits as legislation requires that each case is considered on its merits and any policy that removes discretion would be at high risk of legal challenge. A new procedure is currently being drafted that will ensure a consistent approach and any decision on number of revisits is controlled by managers of the service to reduce the number of unnecessary revisits. We will amend current codes used in the APP Civica licencing system to ensure a 3-stage process for inspection and revisit is applied going forward. This will include creation of: a new unique single action code for an Initial inspection a new unique single action code for a Revisit inspection to offer a 7,14 21 or max 28-day time frame to complete any outstanding works – only available after an initial inspection has taken place a new unique action for a single Team Leader/Manager Review Inspection – only available in exceptional cases where additional guidance is sought by the inspector and must be authorised by a team leader/manager	Estimated Date: 31/12/2019 Revised Date: 05/10/2020 No of Revisions 5	Alison Coburn Andrew Mitchell David Givan George Gaunt Grace McCabe Isla Burton Michael Thain Sandra Harrison

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
146	HMO Licensing PL1803 Issue 4 Training and Guidance Documentation Paul Lawrence, Executive Director of Place and SRO	Low	PL1803 Issue 4.1 Induction process Started	Regulatory Services introduced a service specific induction program for all teams in 2018 in order to ensure that all new starts are appropriately supported. Written Induction packs for the licensing service were created and will be used for all new staff. The pack includes a 6-week training programme which will be tailored for each new start depending on where they sit within the service. The member of staff identified by the audit had been assigned alternate duties was not therefore familiar with the process. This has been addressed with the individual concerned. Appropriate refresher briefings will be given for all managers within the service.	Estimated Date: 30/09/2019 Revised Date: 01/02/2020 No of Revisions 0	Alison Coburn Andrew Mitchell David Givan George Gaunt Grace McCabe Isla Burton Michael Thain Sandra Harrison
Page 134 147	Road Services Improvement Plan PL1808 Issue 1. Roads Improvement Plan financial operating model and project governance Paul Lawrence, Executive Director of Place and SRO	High	PL1808 - 1.1 Roads Service Improvement Plan review (including financial operating model) Started	Accepted. The Roads Service Improvement Plan (the Plan) will be reviewed following completion of the organisational restructure and will consider the points noted in the recommendation. A review of the financial operating model will also be undertaken with the aim of embedding a new budget structure for the service. Once completed the Plan business case will be refreshed to reflect any significant changes.	Estimated Date: 30/04/2020 Revised Date: 01/09/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser
148	Road Services Improvement Plan PL1808 Issue 3. Roads inspection, defect categorisation, and repairs Paul Lawrence,	Low	PL1808 - 3.2a) Inspector training and qualifications Started	1. Design and implement a training framework for all relevant Inspectors in line with the newly adopted 'Road Safety Inspection and Defect Categorisation Procedure'	Estimated Date: 31/01/2020 Revised Date: 01/06/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser Sean Gilchrist

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	Executive Director of Place and SRO					
149	Road Services Improvement Plan PL1808 Issue 3. Roads inspection, defect categorisation, and repairs Paul Lawrence, Executive Director of Place and SRO	Low	PL1808 - 3.3 Management information for planned inspections Started	On appointment, the new Service Performance Coordinator and Team Leader – Safety Inspections will work with Pitney Bowes (the supplier of the Confirm system) to develop a new process to plan and monitor safety inspection performance	Estimated Date: 31/03/2020 Revised Date: 01/11/2020 No of Revisions 1	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Nicole Fraser Sean Gilchrist
Page 135 150	Road Services Improvement Plan PL1808 Issue 3. Roads inspection, defect categorisation, and repairs Paul Lawrence, Executive Director of Place and SRO	Low	PL1808 - 3.4 Authentication protocol for the Confirm Connect application Started	An audit of all handsets will be undertaken, and any non-complaint handsets will be removed and replaced	Estimated Date: 31/01/2020 Revised Date: 01/06/2020 No of Revisions 0	Alison Coburn Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Jamie Watson Jordan Walker Nicole Fraser Sean Gilchrist

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
151	<p>Street Lighting and Traffic Signals</p> <p>Street Lighting - Inventory and Maintenance</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>PL1810 Issue 2: Rec 1 - Street lighting inventory completeness and electrical testing results</p> <p>Started</p>	<p>Clear processes will be designed and implemented to ensure that: all street lighting additions and removals are accurately recorded on Confirm; electrical testing outcomes are completely and accurately recorded on Confirm; and progress with testing is accurately monitored and reconciled. These processes will be included in the Street Lighting Operational Guide (developed under Finding No 3 below). With this action being inextricably linked with the ongoing Energy Efficient Street Lighting Programme, implementation will be phased (on a Ward by Ward basis) within six months of completion of each Ward within the Programme, with full completion by 30 June 2022. It has been agreed with Internal Audit that an implementation date of 20 December 2019 has been agreed with Internal Audit, enabling them to perform sample testing across the wards that have been completed at that time.</p>	<p>Estimated Date: 20/12/2019 Revised Date: 01/02/2021 No of Revisions 3</p>	<p>Alan Simpson Alison Coburn Claire Duchart Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Nicole Fraser Robert Mansell Tony Booth</p>
152	<p>Street Lighting and Traffic Signals</p> <p>Street Lighting - Inventory and Maintenance</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>PL1810 Issue 2: Rec 2 - Street Lighting Inventory Checks</p> <p>Started</p>	<p>The processes (designed and implemented above) will include a monitoring arrangement, with quarterly checks made to confirm the completeness and accuracy of the inventory in Confirm. With this action being inextricably linked with the ongoing Energy Efficient Street Lighting Programme, implementation will be phased (on a Ward by Ward basis) within six months of completion of each Ward within the Programme, with full completion by 30 June 2022. It has been agreed with Internal Audit that an implementation date of 20 December 2019 has been agreed with Internal Audit, enabling them to perform sample testing across the wards that have been completed at that time.</p>	<p>Estimated Date: 20/12/2019 Revised Date: 01/02/2021 No of Revisions 3</p>	<p>Alan Simpson Alison Coburn Claire Duchart Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Nicole Fraser Robert Mansell Tony Booth</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
153	<p>Street Lighting and Traffic Signals</p> <p>Street Lighting and Traffic Signals: Process and quality assurance documentation and training</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1810 Issue 3 - Rec 1 Operation and maintenance procedures</p> <p>Started</p>	<p>Street Lighting and Traffic Signals Operational Guides will be developed, implemented, and reviewed to ensure that processes align with current regulatory requirements. Operational Guides will be implemented within six months of implementation of the Roads Improvement Plan, or by 30 September 2019, whichever comes first.</p>	<p>Estimated Date: 30/09/2019</p> <p>Revised Date: 01/12/2020</p> <p>No of Revisions 2</p>	<p>Alan Simpson Alison Coburn Claire Duchart David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Mark Love Nicole Fraser Robert Mansell Tony Booth</p>
Page 137 154	<p>Street Lighting and Traffic Signals</p> <p>Traffic Signals: Evidence of pre installation design and acceptance testing</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1810 Issue 4: Rec 1 - Paperless testing checklist</p> <p>Started</p>	<p>A checklist will be introduced to record all factory and site acceptance testing and uploaded onto InView against the appropriate asset. The checklist will record engineer acceptance and review.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 2</p>	<p>Alan Simpson Alison Coburn Claire Duchart Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Mark Love Nicole Fraser Robert Mansell Tony Booth</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
155	<p>Street Lighting and Traffic Signals</p> <p>Traffic Signals: Evidence of pre installation design and acceptance testing</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1810 Issue 4: Rec 2 - Guidance supporting testing checklist</p> <p>Started</p>	Workshop to be arranged to guide all relevant team members on the processes for completion and retention of the checklist.	<p>Estimated Date: 31/12/2019</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 3</p>	<p>Alan Simpson Alison Coburn Claire Duchart Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Mark Love Nicole Fraser Robert Mansell Tony Booth</p>
156	<p>Street Lighting and Traffic Signals</p> <p>Traffic Signals: Evidence of pre installation design and acceptance testing</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Low	<p>PL1810 Issue4: Rec 3 - Checklist retention procedures</p> <p>Started</p>	Processes for the completion and retention of the checklist to be included in appropriate Operational Guide.	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/02/2021</p> <p>No of Revisions 2</p>	<p>Alan Simpson Alison Coburn Claire Duchart Cliff Hutt David Givan Gareth Barwell Gavin Brown George Gaunt Lindsey McPhillips Mark Love Nicole Fraser Robert Mansell Tony Booth</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
157	<p>Fleet Review</p> <p>Project management and governance framework</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>3. Recommendation - Project Management Framework</p> <p>Started</p>	<p>Agreed. The guidance designed by Strategy and Insight will be applied to support the Fleet project management framework; Agreed – all documentation noted above will be prepared to support the project; Project documentation will be approved by the Project Board. Status reporting will be provided to Strategy and Insight for inclusion in the CLT Change Board pack; and agreed – actions will be documented; allocated; and monitored to confirm their completion.</p>	<p>Estimated Date: 28/06/2019</p> <p>Revised Date: 01/05/2020</p> <p>No of Revisions 1</p>	<p>Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Nicole Fraser Scott Millar Veronica Wishart</p>
Page 139	<p>Drivers</p> <p>Management and use of Driver Permits and fuel FOB cards</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Management and use of Driver Permits and Fuel FOB cards Rec 4</p> <p>Started</p>	<p>Fleet Services will perform an exercise to remove all historic leavers from their database and advise the external third party who performs the annual licence checks to ensure that no subsequent checks are performed on former employees;</p>	<p>Estimated Date: 01/02/2019</p> <p>Revised Date: 01/03/2021</p> <p>No of Revisions 3</p>	<p>Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Katy Miller Martin Young Nicole Fraser Scott Millar Steven Wright</p>
159	<p>Drivers</p> <p>Recording and addressing driving incidents</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recording and addressing driving incidents Rec 3</p> <p>Started</p>	<p>Quarterly analysis of driving incidents will be performed and provided to Service Areas with a request that any recurring themes or root causes are incorporated into ongoing driver training;</p>	<p>Estimated Date: 01/02/2019</p> <p>Revised Date: 01/09/2019</p> <p>No of Revisions 1</p>	<p>Adam Fergie Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Katy Miller Martin Young Nicole Fraser Scott Millar Steven Wright</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
160	<p>Drivers</p> <p>Recording and addressing driving incidents</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	Medium	<p>Recording and addressing driving incidents</p> <p>Started</p>	<p>Six monthly reporting will be provided to the Corporate Leadership Team together with details of relevant actions taken.</p>	<p>Estimated Date: 01/10/2019</p> <p>Revised Date: 01/12/2020</p> <p>No of Revisions 1</p>	<p>Adam Fergie Alison Coburn Claire Duchart David Givan Gareth Barwell George Gaunt Katy Miller Martin Young Nicole Fraser Scott Millar Steven Wright</p>
Page 140	<p>Asset Management Strategy</p> <p>Issue 1: Visibility and Security of Shared Council Property</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>Review of existing shared property</p> <p>Started</p>	<p>A review of the office estate is underway by the Operational Estates team to identify third party users and approach them to seek appropriate leases or licences to allow them to occupy the premises and ensure the Council is appropriately reimbursed.</p>	<p>Estimated Date: 31/10/2018</p> <p>Revised Date: 01/03/2026</p> <p>No of Revisions 3</p>	<p>Audrey Dutton Gohar Khan Layla Smith Lindsay Glasgow Michelle Vanhegan Peter Watton</p>
162	<p>Compliance with IR35 and Right to Work</p> <p>RES1802: Issue 1. IR35 Compliance and Oversight Framework</p> <p>Judith Proctor, Chief Officer</p>	High	<p>RES1802: Issue 1.5 Daybreak Carer's Agreements</p> <p>Started</p>	<p>The Carer's Agreement will be revised with assistance from Legal and Risk service to ensure it complies with all requirements. All current carers will be asked to sign a revised agreement. The agreement will be revised on an annual basis to take account of any relevant changes.</p>	<p>Estimated Date: 30/09/2019</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 3Closed</p>	<p>Angela Ritchie Anne-Marie Donaldson Cathy Wilson Kevin McKee Mark Grierson Tony Duncan</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
163	<p>Certifications and Software Licenses</p> <p>RES1805 Licenses and Certificates: Issue 1 - Governance and Oversight</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>1.1 Council - Governance and Oversight of Certificates and Licenses</p> <p>Started</p>	<p>Council: Both Digital Services Management and CGI agree that the issues relating to Certificates and Licenses must be addressed. Digital Services Management will: ensure improved Governance of the processes around this are undertaken, reporting any issues through the Executive Board; and ensure licenses are reduced/savings are realised where reduction or improved management of licenses is practicable. 2. Although not directly part of this action, more explicit requirements and governance around certificates and licenses will form part of any new or revised outsourcing contract.</p>	<p>Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2</p> <p>Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service.</p>	<p>Alison Roarty Heather Robb Jackie Galloway Julie Rosano Laura Millar Layla Smith Michelle Vanhegan Nicola Harvey Stuart Skivington</p>
Page 141 164	<p>Certifications and Software Licenses</p> <p>RES1805 Licenses and Certificates: Issue 1 - Governance and Oversight</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>1.2 CGI - Reporting and monitoring - Licenses and Certificates</p> <p>Started</p>	<p>CGI will Provide improved reporting on licenses and usage to Council Asset meetings. This will start no later than October 2019; At these meetings, also provide updates on certificate management, highlighting any service impact/incident reports caused by certificate issue; and Work with Council to provide a relevant update for the Partnership Board/Executive meeting on certificate and license management.</p>	<p>Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2</p> <p>Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service.</p>	<p>Alison Roarty Heather Robb Jackie Galloway Laura Millar Layla Smith Michelle Vanhegan Nicola Harvey Stuart Skivington</p>
165	<p>Certifications and Software Licenses</p> <p>RES1805 Licenses and Certifications: Issue 2 - Ongoing</p>	High	<p>2.1 Completeness and accuracy of license inventory reports</p>	<p>CGI will Use the Microsoft SCCM Product to ensure that all software installed in appropriately licensed Ensure that the license report is reconciled back to source system data (where applicable) and gain Council confirmation that they are satisfied with the completeness and accuracy of the license inventory. Update the Council at the fortnightly asset meetings</p>	<p>Estimated Date: 31/01/2020 Revised Date: 01/11/2020</p>	<p>Alison Roarty Heather Robb Jackie Galloway Julie Rosano Laura Millar</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
	management Stephen Moir, Executive Director of Resources		Started	of any differences between installed and licensed software and agree a course of action e.g. removal, reduction in licenses, discussion with Services on usage This should start by the end of October 2019.	Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service. No of Revisions 2	Layla Smith Michelle Vanhegan Nicola Harvey Stuart Skivington
Page 142	Certifications and Software Licenses RES1805 Licenses and Certifications: Issue 2 - Ongoing management Stephen Moir, Executive Director of Resources	High	2.2 Thematic certificates and licenses incidents Started	CGI will report to the Council on service incidents that have been caused by license or certificate issues where the root cause is non/late renewal or incorrect implementation. This should start no later than the end of October 2019 and will be discussed at the monthly Partnership Forum. CGI and Digital Services will then determine if the issues identified require a process review.	Estimated Date: 31/01/2020 Revised Date: 01/11/2020 No of Revisions 2 Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service.	Alison Roarty Heather Robb Jackie Galloway Julie Rosano Laura Millar Layla Smith Michelle Vanhegan Nicola Harvey Stuart Skivington

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
167	<p>Out of Support Technology and Public Sector Network Accreditation</p> <p>RES1807 - Issue 1: Public Services Network governance framework</p> <p>Stephen Moir, Executive Director of Resources</p>	Low	<p>RES1807 - 1.1 Public Services Network governance arrangements</p> <p>Started</p>	<p>Digital Services Management has recognised the need to review governance arrangements around PSN /Cybersecurity. This will include Adapting the Security Working Group (SWG) Assurance report, in conjunction with CGI, to be the single report for all security assurance and accreditation matters encompassing PNS, Cyber Essentials/Cyber Essentials Plus, PSCAP and progress against Internal Audit findings. Working with CGI to change the Security Management Plan to have separate fortnightly SWG meetings to cover Operations and Assurance: SWG Operations Group will review the Security Operations Centre (SOC) and Security Operations Reports (SOR)SWG Assurance Group will review Assurance, PSN, Cyber Essentials/Cyber Essentials Plus and Audit Actions. To enable this approach, we will work with the Commercial teams from CGI and the Council to ensure that this approach is acceptable under the terms of the Contract Ensuring that PSN risks are included and highlighted in the Public Sector Network Plan B report. These risks will also be added to the Council/CGI partnership security risk log and reviewed as part of this.</p>	<p>Estimated Date: 31/01/2020</p> <p>Revised Date: 01/12/2020</p> <p>No of Revisions 1</p>	<p>Alison Roarty Heather Robb Julie Rosano Layla Smith Michelle Vanhegan Mike Brown Nicola Harvey</p>
168	<p>Cyber Security - Public Sector Action Plan</p> <p>RES1808: Issue 1: Critical Operational Cyber Security Controls</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>RES1808: Issue 1: Recommendation 1.2 - Cyber Essentials Accreditation</p> <p>Started</p>	<p>CGI completed a complete manual vulnerability scan of the estate in November 2018 Vulnerabilities identified from this scan are being resolved as part of the Public Services Network remediation action plan. CGI have been formally requested to implement automated vulnerability scanning as a service. To ensure this is in place in time for Cyber Essentials Plus accreditation this automated vulnerability scanning is targeted to be implemented by end of June 2019.</p>	<p>Estimated Date: 30/09/2019</p> <p>Revised Date: 01/05/2021</p> <p>No of Revisions 2</p>	<p>Alison Roarty Heather Robb Layla Smith Michelle Vanhegan Mike Brown Nicola Harvey</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
169	<p>Cyber Security - Public Sector Action Plan</p> <p>RES1808: Issue 1: Critical Operational Cyber Security Controls</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>RES1808: Issue 1: Recommendation on 4.1 - User access controls</p> <p>Started</p>	<p>CGI indicated that the full recommendations made by the external auditor could not be implemented without significant change to the contract and at a notable additional cost. CGI provided the Council and the External Auditors with details of the current oversight of the CGI Wintel and UNIX password policies. Current ongoing evidence of this oversight via the Security Working Group will be provided to external audit, a statement confirming the risk acceptance by the Executive Director of Resources will be prepared, approved, signed, and provided to Scott Moncrieff.</p>	<p>Estimated Date: 31/05/2019</p> <p>Revised Date: 01/10/2019</p> <p>No of Revisions 0</p> <p>Agreed date to be extended as part of IA Extension Timeframes exercise – date to be advised by Service.</p>	<p>Alison Roarty Heather Robb Layla Smith Michelle Vanhegan Mike Brown Nicola Harvey</p>
170	<p>Supplier Management Framework and CIS Payments</p> <p>RES1809 Issue 1: Contract Management by Directorates and Service Areas</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>RES1809 Issue 1.1(3): Completeness and accuracy of the contract register - C&F</p> <p>Started</p>	<p>Communities and Families A review will be undertaken to populate the contracts register with accurate details of named officers for tier 1 contracts and Procurement will be notified so that master contracts register can be updated. We will follow a similar process to HSC and Place in relation to updating of the register for tier 2, 3 and other value contracts at the point of procurement, renewal, or submission of new waivers.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 1</p>	<p>Anna Gray Claire Thompson David Hoy Michelle McMillan Nickey Boyle</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
171	<p>Supplier Management Framework and CIS Payments</p> <p>RES1809 Issue 1: Contract Management by Directorates and Service Areas</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>RES1809 Issue 1.1(4): Completeness and accuracy of the contract register - Place</p> <p>Started</p>	<p>Place A recent review of the contracts register was carried out. However, an annual review of the contracts register will be undertaken to ensure that the Council's contracts register is completely and accurately populated for all Place contracts, with contract tiering assessments and accurate contract manager details included.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 1</p>	<p>Alison Coburn David Givan Gareth Barwell George Gaunt Lynne Halfpenny Michael Thain</p>
Page 145 172	<p>Supplier Management Framework and CIS Payments</p> <p>RES1809 Issue 1: Contract Management by Directorates and Service Areas</p> <p>Judith Proctor, Chief Officer</p>	High	<p>RES1809 Issue 1.4(2): Review of contract waivers - HSCP</p> <p>Started</p>	<p>Health and Social Care Partnership These recommendations have been accepted. The outcomes of the waiver review will be presented to and discussed at the Procurement Board, and appropriate action taken to address waivers that have been consistently waived.</p>	<p>Estimated Date: 27/03/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 1</p>	<p>Alana Nabulsi Angela Ritchie Cathy Wilson Moira Pringle Sally McGregor</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
173	<p>Supplier Management Framework and CIS Payments</p> <p>RES1809 Issue 1: Contract Management by Directorates and Service Areas</p> <p>Alistair Gaw, Executive Director of Communities and Families</p>	High	<p>RES1809 Issue 1.4(3): Review of contract waivers - C&F</p> <p>Started</p>	<p>Communities and Families Recommendations accepted. We have reduced the need for waivers through the development of framework arrangements and contracts that are in place. However, we will review the waivers currently in place and report this to Communities and Families Directorate Senior Management Team meeting with the Corporate and Procurement Services commercial partner.</p>	<p>Estimated Date: 27/03/2020</p> <p>Revised Date: 01/11/2020</p> <p>No of Revisions 1</p>	<p>Anna Gray David Hoy Michelle McMillan Nickey Boyle</p>
174	<p>Supplier Management Framework and CIS Payments</p> <p>RES1809 Issue 1: Contract Management by Directorates and Service Areas</p> <p>Paul Lawrence, Executive Director of Place and SRO</p>	High	<p>RES1809 Issue 1.4(4): Review of contract waivers - Place</p> <p>Started</p>	<p>Place Service area management teams currently receive this information (at least on a quarterly basis) and this will continue, with escalation of any issues to the Place SMT as appropriate.</p>	<p>Estimated Date: 31/03/2020</p> <p>Revised Date: 31/12/2020</p> <p>No of Revisions 1</p>	<p>Alison Coburn David Givan Gareth Barwell George Gaunt Lynne Halfpenny Michael Thain</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
Page 147	Asset Management Strategy and CAFM system 18/19	High	3.1 Ensuring Data Completeness, Accuracy, and Quality Started	<p>Current CAFM users have access to the operational data they need in the system to perform their roles and are also updating the CAFM system with new data. Whilst the vision is to have all property data in CAFM, the volume of property data that could be captured and recorded is near infinite, therefore property data that will retained in CAFM has to be focused on the effort and cost to collect versus the value it provides. The CAFM Business Case includes requirement for a Data Quality Manager, who will be the responsible data steward for Property and Facilities Management (P&FM) data. Their role is not necessarily to collect the data but to ensure rigor and control over it. This will involve ensuring regular reviews of data within the system and ensuring that data is managed and maintained in line with the established CAFM data hierarchy and agreed Council information management policies and procedures.</p> <p>Sharing data steward responsibilities across services is problematic, as they hold responsibility and accountability for the data under their remit. It would be highly unlikely that a data steward from another service would want to take on the additional accountability of data from P&FM. We recommend that P&FM establish their own data steward. The CAFM Business Case includes the delivery of a Data Quality Strategy for P&FM. The objective of the data quality strategy is to attribute risk and value to the data maintained in the system.</p> <p>Additionally: data change processes and procedures that capture data processing and management in CAFM will be designed and implemented. processes for reviewing data quality, for example, review of condition survey data run in tandem with review of property data every five years, will be designed and implemented. data validation controls within CAFM will be applied; and data quality audit controls for individual data fields available in CAFM will be applied, and audit reports run at an appropriate frequency to identify any significant changes to key data.</p>	<p>Estimated Date: 31/03/2016 Revised Date: 01/08/2022 No of Revisions 1</p> <p>Management has proposed closure by risk acceptance – discussions with IA ongoing</p>	<p>Alan Chim Andrew Field Audrey Dutton Brendan Tate Gohar Khan Layla Smith Michelle Vanhegan Peter Watton</p>
	<p>RES1813 Asset Management Strategy and CAFM: Issue 3 - Property and Facilities Management Data Completeness; Accuracy; and Quality</p> <p>Stephen Moir, Executive Director of Resources</p>					

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
176 Page 148	<p>Asset Management Strategy and CAFM system 18/19</p> <p>RES1813 Asset Management Strategy and CAFM: Issue 3 - Property and Facilities Management Data Completeness; Accuracy; and Quality</p> <p>Stephen Moir, Executive Director of Resources</p>	High	<p>3.2 Resolution of known data quality issues</p> <p>Started</p>	<p>A reconciliation of the two lists has been performed and there are no obvious discrepancies other than properties which are out with the scope of the survey team. The viability of establishing a referencing system for concessionary lets in the CAFM system will be explored. The volume and value of known concessionary lets across the Council Estate will form part of the Annual Investment Portfolio update which is reported to the Finance and Resources committee. There is an ongoing work stream looking at vacant and disposed properties and the systems updates required.</p>	<p>Estimated Date: 31/03/2016</p> <p>Revised Date: 01/08/2022</p> <p>No of Revisions 2</p> <p>Management has proposed closure by risk acceptance – discussions with IA ongoing</p>	<p>Alan Chim Andrew Field Audrey Dutton Brendan Tate Gohar Khan Graeme McGartland Layla Smith Michelle Vanhegan Peter Watton</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
177	<p>CGI Subcontract Management C/f 2018/19</p> <p>1 Council oversight of CGI subcontract management</p> <p>Stephen Moir, Executive Director of Resources</p>	Medium	<p>1.1 Assessment of the criticality of CGI sub-contractors</p> <p>Started</p>	<p>Digital Services will: Perform a review, with the assistance of CGI where appropriate, of the remaining population of 65 sub-contractors that are not currently classified as key sub-contractors to determine whether they should be reclassified as 'key sub-contractors' based on the criticality of their role in supporting delivery of Council services, or the value of their contracts in comparison to the aggregate charges forecast included in the CGI contract. This review will consider the criticality of Council applications and infrastructure supported by these sub-contractors in comparison to divisional application and system recovery requirements and will ensure that the gaps noted in the CNT spreadsheet in relation to missing contractors; expired purchase orders; and criticality of applications have been addressed. Where the review highlights any significant changes, the outcomes will be provided to the relevant Council and CGI partnership governance forums together with a request that CGI implements the supplier management arrangements specified in the contract to any new key sub-contractors. Review of CGI sub-contractors will be scheduled for completion annually, and the process outlined above applied.</p>	<p>Estimated Date: 30/04/2020</p> <p>Revised Date: 01/01/2021</p> <p>No of Revisions 1</p>	<p>Alison Roarty Heather Robb Jackie Galloway Layla Smith Michelle Vanhegan Nicola Harvey</p>

Ref	Project/Owner	Issue Type	Issue/Status	Agreed Management Action	Dates	Contributor
178	Budget Setting and Management RES 1903 Issue 4: Training for budget managers Stephen Moir, Executive Director of Resources	Medium	RES 1903 Issue 4.1: Training for budget managers Started	Finance is not currently responsible for providing training for budget managers as this was centralised into, Learning and Development in 2016. However, following discussions earlier this year, it has been agreed that responsibility for budget managers training will transfer back from Learning and Development to Finance. Once these responsibilities have been transferred, Finance will establish a process to ensure that all first line budget managers have completed the two training modules with supporting checks performed to ensure that the training has been completed. Please note that the 'Evidence required to close' listed above is for indicative purposes only. During Internal Audit's review of any evidence submitted, further supporting evidence may be required to close the action. Evidence should be uploaded to TeamCentral as actions progress and no later than 10 working days before agreed implementation date. This will allow Internal Audit sufficient time to review the evidence.	Estimated Date: 30/09/2020 Revised Date: 01/02/2021 No of Revisions 0	Alison Henry Annette Smith Hugh Dunn John Connarty Layla Smith Michelle Vanhegan
179	Budget Setting and Management RES 1903 Issue 4: Training for budget managers Stephen Moir, Executive Director of Resources	Medium	RES 1903 Issue 4.2: CECiL training module Started	This is underway and will be completed by the end of May 2020.	Estimated Date: 31/05/2020 Revised Date: 30/10/2020 No of Revisions 1	Adam Fergie Caroline Bayne Katy Miller Layla Smith Louise Hitchings Margaret-Ann Love Michelle Vanhegan

Governance, Risk, and Best Value Committee

10.00am, Tuesday, 8 December 2020

Internal Audit Update Report: 8 July 2020 to 31 October 2020

Item number

Executive/routine

Wards

Council Commitments

1. Recommendations

It is recommended that the Committee notes:

- 1.1 the outcomes of completed 2020/21 audits;
- 1.2 progress with the delivery of the 2020/21 Internal Audit (IA) plan; and
- 1.3 progress with delivery of IA key priorities and ongoing areas of focus.

Lesley Newdall

Chief Internal Auditor

Legal and Risk Division, Resources Directorate

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

Internal Audit Update Report: 8 July 2020 to 31 October 2020

2. Executive Summary

- 2.1 There has been good progress with delivery of the 2020/21 annual plan, with 25 of the 45 planned audits (55% of the plan) either completed or underway.
- 2.2 Of the 45 planned audits, 36 will be delivered across the Council, and 23 of these (64%) are in progress.
- 2.3 Two of the remaining nine audits (22%) to be delivered for arms-length and external organisations have also commenced.
- 2.4 Completion of the remaining 20 audits by April 2021 is dependent upon the Council's capacity to support their delivery in the ongoing Covid-19 operating environment and the impact of any further individual or simultaneous resilience events (for example a winter flu epidemic; severe weather; and a no deal Brexit), where either a pause in plan delivery or a reduced annual plan may be required. This position will be kept under review.

3. Background

2020/21 Internal Audit Annual Plan

- 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 June 2020, the Committee approved IA proposals to complete 11 audits designed to provide assurance on the design of new and amended processes implemented in response to the Covid-19 pandemic, and noted that the IA 2020/21 annual plan was being refreshed.
- 3.3 On 29 September 2020, the Committee approved the refreshed IA annual plan for 2020/21 that includes a total of 45 audits, including the ongoing follow-up process.
- 3.4 Excluding the ongoing IA follow-up process, a total of 36 audits will be delivered across the Council, as well as 9 for arm's length and external organisations (ALEOs).

Internal Audit Reports

- 3.5 Copies of all completed IA reports are provided to GRBV Elected Members via Microsoft Teams. Following agreement by the Committee in July 2020, any reports that have either an overall red (Significant Improvement Required) outcome, or include any red (High) rated findings are presented to the Committee for scrutiny. Elected Members may also request presentation of other reports provided that do not meet this criteria at Committee.
- 3.6 All audits performed for the Lothian Pension Fund (LPF) are subject to separate scrutiny by the Pensions Audit Sub-Committee and the Pensions Committee. Progress with delivery of these audits is included in this paper for completeness.
- 3.7 Similarly, audits performed for the Edinburgh Integration Joint Board (EIJB) are presented to the EIJB Audit and Assurance Committee for scrutiny, with any reports that are relevant to the Council being subsequently referred to the GRBV Committee.
- 3.8 Audits performed for the Council that are relevant to the EIJB will be recommended for referral to the EIJB Audit and Assurance Committee by the GRBV Committee.
- 3.9 All audits performed for other arms-length external organisations are reported to the relevant management teams and audit and risk committees of those organisations as appropriate.

Internal Audit Consulting Services

- 3.10 Public Sector Internal Audit Standards (PSIAS) permits IA to provide consulting services, providing that the scope is agreed with the client, that they add value and improve an organisation's governance, risk management, and control processes without the internal auditor assuming management responsibility (refer 2220.A2).
- 3.11 The PSIAS also notes that the results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.
- 3.12 The PSIAS also specifies that details of any consulting services must be included in the annual plan, and included in their evaluation of the organisation's control processes.

4. Main report

2020/21 Plan delivery progress

- 4.1 Of the 45 audits to be completed:
 - 4 are now finalised, including one consultancy review;
 - 1 is with management for final approval of the draft report;
 - 6 draft reports are currently being prepared;
 - 7 audits are underway;

- 7 audits are currently being planned; and
- 20 are not yet started

Further detail is included at Appendix 1.

Progress with Covid-19 Audits

- 4.2 IA has focused on delivery of the 11 Covid-19 audits that were approved by the Committee in June 2020 during the period June to October 2020.
- 4.3 Three of these audits are now complete with two 'effective' (green) outcomes and one 'some improvement required' (amber) outcome.
- 4.4 IA has also provided consultancy advice on the design of the Support for Business Grants processes implemented in response to Covid-19. This involved developing an understanding of the Scottish Government requirements and guidance, and providing advice to management on the design of the controls that should be established to support implementation of the process. As this was a consultancy review, no audit report has been prepared.
- 4.5 The remaining 7 Covid-19 reviews are in progress, with one draft report with management for review, and four draft reports currently being prepared. The remaining Covid-19 reviews that were agreed in June are scheduled to complete by the end of November.

Progress with delivery of the remainder of the 2020/21 IA annual plan

- 4.6 Good progress is being made, with delivery of the remaining 34 audits included in the plan (25 for the Council and 9 for ALEOs), with 14 audits already in progress. Of these, seven are currently being planned, and seven are at the fieldwork stage.
- 4.7 PwC resources have been secured under the terms of the established co-source agreement to support delivery of 10 audits included in the 2020/21 annual plan. This includes:
- 6 specialist audits (Digital Services and Health and Safety);
 - 2 general audits; and
 - 2 audits for the Lothian Pension fund.

Progress with Internal Audit key priorities

- 4.8 Recruitment for the two vacancies within the team is now complete and the team will be fully resourced from January 2021 with limited impact on delivery of the 2020/21 IA annual plan.
- 4.9 The following are areas of ongoing procurement activity:
- 4.9.1 procurement for a new co-source provider will take place between November and February as the existing contract with PwC will end on 31 March 2021.
- 4.9.2 procurement of external services in November to support delivery of the GRBV committee effectiveness review that is included in the 2020/21 IA annual plan;

- 4.9.3 procurement of external services in November and December to support completion of an external IA quality assessment review in 2021/22 in line with Public Sector Internal Audit Standards (PSIAS) requirements for completion every five years; and
- 4.9.4 procurement of a new IA system as the current system will be out of support in circa 18 months. It is hoped that a combined Internal Audit and Risk Management system can be procured and implemented.

Ongoing areas of focus

- 4.10 The following are areas of focus:
 - 4.10.1 Onboarding new team members;
 - 4.10.2 Ongoing delivery of the 2020/21 IA plan and annual opinion;
 - 4.10.3 Ongoing follow-up engagement with divisions and directorates; and
 - 4.10.4 Developing and publishing new IA pages on the refreshed intranet (the Orb)

5. Next Steps

- 5.1 IA will continue to monitor progress with plan delivery and the other activities noted in this report.

6. Financial impact

- 6.1 There are no financial impacts directly arising from this report.

7. Stakeholder/Community Impact

- 7.1 If Internal Audit cannot deliver the agreed annual plan, it will be unable to provide assurance regarding how effectively the Council is managing its most significant risks.

8. Background reading/external references

- 8.1 [IA 2020/21 annual plan](#)
- 8.2 [Public Sector Internal Audit Standards](#)

9. Appendices

Appendix 1 - Summary of 2020/21 IA Plan Delivery Progress

Appendix 1 – Summary of 2020/21 IA Plan Delivery Progress as at 31 October 2020

Audit Review			
Completed Audits		Report Rating	Available for Committee
1.	Covid-19 Newly Self-Employed Grant Application Process	Effective	January 2021
2.	Covid-19 Purchase and allocation of Personal Protective Equipment (PPE)	Effective	January 2021
3.	Covid-19 Allocation of estimated Scottish Qualifications Authority (SQA) grades	Some improvement required	January 2021
4.	Consultancy review - Support for Business Grants – this was a piece of consultancy work to support the design of the new process. Advice on the controls that should be considered for inclusion in the design of the process was provided to the division, and no audit report was prepared.		
Total completed audit / consultancy reviews		4	
Draft Reports Issued to Management		Expected Completion	
5.	Covid-19 Health and Social Care Command Centre	November 2020	
Total draft reports issued to management		1	
Draft Reports Being Prepared		Expected Completion	
6.	Covid-19 Supplier Relief	November 2020	
7.	Covid-19 Data and Scottish Government Returns		
8.	Covid-19 Employee Testing		
9.	Covid-19 Spaces for People		
10.	Payroll – 2019/20 Employee Lifecycle Data and Compensation and Benefits Processes		
11.	*Project Management Supporting Change Implementation (PwC)		
Total reports being prepared		6	
Audits in progress		Expected Completion	
12.	Covid-19 Workforce Planning and Protection of Vulnerable Groups	November 2020	
13.	Covid-19 Shielding and Vulnerable People		
14.	Registration and Bereavement Services (c/f 2019/20)	December 2020	
15.	**EIJB Capital and Workforce Planning	December 2020	
16.	Health and Safety - Managing Aggressive and Violent Behaviour (c/f 2019/20)	January 2021	
17.	Tram – extension to Newhaven	Ongoing agile audit	
18.	Enterprise Resource Planning (ERP)	Ongoing agile audit	
Total reviews in progress		7	

Audit Review		
Audits currently being planned		Expected Completion
19.	Parking and Traffic Regulations (c/f 2019/20)	January 2021
20.	Social Distancing and Employee Protection	
21.	Council Tax and Business Rates	
22.	*Learning and Teaching Technology Network Management (PwC)	January 2021
23.	*Corporate Network Management (PwC)	
24.	*Direct Access and Mobile Device Management (c/f 2019/20) (PwC)	
25.	**Lothian Pension Fund – Bulk Transfers (PwC)	
Total reviews at planning stage		7
Audits not yet started		Expected Completion
26.	Arm's Length External Organisations (ALEOs) (PwC)	January 2021
27.	Public and Private Partnership (PPP) and Private Finance Initiative (PFI) Contract Management (PwC)	
28.	Health and Safety - Implementation of asbestos recommendations (PwC)	To be confirmed
29.	Fraud and Serious Organised Crime (including Physical Security controls)	To be confirmed
30.	Covid-19 Lessons Learned	To be confirmed
31.	Delayed Discharge Management including management of waiting lists and assessments	To be confirmed
32.	Development of the Council's Technology Strategy	To be confirmed
33.	*Technology Resilience (c/f 2019/20) (PwC)	To be confirmed
34.	Chief Social Work Officer's Assurance and Annual Report	To be confirmed
35.	Active Travel – Project Management and Delivery	To be confirmed
36.	Adaptation and Renewal Programme Governance	To be confirmed
37.	Development and Implementation of the Council's Carbon Neutral / Climate Change Strategy	To be confirmed
38.	GRBV Committee Effectiveness review	To be confirmed
39.	**EIJB Management Information	To be confirmed
40.	**EIJB Financial Management and Directions	To be confirmed
41.	**Lothian Pension Fund – Employee Cessation Strategies, Valuations, and Exit Calculations (PwC)	February 2021
42.	**Lothian Pension Fund - Technology Model Development	March 2021
43.	**Royal Edinburgh Military Tattoo	January 2021
44.	**SEStran	To be confirmed

Audit Review		
45.	**Lothian Valuation Joint Board	To be confirmed
Total reviews not yet started		20

* reviews where support is required from CGI

** reviews performed for Arms Length External Organisations

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions 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 the Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update to the Governance, Risk and Best Value Committee for scrutiny.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Revenue Budget 2020/23: 2020/21 Month Five Position and Framework Assumptions Update

2. Terms of Referral

- 2.1 On 29 October 2020, the Finance and Resources Committee considered a report which provided a further update on the estimated expenditure and income impacts of the Covid-19 pandemic for the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding. This analysis indicated a reduction in the residual gap from £12.2m to £5.1m since the previous report considered by the Finance and Resources Committee on 24 September 2020.
- 2.2 The Finance and Resources Committee agreed:
- 2.2.1 To note the further reduction in the projected in-year deficit to £5.1m.
- 2.2.2 To note, nonetheless, that the expenditure and income projections set out within the report remained subject to significant uncertainty and potential variation given current events.
- 2.2.3 To note the progress in the development of an income compensation scheme and availability of potential financial flexibilities.
- 2.2.4 To note that a further update would be presented to the Finance and Resources Committee's next meeting on 3 December.
- 2.2.5 To note the changes to future years' planning assumptions in light of the pandemic's longer-term impacts, resulting in a need to identify at least an estimated £16.1m of additional savings in 2021/22.
- 2.2.6 To agree to include in the report coming to the Finance and Resources Committee in December:
- Further detail on the additional flexibilities.
 - The cost of the independent review and a breakdown of charges.
 - The outcome of discussions with COSLA on funding not within the EIJB's remit being given to the Council.
 - Any considerations taken on a broader range of contingency savings to mitigate potential further lockdown measures.

- 2.2.7 To agree to provide an update to each Finance and Resources Committee meeting on the financial impact of the independent inquiry.
- 2.2.6 To refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.
- 2.2.7 To refer this report to Council on 19 November to authorise the use in 2020/21 of up to £0.6m from the Council's earmarked reserves to meet costs associated with the independent review of the Council's whistleblowing arrangements and culture.

3. Background Reading/ External References

[Minute of the Finance and Resources Committee of 24 September 2020](#)

Minute of the Finance and Resources Committee of 29 October 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

Revenue Budget 2020/23: 2020/21 month five position and framework assumptions update

Executive/routine Wards Council Commitments	Executive All
---	------------------

1. Recommendations

- 1.1 Members of the Finance and Resources Committee are recommended to:
 - 1.1.1 note the further reduction in the projected in-year deficit to £5.1m;
 - 1.1.2 note, nonetheless, that the expenditure and income projections set out within the report remain subject to significant uncertainty and potential variation given current events;
 - 1.1.3 note the progress in the development of an income compensation scheme and availability of potential financial flexibilities;
 - 1.1.4 note that a further update will be presented to the Committee's next meeting on 3 December;
 - 1.1.5 note the changes to future years' planning assumptions in light of the pandemic's longer-term impacts, resulting in a need to identify at least an estimated £16.1m of additional savings in 2021/22;
 - 1.1.6 refer this report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme; and
 - 1.1.7 refer this report to Council on 19 November to authorise the use in 2020/21 of up to £0.6m from the Council's earmarked reserves to meet costs associated with the independent review of the Council's whistleblowing arrangements and culture.

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 2020/23: 2020/21 month five position and framework assumptions update

2. Executive Summary

- 2.1 The report provides a further update on the estimated expenditure and income impacts of the COVID-19 pandemic for the Council and its Arm's-Length External Organisations (ALEOs) during 2020/21, alongside offsetting sources of confirmed or anticipated funding. This analysis indicates a reduction in the residual gap from £12.2m to £5.1m since the previous report considered by the Finance and Resources Committee on 24 September as comprised below:

Additional net expenditure pressures:	£m	£m
Estimated COVID-19 specific expenditure and income (including risk contingency)		85.0
Net residual pressures/anticipated shortfalls in savings delivery		1.7
		86.7
Available funding:		
Assumed COVID-19 related funding	(30.9)	
2020/21 budget - unallocated additional monies	(4.8)	
Use of earmarked reserves	(20.1)	
Further timing-related and corporate savings	(23.1)	
Anticipated reductions in expenditure	(2.7)	
	(81.6)	
Remaining shortfall		5.1

- 2.2 An update is also provided on both the development of a Scotland-wide income compensation scheme for application in 2020/21 and the availability of financial “flexibilities” that would spread the in-year financial impacts over a longer period.
- 2.3 While further, more detailed reports will be presented as the budget process develops and greater certainty is obtained concerning the longer-term impacts of the pandemic, an overview of potential changes to existing planning assumptions is also set out.

3. Background

- 3.1 On 24 September 2020, members of the Committee considered an update on the Council's 2020/21 revenue budget, indicating a remaining £12.2m shortfall between net cost pressures across the Council and its ALEOs and confirmed or anticipated sources of funding. These net pressures are, in turn, attributable to the impact of the on-going COVID-19 pandemic upon the Council and its ALEOs' activity, reflecting both additional expenditure requirements and, in particular, reductions in income.
- 3.2 In approving the report's recommendations, members noted the progress in developing a Scotland-wide income compensation scheme and exploring further financial flexibilities that may offer opportunities to manage the in-year costs of the pandemic over a longer time period. This report provides an update in each of these areas, along with other potential measures to achieve in-year financial balance.
- 3.3 While, given the scale and immediacy of the in-year financial impacts, the report's primary focus is on the 2020/21 position, an update is also provided on the impact of COVID-related and other changes on the Council's medium-term financial framework, signalling a likely need to identify significant additional savings to maintain a balanced position.

4. Main report

Changes in net COVID-related expenditure pressures – Council

- 4.1 As in previous months' reports, **Appendix 1** sets out the principal estimated expenditure and income impacts of the pandemic on the Council's budget. In overall terms, this analysis shows a slight increase of £0.9m (to £56.5m) on the position reported to the Committee's previous meeting on 24 September, with explanations provided for material movements in the intervening period.
- 4.2 This modest headline movement comprises a number of discrete changes, namely:
- (i) an increase of £3.6m in the anticipated expenditure pressure in respect of **homelessness services** (discussed further in Paragraph 4.4);
 - (ii) reductions in the provision for in-year losses of **Council Tax** income, based on collection rates, planned recovery action and detailed analysis of buoyancy trends as of the mid-year, of £2.5m;
 - (iii) further savings in **energy costs**, based on detailed analysis of invoices received and planned facility re-opening, of £0.5m; and
 - (iv) **various other changes**, the net effect of which is to increase estimated expenditure by £0.3m.
- 4.3 As recent weeks' events have shown, the position remains fluid, with on-going restrictions and/or the potential for further local and national lockdowns between October 2020 and March 2021. While a number of the projections in Appendix 1 include explicit allowance for continuing disruption to service provision, a general

risk contingency of £3m has also been incorporated within the overall forecast. This reflects, for example, the potential for further reductions in parking income¹ should additional restrictions be imposed. Depending upon the scale of these restrictions, however, there is a risk that this contingency may be insufficient.

Homelessness services

- 4.4 A report elsewhere on today's agenda sets out the financial impact of the Council's requirement to secure additional temporary accommodation to meet public health objectives and manage a lack of throughput into all forms of settled accommodation in fulfilling its statutory duties to homeless people. A combination of the need to provide additional accommodation for those rough-sleeping, those with no recourse to public funds and a lack of move-on or settled accommodation has resulted in a projected required increase of 193,000 bed-nights compared to 2019/20, resulting in an increased in-year budget pressure of £9.3m.

Changes in net COVID-related expenditure pressures – ALEOs

- 4.5 The revenue budget update report considered at the Committee's previous meeting on 24 September provided a detailed update on the impact of the pandemic on the financial standing of the Council's ALEOs. The report set out total anticipated impacts in the period to March 2021 of £27m, comprising the loss of successive years' Lothian Buses dividend (£12m), assumed additional support (Edinburgh Leisure) and unpaid invoices (Edinburgh Trams), each of £6m, and a £3m general contingency to reflect remaining uncertainty over the period from October to March, in particular the potential for further required financial support in the event of further local or national lockdowns.
- 4.6 On 13 October, Transport Scotland confirmed the provision of an additional £2m of support for Edinburgh Trams to cover costs incurred in running loss-making services for essential and key workers at some 20% of capacity due to social distancing and much-reduced demand. When added to previously-announced funding support, up to £6m has now been made available to cover the period from July to December (with similar arrangements in place for Lothian Buses), with discussions continuing concerning required financial assistance during the remainder of the year. Given confirmation of this funding, the £3m general contingency in this area has been reduced to £1.5m, resulting in a revised estimated overall impact across the Council's ALEOs of £25.5m.

Approved savings/management of residual pressures

- 4.7 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. A balanced (or better) overall position continues to be projected for non-COVID related activity within both the

¹ By means of illustration, at the height of the lockdown in April and May, weekly parking income was some £0.6m below budgeted levels. Despite some subsequent recovery, the last five weeks' actual income levels show a continuing weekly shortfall against budget of around £130,000.

Communities and Families and Resources Directorates, with detailed commentary on the latter included elsewhere on today's agenda.

- 4.8 The Executive Director of Place has also continued to consider options to reduce the level of residual pressure within the Directorate, informed by weekly discussion with Finance colleagues at the Senior Management Team. 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. This, in turn, will be informed by a comprehensive mid-year review of the service budget, the findings of which will be known in mid-November.
- 4.9 In the interim, a number of mitigating measures have been identified, allowing the overall forecast service overspend to be reduced from £3.020m to £1.7m. This favourable movement reflects an updated assessment of approved savings delivery, identification of additional measures to mitigate carried-forward pressures, receipt of external funding² and savings arising from reduced-scale external events. The Executive Director of Place will consider additional actions to reduce the level of projected overspend further.
- 4.10 Of the £34.9m of approved savings across the Council, some 81% 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 40% (£2.7m) 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 reflected in the service outturns above and thus does not add to the overall in-year savings requirement.

Confirmed or anticipated funding and additional savings

- 4.11 Senior Finance staff have continued to examine all opportunities to close the residual gap through examination of corporate budgets and reserves. Coupled with the actions outlined in the preceding sections, total mitigations and additional funding show an overall increase of £8.2m from that reported to the Committee on 24 September as comprised below:

Savings element	£m
Further savings in loans charges based on updated in-year levels of capital programme slippage	3.0
Use of service reserves	0.5
Other reductions in required corporate provision	2.0
In-year staff savings resulting from targeted VERA exercise	1.0
Identification of further pressure-mitigating measures in Place Directorate	1.7
	8.2

² A successful application was made to the Performing Arts Venues Relief Fund, resulting in the receipt of £0.240m for the cost of staff returning from furlough and wider audience engagement activity.

- 4.12 Pending clarification on eligibility and associated conditions, no specific changes have been made at this stage in respect of recently-announced employee cost support schemes, an update on which is provided in the following sections.

Job Support Scheme

- 4.13 Following earlier confirmation that the current Coronavirus Job Retention Scheme (CJRS) would be phased out by 31 October 2020, on 24 September the Chancellor of the Exchequer announced the introduction of a Job Support Scheme (JSS) for six months from 1 November. The new scheme is intended to protect viable jobs in businesses likely to face reduced demand over the winter months due to the impacts of the pandemic.
- 4.14 For the first three months of the scheme's operation (i.e. from November to January), in order to qualify for support, employees must work at least a third of their normal hours. In this scenario, the employer would pay for the 33% of hours worked, with the burden of the remaining hours not worked then split equally (i.e. 22% each) amongst the employer, the employee (through a wage reduction) and the UK Government (through wage support). This ensures that all qualifying employees will receive at least 77% of their normal wages, subject to the capping of the UK Government contribution at £698 per month (or a maximum of 22% of an employee's wages, compared to 80% in the early months of the CJRS). It is the UK Government's expectation that employers will not top up employees' wages at their own expense.
- 4.15 While further guidance is awaited, given both the scheme's eligibility criteria and associated conditions of support, it is not anticipated that the Council will be able to access additional funding for currently-furloughed employees. Assessment of the scheme's potential applicability to the Council's ALEOs is continuing, although at this stage is expected to be limited in nature. An updated projection for CJRS support anticipated by the end of October (increasing this sum by £0.1m) has, however, been reflected in this report.

Financial flexibilities

- 4.16 Members will be aware from previous updates that Council officers, through COSLA, have been working closely with the Scottish Government to explore a range of potential financial "flexibilities", to be used as appropriate to individual authorities' own circumstances, that would have the effect of spreading the cost impacts of the pandemic over a longer period. COSLA Leaders subsequently agreed to progress, jointly with the Scottish Government, an approach to the UK Government on four specific flexibilities as follows:
- (i) **allowing General Capital Grant (GCG) to fund revenue expenditure.** Given the four-month shutdown of the construction sector, flexibility equal to a third of GCG funding in 2020/21 i.e. £156m was sought;
 - (ii) **spreading, in accounting terms, the principal element of the unitary charge within PPP contracts over the expected useful life of the asset rather than the (shorter) contract period,** with a potential in-year saving,

as well as a larger one-off retrospective saving as a result of higher payments made in previous years;

- (iii) **permitting, as an exceptional measure, local authorities to take a one-year loans fund repayment “holiday”**, with the sum deferred to be paid over the shorter of the remaining period of the loans fund advance or twenty years; and
- (iv) **permitting capital receipts received in 2020/21 and 2021/22 to be used to meet COVID-related costs**. Given the pandemic’s impact on asset sales, however, this measure, in isolation, was only estimated to provide modest additional flexibility.

4.17 While, in the Scottish Government’s assessment, devolved financial arrangements meant that only the first-mentioned flexibility required explicit UK Treasury approval, the Cabinet Secretary for Finance’s letter to the Chancellor of the Exchequer set out all four requested flexibilities with a view to confirming that there would be no detriment to the Scottish Budget.

4.18 On 8 October, the Cabinet Secretary for Finance formally advised COSLA’s Resources Spokesperson that a response had been received from the Chief Secretary to the Treasury. This letter, as anticipated, did not raise any specific concerns on the permissibility of three of the four measures. In the case of the use of General Capital Grant to fund revenue expenditure, however, the initial response from the Chief Secretary to the Treasury does not permit this flexibility and, while discussions are continuing, this cannot be progressed at this time.

4.19 Of the four measures outlined, three are therefore able to be applied at this stage, with a potential Scotland-wide increase in revenue spending power estimated to be up to £600m over 2020/21 and 2021/22. The “value” of the measures at council-specific level, however, needs to take account of local circumstances and current payment profiles, as well as adhering to all relevant statutory regulations.

4.20 More fundamentally, it is important to note that these flexibilities, while welcome in confronting some of the immediate challenge, are essentially timing-related and do not represent additional funding, rather they merely defer the costs over a longer timeframe, reinforcing the need for service transformation and prioritisation.

4.21 Analysis of the potential applicability of these three flexibilities to the Council’s own circumstances is continuing. At this stage, however, given an existing funding shortfall of around £250m across the period of the current ten-year capital programme, application of capital receipts to fund revenue expenditure would serve only to exacerbate this position and is not supported. Similarly, deferring repayment of loans fund principal may not be consistent with changes to the Council’s Loans Fund advance repayment periods previously agreed as part of the 2020/23 revenue budget.

4.22 As such, the second-mentioned flexibility is considered to have the greatest potential relevance to the Council’s circumstances, with any benefit likely to be incorporated in discussions around the 2021/24 budget process. The issues involved are complex and specific to individual contracts, however, and specialist

advice is therefore being sought. Members will be kept apprised of this modelling work as it progresses.

Income compensation scheme

- 4.23 The Cabinet Secretary's announcement also confirmed broad agreement to a set of principles developed by COSLA concerning the operation of an income compensation scheme to recognise the impact on councils, whether directly or through ALEOs, of lost sales, fees and charges income. In contrast to previous COVID-related distributions, however, the quantum available, currently estimated at £90m, will likely be distributed amongst authorities on the basis of their respective lost income submissions.
- 4.24 Given this break from established precedent, these submissions are being peer-reviewed by a working group of Directors of Finance, with a particular emphasis on the consistency of assumptions adopted by authorities and verification of actual losses, with a view to providing indicative funding allocations as soon as possible. While the current overall revenue monitoring projection for 2020/21 already assumes a needs-based share in line with previous general COVID-based distributions, it is hoped that the Council's actual allocation will reflect the particular income impacts the pandemic has hastened and thus provide additional funding to address the remaining funding gap. At this stage, the principles of the scheme are due to be considered by COSLA Leaders at the end of October, with indicative allocations provided by mid-November and a further update will therefore be provided in the report to be considered by the Finance and Resources Committee on 3 December.

Other funding

- 4.25 On 20 October, the Scottish Government confirmed additional Scotland-wide funding of £6.95m to allow provision of free school meals over the Christmas/New Year and February breaks, as well as retrospective application to the October half-term holiday. A further £20m has also been made available from sums originally earmarked for additional Scottish Welfare Fund (SWF) payments but, in light of actual take-up not now assessed to be required for that purpose, to support those individuals at financial risk over the winter period. While distribution of these sums remains to be confirmed, in each case there is assumed to be a corresponding additional expenditure liability and thus no impact on the overall funding gap.

Edinburgh Integration Joint Board (EIJB)

- 4.26 As of Period 5 and based on the current assessment of approved savings delivery, an overspend of up to £6.1m for Council-delegated services is forecast, comprising an underlying overspend of £2.7m³ and £3.4m of additional Living Wage-related costs, funding options for which remain to be confirmed. Work is continuing to

³ The projected overall overspend comprises pressures in purchasing (£3.8m) and income (£2.5m), offset in part by a £1.6m forecast underspend in employee costs. Following confirmation on 29 September 2020 of further Scottish Government financial support for Health and Social Care Partnerships, corresponding funding of £1.9m has now been received in recognition of these income losses. Further compensation is anticipated by the year-end if currently-projected shortfalls persist.

differentiate the costs of “core” service provision from those of the one-off, or recurring, aspects of the pandemic response, however, and as such, this makes the underlying position more difficult to discern.

- 4.27 Work also continues to refine and evidence the cost estimates contained within the Edinburgh Health and Social Care Partnership’s Local Mobilisation Plan (LMP), with total funding of £29.4m confirmed to date for the four HSCPs covering the NHS Lothian region. Officers are, however, aware that the content of LMPs varies according to the specific services delegated to the Partnerships with, for example, homelessness-related expenditure included in some cases. Given that the significant equivalent liabilities within Edinburgh (noted at Paragraph 4.4 above) are falling to be met through more generic funding streams, this unintended inconsistency will be discussed, through COSLA, with the Scottish Government with a view to determining whether additional funding might be made available in this area.

Overall position

- 4.28 Taking into account the changes outlined in the preceding sections, the overall projected shortfall reflects a significant improvement from that reported to the Finance and Resources Committee on 24 September, reducing by £7.1m to £5.1m as detailed in **Appendices 4 and 5**. This sum does not, however, include any net cost associated with schools re-opening (currently anticipated to be contained within the overall level of additional, or redirected, funding provided but only for the period to the end of December) or the EIJB. It also assumes full mitigation of current services pressures within the Place Directorate.
- 4.29 Current 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 clearer. More generally, while the expenditure and income impacts in the preceding sections are best-estimates and incorporate an element of contingency for both the Council and its ALEOs, there are clearly downside risks should the city’s recovery be slower than assumed (or further restrictions imposed) and a number of variant scenarios are therefore also being considered.

Further actions required to achieve financial balance

- 4.30 As noted in the preceding paragraphs, there is the potential for additional funding relative to current assumptions to be received in respect of the income compensation scheme and officers will similarly liaise, through COSLA, with the Scottish Government on potential further funding for homelessness services, given its inclusion with the Mobilisation Plans for some HSCPs.
- 4.31 Further modelling work will also take place around the agreed financial “flexibilities” and their potential applicability to the Council.
- 4.32 Given the risk of further service restrictions, however, further actions are required to ensure that cost savings resulting from delayed or reduced reinstatement of

services, including savings in agency and overtime expenditure, are ringfenced to be offset against residual pressures.

Council Motion on Whistleblowing and Culture

- 4.33 On 15 October, members of Council agreed that, following the earlier establishment of a fully independent review into certain specific matters, a further independent assessment of the Council's culture would be undertaken.
- 4.34 At this stage, it is estimated that associated legal and other costs of these assessments may be of the order of £0.6m in 2020/21. In the absence of a balanced budget, a corresponding funding source requires to be identified and it is therefore proposed that this expenditure be met from the Council's earmarked reserves. Subject to Committee's agreement, this report will be referred to Council for ratification of the use of these reserves.

Costs of employee release

- 4.35 At the meeting of Council on 15 October, members agreed to release funding of up to £14.8m from the Workforce Transformation reserve to facilitate a targeted programme of Voluntary Early Release Arrangements (VERA) for senior managers. Progress updates on the number of applications received and approved, alongside the associated cost, payback and remaining available fund balance, will be reported to members of the Committee over the coming months.

Implications of pandemic for future years of the budget framework

- 4.36 Members of the Committee will recall that in approving the Council's revenue budget for 2020/21, indicative balanced budgets were also set for the following two years. While it is anticipated that the most severe impacts of the pandemic will be felt in 2020/21, a review has been undertaken of underlying planning assumptions and previously-approved savings to determine where changes may be required, with the principal changes involved noted in **Appendix 6**, along with a summary of other financial planning assumptions. **Appendix 7** provides detail of the proposed level of additional provision for residual pressures and undelivered current- and future-year savings.
- 4.37 Taken together, these reviews point to a need to identify further savings of at least £16.1m in 2021/22, with an additional £5.6m now required in 2022/23. While later years' figures are by definition subject to greater variation, at this stage it is estimated that a further £83m of savings will be required over the following three years.
- 4.38 Following the cancellation of the Chancellor's Autumn Budget due to the pandemic, it has now been confirmed that the UK Spending Review will cover only one year. Confirmation of the Scottish Draft Budget, similarly covering one year, may as a consequence be delayed until January 2021.
- 4.39 Given the unprecedented nature of recent months' events, longer-term forecasting is particularly challenging. Most commentators expect inflation and interest rates to remain at low levels at least into the medium term. Wider public expenditure trends are, however, much more difficult to predict given the uncertainty over the duration

of the pandemic, availability of a vaccine, the effectiveness of lockdown restrictions and wider fiscal policy at both Scottish and UK level. Non-Domestic Rates revenues, a key element of the overall funding of Local Government, may also take some time to recover given continuing disruption and the impact on business viability, with a knock-on impact of the overall quantum of funding contained within the Local Government Finance Settlement.

- 4.40 As such, while Appendices 6 and 7 set out baseline assumptions which, in general terms, are similar to those of other authorities in Scotland, scenario planning is likely to be required to respond to continuing uncertainty. Further updates will be provided as the budget process progresses.

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 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 or, more likely, any further financial flexibilities.
- 5.2 Executive Directors have brought forward measures to offset savings delivery shortfalls and residual service pressures, with only a £1.7m residual pressure now remaining in Place.
- 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 notes a number 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 further report on this latter aspect will be brought to the next meeting of the Committee.
- 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.
- 6.3 These sums have the potential to increase further should in-year pressures 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, 27 October 2020
- 8.2 [Revenue Budget 2020/21 – progress update](#), Finance and Resources Committee, 24 September 2020
- 8.3 [Edinburgh Leisure – Request for Additional Funding Support, 2020/21](#), Finance and Resources Committee, 24 September 2020
- 8.4 [Revenue Budget 2020/21 – period three position](#), Finance and Resources Committee, 27 August 2020
- 8.5 [Revenue Monitoring 2019/20 – outturn report](#), Finance and Resources Committee, 27 August 2020
- 8.6 [Finance Update](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.7 [Fair Work and the Living Wage in Adult Social Care](#), Edinburgh Integration Joint Board, 24 August 2020
- 8.8 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 23 July 2020
- 8.9 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 25 June 2020
- 8.10 [Revenue Budget 2020/21 Update](#), Policy and Sustainability Committee, 28 May 2020

9. Appendices

- 9.1 Principal additional expenditure and reduced income impacts of COVID-19 pandemic – Council
- 9.2 Month five assessment of approved savings delivery
- 9.3 External funding confirmed to date excluding non-Health and Social Care services and schools re-opening
- 9.4 Revenue Budget Update, 2020/21 - estimated position (detailed)
- 9.5 Revenue Budget Update, 2020/21 - estimated position (summarised)
- 9.6 Revised baseline savings requirements, taking account of on-going COVID impacts, 2021/22 to 2025/26
- 9.7 Proposed provision for carried-forward undelivered savings/on-going pressures – 2021/22

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

Appendix 1

These estimates do not include costs associated with the Health and Social Care Mobilisation Plan, nor those directly linked to schools re-opening, commentary on which is contained within the main report.

Service Area	Impact	Estimate	Increase/	Revised
		F&R 24 Sept	(decrease)	estimate
		£m	£m	£m
Increases in expenditure				
Homelessness Services	Additional temporary accommodation costs required to observe social distancing. It is now anticipated that a combination of the provision of additional accommodation for those rough sleeping, those with no recourse to public funds and a wider lack of move-on or settled accommodation will result in an in-year pressure of £9.3m; additional detail is provided elsewhere on today's agenda.	5.715	3.600	9.315
School meals/community food advice and distribution	Cost represents payment for children eligible for free school meals which, following the receipt of additional ringfenced Scottish Government funding, was in place until mid-August. 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 was also secured until the end of September.	3.240	0.000	3.240
Waste and Cleansing	Additional refuse collection vehicles, fuel, external contractors, PPE, etc. Projection also reflects agency staffing and overtime expenditure linked to the reopening of Community Recycling Centres and for providing wider absence cover, as well as a reduction in income from sale of recyclates, based on depressed state of market.	1.448	(0.029)	1.419
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.	0.644	0.047	0.691
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. Projection now reflects additional costs of full-year opening as outlined in report to Policy and Sustainability Committee on 6 October.	0.144	0.104	0.248
Street lighting	Increased energy and prudential borrowing costs due to delay in roll-out of LED programme.	0.231	0.000	0.231
Additional security costs	Council Resilience Centres, Homelessness Accommodation and Temporary Mortuary	0.150	0.000	0.150
Temporary mortuary hire	Including provision for additional direct staffing	0.110	0.000	0.110
Other incident-related costs	Including ICT, PPE 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.	2.399	0.100	2.499
Total increases in expenditure - Council (excluding Health and Social Care)		15.276	3.822	19.098
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 continuing 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 the likelihood of subsequent tenant insolvency and delays in re-letting, an 80% rental loss is assumed in each of the first three quarters. A detailed update on the current position, including proposed actions, is included on the B agenda for this meeting. While these proposals may reduce the level of in-year loss, the position remains subject to considerable uncertainty, particularly given the possibility of tighter restrictions and the consequent impact on trade.	9.000	0.000	9.000
Place (various)	Net loss of income - including pest control and scientific services, tables and chairs permits, cruise liner berthing fees and museum and galleries donations, admissions and rents based on expected periods of closure/service unavailability.	2.293	0.056	2.349
Housing Property Services	Estimated reduction in sums chargeable to the Housing Revenue Account, reflecting revised assessment and impact of mitigating actions identified thus far.	3.235	(0.896)	2.339
Roads	Reduction in staff salaries chargeable to the Capital Programme.	1.820	0.241	2.061
Parking Income - enforcement	Enforcement and bus lane cameras Penalty Charge Notice reductions	2.013	0.000	2.013
Council Tax (collection rate)	The year-on-year collection rate as of the end of September is some 1.3% lower than in 2019/20, although collection rates in the city are seeing much smaller reductions than in many other Scottish authorities. Through a combination of planned recovery action and anticipated income in respect of 2020/21 to be received in subsequent years, the level of potential bad debt provision has been reduced by £1.25m, although the adequacy of this revised sum will be kept under review.	3.100	(1.250)	1.850
Outdoor Centres	Loss of fees and charges income, now extended to the period to end of March 2021. It has been confirmed that these sums are not recoverable from insurance.	1.361	0.390	1.751
Cultural venues	Loss of income - sales, rentals, admissions and rents. Increased projection reflects one month's further assumed shutdown in November.	1.552	0.158	1.710
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
Planning and building standards	Reduction in planning applications submitted due to construction shutdown	1.483	0.020	1.503
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
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. Projection updated based on position as of mid-October.	0.521	0.142	0.663
Communities and Families (other)	Loss of income from adult education classes, libraries fees and charges, sports clubs and external funding	0.633	0.000	0.633
Community Access to Schools	Increase is due to updated expectations of re-opening timescales and associated levels of lost income.	0.335	0.250	0.585
Licensing	Refunds/extensions for all licences, including cab, liquor and HMO (NB these costs are expressed net of assumed 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 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.	0.420	0.000	0.420

Service Area	Impact	Estimate	Increase/	Revised
		F&R 24 Sept	(decrease)	estimate
		£m	£m	£m
Council Tax (base)	Reduction in Council Tax buoyancy due to temporary cessation of construction activities and subsequent economic slowdown. In common with the in-year collection rate, detailed analysis of the Council Tax base as of September 2020 shows a lower loss of buoyancy than had initially been anticipated, with the forecast amended accordingly.	1.550	(1.250)	0.300
Refunds/discounts for cancelled services - garden waste	Costs of extending current-year permits by further five weeks - updated assessment	0.075	0.075	0.150
Total reductions in income - Council (excluding Health and Social Care)		44.178	(2.064)	42.114
Savings in expenditure				
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	(2.375)	0.000	(2.375)
Energy	Savings in gas, electricity and water costs across corporate building estate based on indicative analysis by Energy Management Unit. The projection has been updated based on analysis of invoices received until the end of August, with the potential for further savings in water charges. Greater certainty should be obtained as the year progresses.	(1.283)	(0.527)	(1.810)
Libraries	Reductions in agency and overtime expenditure and savings from vacant posts, assuming six libraries operational from October and remainder open from January.	(0.200)	(0.300)	(0.500)
Total savings in expenditure (excluding Health and Social Care)		(3.858)	(0.827)	(4.685)
Total net additional costs		55.596	0.931	56.527
Notes				

1. Potential Early Years pressures of around £3.5m (primarily representing compensation for lost fee income for partner providers) are 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 five assessment of approved savings delivery

PD Project design problem
MC Material change in circumstance

Change Proposal Name	Approved Savings		Assessment				Notes	
	Department	£m	1.Green £m	2.Amber £m	3.Red £m	4.Black £m		PD/MC
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		0.062		0.184	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	
Travel and Mileage (review)	Council-wide	0.200				0.200	PD/MC	
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		0.398	0.115		MC	
Place - Income Generation (including Statutory Consents, Parking Action Plan Phase 2, Culture Services and Business and Development Services)	Place	0.665	0.110			0.555	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	0.420		0.045	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	0.340			0.485	PD/MC	The Economic Development (now Business Growth and Inclusion) service will deliver £340k (88%) of the saving in 2020/21 with the remaining £160k 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 and on a sustainable basis thereafter are currently being assessed.
5% average increase in discretionary fees and charges	Place	0.958	0.400			0.558	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	25.792	2.572	0.045	6.461		

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

74.0% 7.4% 0.1% 18.5%

Basis of assessment:

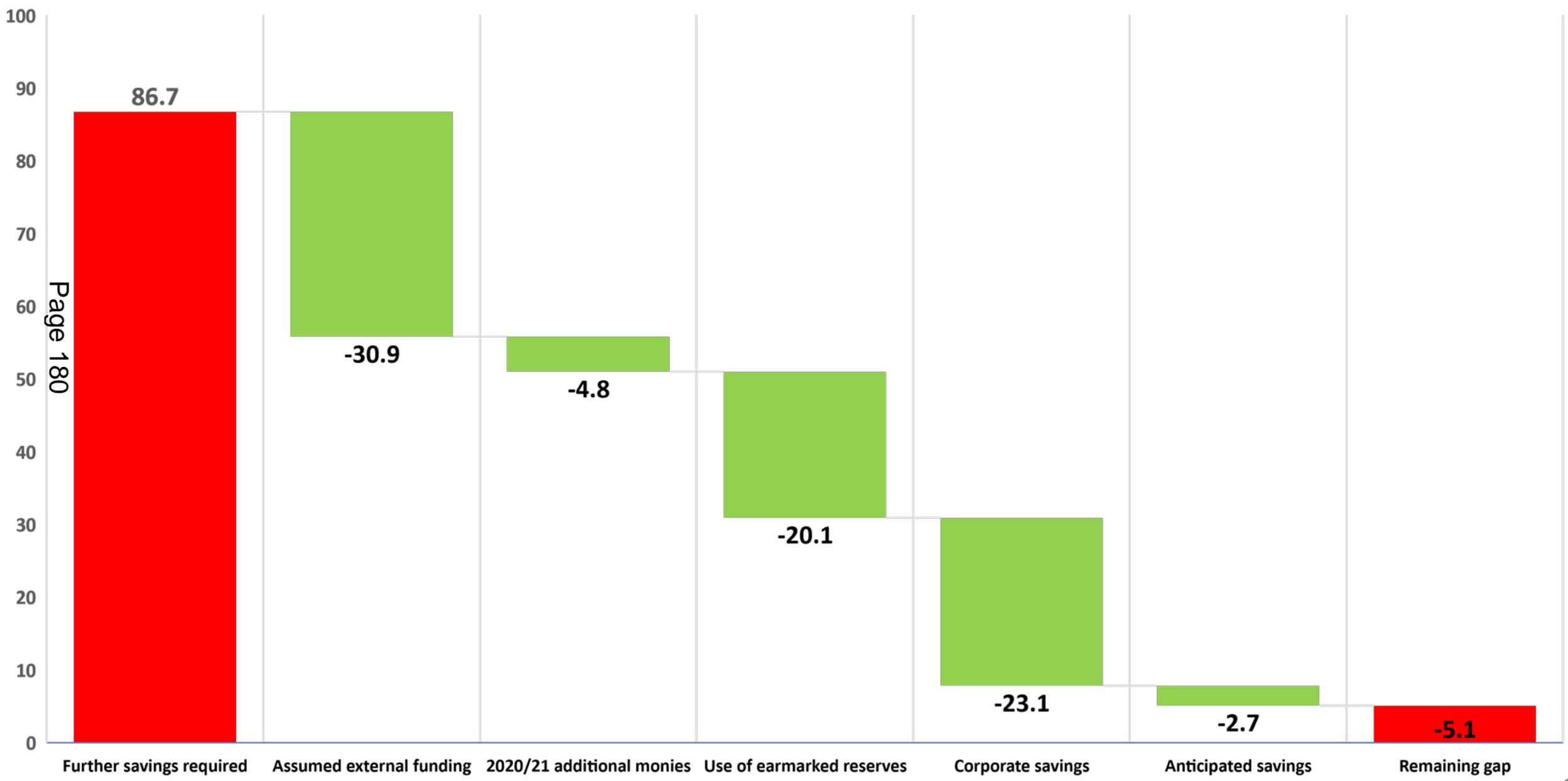
1. Effective	The savings project has been adequately designed and is operating effectively, providing assurance that risks are being effectively managed and the approved saving / action to mitigate the identified pressure should be achieved. There is a high degree of confidence that the saving will be 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 (where confirmed) £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 (SWF)	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. In light of actual SWF take-up, it has subsequently been confirmed that of the remaining £23m, £3m will now be used to allow payment of additional Discretionary Housing Payments and £20m to address future need to support those individuals at financial risk. The distribution bases of these latter allocations remain to be confirmed. The Scottish Government has also confirmed additional funding of £6.95m to allow for continuing provision of free school meals during the October, Christmas/New Year and February breaks.
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 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 unallocated funding for the Scottish Government's COVID response. A further sum, currently estimated at £90m, will be provided for an income compensation scheme recognising the financial impact on councils of lost sales, fees and charges.	139	3.832	Following agreement by COSLA Leaders to use respective shares of GAE plus SINA as the basis of distribution, Edinburgh's confirmed allocation of the £49m of general support is £3.832m. A set of guiding principles has provisionally been agreed for distribution of the £90m for the income compensation scheme based on actual losses as reported in each council area, subject to a process of peer review and moderation.
Total		390	21.452	
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	2.430	Additional CTRS-related support of £25m has now been confirmed, with Edinburgh's resulting allocation being £2.430m. The level of required support will be kept under review by the Scottish Government and additional resources provided as/if appropriate.
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. As noted in the context of the Scottish Welfare Fund above, a further £3m is to be made available, the distribution for which remains to be confirmed.

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. Additional Scotland-wide funding of £12.6m was then 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 was £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	0.600	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 estimated furlough income of £600,000 between June and, at the latest, October 2020, with claims now submitted for months up to and including September.
Total Welfare and Well-Being Fund, additional Barnett Consequentials and other sums		542	28.682	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	105.000	The sums shown now reflect actual take-up, with the majority 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	1.875	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	0.500	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)	56.527
Risk contingency	3.000 Non-specific allowance to reflect potential impacts of continuing and/or further restrictions between October 2020 and March 2021, including further losses of parking income.
Approved savings/management of residual pressures - anticipated shortfall in delivery	1.700 Figure assumes balanced position in both Communities and Families and Resources, with £1.7m of as-yet unmitigated pressures within Place Directorate
Residual pressures	
ALEO support (including risk contingency)	25.500 Position shows decrease of £1.5m since report to Finance and Resources Committee on 24 September 2020, reflecting confirmed financial support for Edinburgh Trams until end of December.
	86.727
Confirmed funding and savings:	
Confirmed COVID-19 related funding (per Appendix 3)	(23.761) 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 additional funding of £7.43m provided as part of the Scottish Budget's Stage One consideration, a £2m contribution to the EIJB was approved by Council on 30 June, up to £0.422m for Marketing Edinburgh by the Finance and Resources Committee in March and £0.178m part-year funding for Communities and Families grant recipients at the Policy and Sustainability Committee on 28 May.
Use of earmarked reserves	(20.062) 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), contribution from service reserves (£0.5m) and Council Priorities Fund (£0.4m).
Further timing-related and corporate savings	(23.100) Comprising treasury management-related and re-aligned capital programme loans charge savings (£5.5m), 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), LDP revenue budget (£1.5m), Loans Fund Review - slippage in first year's additional related roads/infrastructure expenditure (£1m), ICT contract extension (£0.95m), past service pension costs - reductions in expected required in-year level of provision (£0.65m) and other net corporate savings (£2m).
	(71.753)
Anticipated further funding:	
UK Government announcements of additional investment in England, 2 July and 23 July - income compensation scheme element (estimated at £90m).	(7.038) Based on an allocation of these sums in line with that applied to previous unringfenced funding, the Council's share would be £7.038m. Given the intention for the quantum to be distributed according to actual 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) Submission of any claim will be subject to consideration by elected members.
Anticipated reductions in expenditure:	
Full mitigation of residual pressures within Place	(1.700) As of Period 5, an overall Directorate overspend of £1.7m is forecast. The Executive Director of Place has, however, committed to identifying options to mitigate this residual pressure in full.
VERA	(1.000) Estimated part-year effect of savings from staff release (with related severance costs met from Workforce Transformation Reserve).
	(9.888)
Remaining shortfall	5.085



Page 180

Revised baseline savings requirements, taking account of on-going COVID impacts, 2021/22 to 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m	£m
Unfavourable changes to current planning assumptions:					
Continuing loss of Lothian Buses dividend	6.0	0.0	0.0	0.0	0.0
Continuing loss of other income (including parking and property rentals)	3.0	(2.0)	0.0	0.0	0.0
Carry-forward into 2021/22 of savings not delivered/on-going pressures (see Appendix 7)	10.0	0.0	0.0	0.0	0.0
Updated deliverability assessment of 2021/22 and 2022/23 savings (see Appendix 7)	5.0	5.0	0.0	0.0	0.0
Recurring increase in homelessness costs	10.0	0.0	0.0	0.0	0.0
Recurring increases in PPE costs	1.0	0.0	0.0	0.0	0.0
Recurring increase in net provision for ALEOs	3.0	0.0	0.0	0.0	0.0
Other pressures (various)	5.0	0.0	(1.0)	0.0	0.0
Favourable changes to current planning assumptions:					
Reassessment of required inflation-linked uplift for non-pay costs	(1.0)	(0.5)	0.0	0.0	0.0
Council Tax - changes in base/assumed collection levels	(5.5)	0.0	0.0	0.0	0.0
Loans charges - additional savings based on net slippage in 2020/21 of £180m (in addition to £4m already within framework; 2021/22 only)	(6.0)	6.0	0.0	0.0	0.0
ICT contract extension savings	(1.0)	0.0	0.0	0.0	0.0
Unallocated funding within 2020/21 budget, net of corporate adjustments	(4.8)	0.0	0.0	0.0	0.0
Reduced short-term funding for asset life reprofiling (roads and infrastructure; 2021/22 only)	(1.0)	1.0	0.0	0.0	0.0
Past service pension costs - incremental reductions in liability	(0.5)	(0.3)	(0.2)	0.0	0.0
Savings from staff release (in addition to those already assumed in budget framework)	(7.2)	(3.7)	0.0	0.0	0.0
Estimated in-year savings requirement (for years beyond current period of budget framework)			27.0	28.0	29.0
Net additional savings requirement	16.1	5.6	25.8	28.0	29.0

Key budget planning assumptions:	2021/22	2022/23	2023/24	2024/25	2025/26
Pay awards	3%	3%	3%	3%	3%
EIJB savings target	c. 2.2%	c. 2.2%	TBC	TBC	TBC
General Revenue and NDR Funding year-on-year change	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
Council Tax increase	4.79%	4.79%	3%	3%	3%
Fees and charges increase	5%	5%	5%	5%	5%

While there is clearly considerable uncertainty in any projection, these latter assumptions are broadly in line with those of other councils, although there is a risk, in particular, that core grant funding reductions may be more severe due to wider economic conditions, availability of funding “flexibilities” such as those announced on 8 October and continuation of, or changes to, the 85% per capita funding policy.

Other baseline assumptions:

- No specific allowance, at this stage, for potential post-COVID recurring demand increases other than in homelessness and where additional actions are urgently required to manage demand more cost-effectively;
- Continuation of levels of parking income as of the end of August (i.e. around 10% below budgeted levels);
- Reduced provision for inflationary uplifts, based on applicable rate for PPP and ICT contracts;
- Full management of residual EIJB gap in 2021/22 and future years;
- No additional investment for Housing First from October 2021 (full-year cost £2m) – expected to be contained within overall increase in resources provided;
- Additional funding in respect of EIJB support (£2m) and Communities and Families grants (full-year cost up to £0.6m) assumed to be for 2020/21 only, the latter to be contained within existing resources going forward;
- No specific additional funding to support priorities of tackling poverty and promoting sustainability; and
- Risks around additional expenditure pressures and income shortfalls resulting from continuing restrictions and/or lockdown.

Proposed provision for carried-forward undelivered savings/on-going pressures - 2021/22 and 2022/23

- The 2020/21 Month 5 revenue monitoring indicates projected non-COVID pressures of £17m.
- £10m of the £17m pressures have been identified as at particular risk of recurring in 2021/22 and thus provided for within the budget framework but with an expectation that these be managed down significantly over the medium term.
- All pressures therefore need to be reviewed and mitigation plans developed wherever possible.

Approved saving/residual pressure	Service area	2021/22 corresponding framework investment
		£m
Efficiencies Programme	Council-wide	2.000
Place - residual budget gap	Place	1.857
Property and Facilities Management	Resources	1.688
Waste Services	Place	0.626
Transport Review	Place	0.520
Schools Non-Devolved Costs	Communities and Families	0.500
Income maximisation	Council-wide	0.500
Development and Business Services Operating Model	Place	0.450
Fleet	Place	0.444
Parks and Greenspace	Place	0.432
Joint Waste	Place	0.325
Advertising income	Resources	0.300
Pay-related allowances	Council-wide	0.200
Others		0.129
Total		9.971

Deliverability assessment of previously-approved savings for implementation in 2021/22 and 2022/23

Those savings assessed at particular risk of delivery at this time include:

	2021/22	2022/23
	£m	£m
Edinburgh Leisure Service Payment	0.500	0.500
Review relationship with Edinburgh Leisure	0.500	0.000
Efficiencies programme	2.050	2.050
Income generation	0.500	0.500
Redesign approach to our assets	0.500	1.500
	4.050	4.550

with a contingency included for partial delivery of other approved savings.

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

2020-30 Capital Budget Strategy – 2020/21 Period Five 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 the 2020-30 Capital Budget Strategy – 2020/21 Period Five Monitoring and Revised Budget Update to the Governance, Risk and Best Value Committee for its consideration.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

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

2. Terms of Referral

- 2.1 On 29 October 2020, the Finance and Resources Committee considered a report which provided capital expenditure and funding forecasts for 2020/21, including 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 five 2020-21.
 - 2.2.2 To refer the report to the 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 29 October 2020

4. Appendices

Appendix 1 – report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 29 October 2020

2020-30 Capital Budget Strategy – 2020/21 Period Five 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 five 2020-21;
- 1.2 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

Contact: Liam MacDonald, Senior Accountant,

Finance Division, Resources Directorate

E-mail: Liam.MacDonald@edinburgh.gov.uk | Tel: 0131 469 3174

2020-30 Capital Budget Strategy – 2020/21 Period Five 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 five, the General Fund is projecting capital expenditure of £275.169m and capital income of £109.142m, resulting in a net requirement of £166.027m in loans fund advances. This is £3.872m lower than the revised budget update provided in period three due to updated cashflows across the programme.
- 2.3 At month five, the Housing Revenue Account (HRA) is projecting capital expenditure of £56.050m and capital income of £32.509m, resulting in a net requirement of £23.541m in loans fund advances. New build construction, external works and common area projects have been able to recommence. Internal improvement works will be phased in gradually to take account of safe working practices.
- 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.
- 3.5 A further report was considered by Finance and Resources Committee on 27 August 2020 which provided an update on the 25 June 2020 report and detailed capital spend to period three in 2020/21 and the interim budget position for 2020/21. At month three, the General Fund was projecting capital expenditure of £284.019m and capital income of £107.991m, resulting in a net requirement of £176.028m in loans fund advances. The HRA was projecting capital expenditure of £56.969m and capital income of £33.033m, resulting in a net requirement of £23.936m in loans fund advances.
- 3.6 The period three monitoring also showed the re-phased interim 2020/21 general fund budget position based on cash flows and slippage. The net slippage position at that point from the approved budget was £171.184m. Similarly, the HRA showed an overall reduction in capital expenditure of £39.499m (40.9%), largely due to COVID-19 lockdown.
- 3.7 This report provides detailed capital spend to period five in 2020/21, the interim budget position for 2020/21 and the updated forecast out-turn position for the 2020/21 financial year.

4. Main report

2020/21 Capital Monitoring – Period Five

General Fund

- 4.1 The period five monitoring shows general fund expenditure of £77.354m. A breakdown by directorate is provided in Appendix 1.
- 4.2 Within Communities and Families, there has been capital expenditure of £12.475m as at period five. Expenditure relates primarily to projects which were well underway prior to COVID-19 lockdown;
- Meadowbank £4.704m;
 - Broomhill Primary School £1.676m;
 - Castlebrae High School £1.118m;

- Victoria Primary School £0.965m;
- St Crispin's Primary School £0.783m;
- Maybury Primary School £0.657m;
- Canaan Lane Primary School £0.482m; and
- Trinity Academy Phase One £0.308m.

4.3 Within Place, there has been capital expenditure of £49.021m as at period five. 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 £2.387m;
- North Bridge Refurbishment £1.561m;
- Development Funding Projects £1.253m;
- Carriageways and Footways Improvements £1.137m;
- Cycle Projects £0.912m; and
- Bridge Strengthening Projects £0.500m.

4.4 Within Place – Trams to Newhaven, there has been capital expenditure of £11.477m as at period five.

4.5 Within Resources - Asset Management Works, there has been capital expenditure of £4.325m as at period five across various projects as work restarts following the COVID-19 lockdown.

Housing Revenue Account

4.6 The period five monitoring shows HRA capital expenditure of £6.936m 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 the impact of site closures in the earlier phases of COVID-19 lockdown although new build construction and external works have been able to recommence, internal improvement works will be phased in gradually to take account of safe working practices.

4.7 The revised forecast on new homes development is £0.919m lower than the period three estimate to reflect updated cashflows across the existing programme but demonstrates that we are progressing with design, development and pre-construction work across the HRA capital programme.

4.8 Within Housing Property, capital works are currently split into three phases, phase one: return of all external works where appropriate, phase two: return of all common area projects where appropriate and phase three: return of internal works such as kitchens and bathrooms, heating systems, etc. We are currently in phase two and

planning that phase three will only return into the new calendar year. The move to phase three will be subject to change based on Government advice and tenant feedback.

- 4.9 The period five monitoring shows HRA capital income of £1.719m 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 subsequently slipped further to £32.509m, primarily due to the slippage of Edinburgh Living capital receipts which are referenced in paragraph 4.15 from a General Fund on-lending perspective.
- 4.10 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.

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 The period five monitoring which can be seen in Appendix 1, shows the re-phased interim 2020/21 budget position based on cash flows and slippage. The latest net slippage position from the approved budget is £170.794m. However, due to continued uncertainty this doesn't reflect any COVID-19 uplift in-year. A further update on the COVID-19 assumptions and the impact it has on the Capital Budget Strategy will be provided as part of the wider budget setting process.
- 4.14 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.
- 4.15 General Fund lending for housing for mid-rent has also been revised to reflect the latest programme with £23.465m 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.

- 4.16 The cost of delivering the Tram to Newhaven project is still projected to remain within the £207.3m budget approved by the Council in April 2019. Measures on site have been implemented to partially mitigate the anticipated delays to the programme resulting from COVID 19 and additional works required to the sewer on Constitution Street and Baltic Street. The latest cashflow profile has been factored into Appendix 1.
- 4.17 A further report will be brought to Committee in December 2020 detailing the Capital Budget Strategy as part of the wider budget setting process. 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 additional pressures which are currently estimated at an additional c. £87m across the remaining nine years of the programme.

Housing Revenue Account

- 4.18 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.
- 4.19 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.
- 4.20 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.
- 4.21 An update on the HRA strategy and policy framework will be reported to Housing, Homelessness and Fair Work Committee in November 2020 with further budget updates reported to Finance Resources Committee in January 2021.

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 Capital Budget Strategy will be updated in Winter 2020 along with the Revenue Budget Framework.
- 5.3 Finance staff will continue work with project and programme managers to monitor capital budgets.

- 5.4 Further reports will be presented to Finance and Resource Committee at period eight and finally at 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 £166.027m. The overall loan charges associated with this over a 30-year period would be a principal amount of £166.027m, interest and expenses of £141.059m, resulting in a total cost of £307.086m based on a loans fund interest rate of 4.39%. The average annual cost would be £10.236m for 30 years.
- 6.2 The 2020/21 HRA period three forecast outlines loans fund advances of £23.541m. The overall loans charges associated with this over a 30-year period would be a principal amount of £23.541m, interest of £20.001m, resulting in a total cost of £43.542m based on a loans fund rate of 4.39%. The average annual cost would be £1.451m 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
- 8.7 [2020-30 Capital Budget Strategy – 2020/21 Period 3 Monitoring and Revised Budget Update](#), Finance and Resources Committee, 27 August 2020

9. Appendices

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

Appendix 2 – 2020/21 Capital Monitoring Period Five – 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 Five

Expenditure	Approved Budget	Adjustments	Interim Budget	Actual to Date	Projected Outturn	Provisional Variance	
	£000	£000	£000	£000	£000	£000	%
Communities and Families	99,246	(33,939)	65,307	12,475	65,307	-	0.00%
Edinburgh Integration Joint Board	-	284	284	-	284	-	0.00%
Place	192,495	(84,655)	107,840	49,021	106,701	(1,139)	-1.06%
Place - Lending	43,913	(12,584)	31,329	-	28,184	(3,145)	-10.04%
Place - Tram York Place to Newhaven	74,939	(15,291)	59,648	11,477	55,418	(4,230)	-7.09%
Contingency	4,242	-	4,242	-	4,242	-	0.00%
Resources - Asset Management Works	30,000	(21,242)	8,758	4,325	13,400	4,642	53.00%
Resources - Other	5,000	(3,367)	1,633	56	1,633	-	0.00%
Total Gross Expenditure	449,835	(170,794)	279,041	77,354	275,169	(3,872)	-1.39%

Funding	Approved Budget	Adjustments	Revised Budget	Actual to Date	Projected Outturn	Provisional Variance	
	£000	£000	£000	£000	£000	£000	%
<i>Capital Receipts</i>							
General Asset Sales	3,000	-	3,000	118	3,000	-	0.00%
<i>Total Capital Receipts from Asset Sales</i>	3,000	-	3,000	118	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	660	4,144	-	0.00%
<i>Developers Contributions Transferred to Investments</i>	-	-	-	1,539	-	-	0.00%
<i>Total Developer Contributions</i>	754	3,390	4,144	2,199	4,144	-	0.00%
Total Capital Receipts and Contributions	17,949	3,390	21,339	2,317	21,339	-	0.00%
<i>Grants</i>							
Scottish Government General Capital Grant	38,225	-	38,225	15,887	38,225	-	0.00%
Other Grants and Contributions	-	9,347	9,347	8,309	9,347	-	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	7,345	87,803	24,196	87,803	-	0.00%
Total Funding	98,407	10,735	109,142	26,513	109,142	-	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	-	28,184	(3,145)	-10.04%
New Capital Advance - Trams to Newhaven	74,939	(19,431)	55,508	11,477	51,278	(4,230)	-7.62%
New Capital Advance - General Fund	111,188	(72,147)	39,041	9,844	42,544	3,503	8.97%
Balance to be funded through Loans Fund Advance	351,428	(181,529)	169,899	50,841	166,027	(3,872)	-2.28%

Appendix 2 - 2020/21 Capital Monitoring

Housing Revenue Account

Period Five

Expenditure	Approved Budget	Adjustments	Revised Budget	Actual to Date	Projected Outturn	Provisional Variance	
	£000	£000	£000	£000	£000	£000	%
New Homes Development	35,890	(15,124)	20,766	2,819	19,847	(919)	-4.4%
New Homes Land Costs	12,000	-	12,000	-	12,000	-	0.0%
Improvement to Council Homes and Estates	48,578	(24,375)	24,203	4,117	24,203	-	0.0%
Total Gross Expenditure	96,468	(39,499)	56,969	6,936	56,050	(919)	-1.6%

Income	Approved Budget	Adjustments	Revised Budget	Actual to Date	Projected Outturn	Provisional Variance	
	£000	£000	£000	£000	£000	£000	%
Capital Receipts and Other Contributions	50,524	(24,424)	26,100	914	23,016	(3,084)	-11.8%
Capital Funded from Current Revenue	3,656	(3,656)	-	-	-	-	0.0%
Specific Capital Grant	18,942	(12,009)	6,933	805	9,493	2,560	36.9%
Total Income	73,122	(40,089)	33,033	1,719	32,509	(524)	-1.6%

Balance to be funded through Loans Fund Advance	23,346	590	23,936	5,217	23,541	(395)	-1.7%
--	---------------	------------	---------------	--------------	---------------	--------------	--------------

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	(67,163)	1,159	65,307
Edinburgh Integration Joint Board	-	227	57	284	-	-	284
Place	192,495	4,188	3,669	200,352	(101,197)	8,685	107,840
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	(214,037)	9,862	279,041

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
	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
New Homes Development	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 Tenants Homes	14,739	(10,479)	4,260
	External Fabric	17,298	(8,540)	8,758
Improvement to Council Homes and Estates	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, 8 December 2020

Corporate Leadership Team (CLT) Risk Register

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

It is recommended that the Committee:

- 1.1 notes the Council’s current strategic risk profile;
- 1.2 notes that five strategic risks are currently outwith agreed risk appetite ranges mainly due to the ongoing impacts of the Covid-19 pandemic;
- 1.3 notes that the current strategic risk profile is likely to increase in the event of further individual or concurrent resilience events in the current Covid-19 operating environment;
- 1.4 notes progress with the refresh of the design of Corporate Leadership team (CLT) risk register;
- 1.5 notes the content of the refreshed risk assessment matrix to ensure that both operational and strategic risks are assessed in alignment with the risk ranges included in the Council’s Risk Appetite Statement; and,
- 1.6 approves the proposed Committee reporting arrangements to support ongoing scrutiny of the Council’s most significant risks.

Andrew Kerr
Chief Executive

Contact: Lesley Newdall, Senior Audit and Risk Manager
Legal and Risk Division, Resources Directorate
E-mail: lesley.newdall@edinburgh.gov.uk | Tel: 0131 469 3216

Corporate Leadership Team Risk Register

2. Executive Summary

- 2.1 The purpose of this paper is to highlight the Council's current strategic risk profile, detail those risks where further action is required (where realistic and possible) to ensure that they are brought within approved strategic risk appetite levels.
- 2.2 The table included at paragraph 4.4 below illustrates that five current strategic risks are currently outwith approved risk appetite ranges, mainly due to the ongoing impacts of Covid-19. Further rationale and details of actions being implemented to address these risks (where possible) are included below.
- 2.3 The paper also highlights that the Council's current strategic risk profile is likely to further increase in the event that seven (potentially likely) resilience events occur either individually or concurrently in the current Covid-19 operating environment. This outcome is based on the consolidation of individual assessments performed by each Council directorate.
- 2.4 Proposals for future reporting to the Committee to support their ongoing scrutiny of the Council's most significant current risks in comparison to risk appetite are also included below.
- 2.5 The design and content of the operational CLT risk register has been refreshed to align with the content of the Council's risk appetite statement, and in line with the revised operational risk management framework arrangements presented to the Committee in November 2020. Further detail is included below.
- 2.6 The risk assessment matrix used to assess risks across the Council has been refreshed to ensure that both operational and strategic risks are assessed in alignment with the risk ranges included in the Council's approved Risk Appetite Statement and is included at Appendix 2.

3. Background

Covid-19 impacts

- 3.1 The Corporate Leadership Team risk register was due to be presented to the Governance, Risk and Best Value Committee in March 2020 as part of the normal reporting cycle. However, this meeting did not take place due to Covid-19.
- 3.2 The CLT and Directorate risk committees were paused during Covid-19. Quarterly directorate risk committees were reinstated in September 2020, and the quarterly CLT risk committee will be reinstated in December 2020.
- 3.3 Appropriate risk management arrangements have been established to support ongoing identification; assessment; recording; and management of the new Covid-19 risks faced by the Council. These new risks are recorded together with mitigating actions in the Covid-19 Risk Management Plan (RMP) that is regularly reviewed and refreshed and presented fortnightly to the Council's Incident Management Team (CIMT) for review and discussion.

Directorate and Divisional Risk Registers

- 3.4 Following the Risk Management Review recently, performed by Azets, directorate and CLT risk registers will be updated on an ongoing basis to reflect new and emerging risks escalated from divisions and directorates and more widely across the Council in line with refreshed operational risk management process by June 2021.
- 3.5 Whilst directorate and divisional 'business as usual' operational risk registers require to be updated in line with the Azets' audit recommendations, the Council's most current significant risks have also been recorded and are currently managed through the Covid-19 RMP and Adaptation and Renewal risk registers.

Refreshed Risk Management Arrangements

- 3.6 The Council's Enterprise Risk Management Policy (ERMP) and Risk Appetite Statement were refreshed and approved by the Policy and Sustainability Committee in October 2020, and presented to the Governance, Risk, and Best Value (GRBV) Committee in November 2020.
- 3.7 Plans for the phased implementation of the Council's refreshed operational risk management framework across the next three years were also presented to GRBV in November 2020. This report highlighted the need to implement the following actions to ensure effective alignment with the 'Three Lines' model:
 - 3.7.1 ensure that all relevant strategic; operational; and thematic risks flow effectively and consistently through relevant risk registers and into the CLT risk register;
 - 3.7.2 implement a refreshed thematic risk hierarchy that supports assessment and identification of the Council's most significant original (inherent) and current (residual) risks for inclusion in the CLT risk register by consolidating lower

level sub-risks across directorates and divisions using a simple scoring methodology; and,

3.7.3 further embed risk appetite by adopting target risk as a proxy for setting risk appetite at a more granular level; discussing and assessing target risk at divisional, directorate and CLT risk and assurance committees; and recording target risks (where possible) in risk registers.

3.8 This risk hierarchy and consolidation process has already been developed to support identification of Adaptation and Renewal programme risks and is now being applied in practice by the programme managers.

4. Main report

Current Strategic Risk Profile

4.1 A summary of the Council's current strategic risk profile is included in the table at 4.4 below. It is important to note that all relevant current Covid-19 strategic risks; Adaptation and Renewal Programme; Brexit; and other relevant current risks identified by the CLT have been mapped to relevant strategic risks included in the Council's risk appetite statement and are included in this assessment.

4.2 The current strategic risk profile is based on management's view of the effectiveness of thematic controls established across the Council to manage these risks, and consideration of relevant assurance outcomes.

4.3 Details of strategic risk descriptions and their potential impacts are included at Appendix 1.

4.4 The table highlights that five strategic risks (strategic delivery; financial and budget management; health and safety; resilience; and governance and decision making) are currently outwith approved risk appetite ranges (mainly due to the impacts of Covid-19) with the remaining six risks currently within appetite. Further information on the risks outwith risk appetite and actions currently being taken (where possible) to address them is set out below.

Corporate Leadership Team Risks	Original Risk	Current Risk	Risk Appetite		Action Required
1. Strategic Delivery	Critical	High	Low	Moderate	↓
2. Financial and Budget Management	Critical	Critical	Low	Moderate	↓
3. Programme and Project Delivery	High	Moderate	Low	High	↔
4. Health and Safety (including public safety)	Critical	Critical	Minimum Possible	Low	↓
5. Resilience	Critical	High	Low	Moderate	↓

6. Supplier, Contractor, and Partnership Management	Critical	High	Low	High	↔
7. Technology and Information	High	Moderate	Low	Moderate	↔
8. Governance and Decision Making	High	Moderate	Minimum Possible	Low	↓
9. Service Delivery	High	High	Low	High	↔
10. Regulatory and Legislative Compliance	High	Low	Minimum Possible	Low	↔
11. Reputational	High	Moderate	Minimum Possible	Moderate	↔

4.5 The rationale for the five strategic risks currently outwith approved risk appetite ranges and actions being implemented to address them (where possible) are as follows:

4.5.1 **Strategic delivery** – the High rated current strategic delivery risk is attributable to the ongoing impacts of Covid-19, as it is not possible to determine when the Council and the City will return to a normal operating environment, and final Covid-19 financial implications cannot be determined. Consequently, the Council is currently focusing on the safety of employees and citizens and continuing to deliver vital services.

The Council is aiming to address this risk by considering all potential opportunities for service and operational redesign throughout the recovery process as part of the Adaptation and Renewal programme, together with ongoing focus on its Business Plan, and will refresh its current strategy and future budget in January/February 2021. In this context, it is also important to note that the Council's new Digital and Smart City strategy was approved by the Policy and Sustainability Committee in October 2020.

4.5.2 **Financial and budget management** – the Critical current financial and budget management risk is also attributable to the ongoing impacts of Covid-19. As noted above, it is not yet possible to determine final Covid-19 financial costs; the extent to which these costs can be recovered; and their final impact on the Council's future revenue and capital budgets. Another key driver of this risk is the Covid-19 impact on arms-length external organisations (ALEOs) for example, Transport for Edinburgh and Edinburgh Leisure, that normally generate a significant financial contribution for the Council.

A number of mitigations have been implemented to ensure that these unplanned Covid-19 costs and their potential future impacts are accurately recorded and monitored with regular progress reports provided to the Finance and Resources Committee. Plans have also been established to use existing reserves to address in year financial pressures, and proposals

for future savings have been considered and are being implemented. Regular engagement is also ongoing with ALEOs to understand their current financial position and future recovery plans, and with the Edinburgh Integration Joint Board to understand their future funding requirements.

- 4.5.3 **Health and safety (including public safety)** - the Critical current health and safety risk is also directly attributable to the impacts of Covid-19 and reflects a number of the risks included in the Covid-19 risk management plan that relate to the health, safety and wellbeing of citizens living in the City and/or in Council care, as well as our employees. This risk also reflects the potential impacts of both local and national decisions implemented to manage the Covid-19 infection rate.

A significant number of mitigations have been implemented to address this risk for example: resident and employee testing in care homes; implementation of social distancing measures and deep cleaning across open Council buildings; increased support provided to homeless citizens; out of hours support arrangements to manage positive cases in schools; and ongoing engagement with Police Scotland and other partners. However, it is important to note that public protection and safety is also largely dependent on the adoption of relevant Scottish Government and Public Health Scotland guidance by citizens.

- 4.5.4 **Resilience** – the High current resilience risk reflects that the Council is likely to continue to operate in the current Covid-19 operating environment for the foreseeable future, and the potential requirement to respond to additional resilience events that have a strong likelihood of occurrence, whilst continuing to manage Covid-19.

In response, the Council is focusing on scenario planning at both CLT and directorate level with scenario action plans being redesigned to align with the new Scottish Government Covid-19 Strategic Framework (the Framework); is designing a suite of Covid-19 protocols to support directorate and divisional resilience decisions and provide supplementary information; and a suite of generic corporate resilience protocols that incorporate lessons learned from multi agency resilience tests for use by directorates and divisions to support their decision making in the event of an incident.

- 4.5.5 **Governance and decision making** – the Moderate governance and decision making current risk reflects the requirement for timely decision making in response to both Scottish Government and Public Health Scotland Covid-19 regulations and guidance, including decisions required in relation to movements between Framework protection levels, and the need to refresh established governance and assurance arrangements across the Council to support improvements in both service delivery and assurance outcomes.

Mitigations established to address this risk includes: ongoing engagement with the Scottish Government, COSLA, the NHS, and other partner

organisations to discuss any planned changes; regular Council Incident Management Team meetings to discuss and agree responses and actions required; and ongoing engagement and reporting to relevant Council executive committees. Plans to refresh established governance and assurance arrangements across the Council are being considered and will be implemented as part of the proposed Chief Officer and Senior Management restructuring currently being developed.

Risks Associated with Concurrent Resilience Events

- 4.6 An assessment of the risks associated with seven potential resilience events that have a strong likelihood of occurring either individually or concurrently during the ongoing Covid-19 pandemic confirmed that their impacts are likely to further increase the Council's current strategic risk profile.
- 4.7 The seven scenarios detailed below were considered by each directorate, and the outcomes consolidated to provide both individual and concurrent risk impact assessments. Actions to mitigate these risks are being considered as part of the ongoing scenario planning activities outlined above.
1. further Covid-19 wave or local outbreak
 2. winter flu epidemic
 3. no deal Brexit
 4. severe weather
 5. death of the monarch in Scotland
 6. care for displaced people
 7. civil disorder

Recommended GRBV Reporting Arrangements

- 4.8 It is recommended that, as with this report, the table above is presented quarterly to the Committee, together with explanations of the instances where current risk exceeds risk appetite, and details of the actions being taken to ensure that this is addressed where possible.

CLT Operational Risk Register Refresh Progress

- 4.9 The design and content of the operational CLT risk register is currently being refreshed in line with the Council's approved Risk Appetite Statement and the revised operational risk management framework arrangements presented to the Committee in November 2020.
- 4.10 The risk register now includes the 11 strategic risks included in the Risk Appetite Statement supported by a range of sub-risks including key strategic Covid-19 risks; Adaptation and Renewal Programme and Brexit risks; and the most significant current operational risks identified by the CLT.

- 4.11 Strategic risk descriptions and impact statements have also been defined (refer to Appendix 1), and key thematic Council wide controls that have been established to mitigate these risks have also been identified.
- 4.12 Work is ongoing to develop and implement a refreshed thematic risk hierarchy and consolidation process to support identification and assessment of the most significant divisional, directorate, and thematic risks for inclusion in the CLT risk register as outlined above.

Refreshed Risk Assessment Matrix

- 4.13 The risk assessment matrix that will be used to support the assessment of original; current and target risks across the Council has been refreshed to align with the ranges included in the Risk Appetite Statement and is included at Appendix 2.

5. Next Steps

- 5.1 Reinstatement of the quarterly CLT risk committee from December 2020.
- 5.2 Implementation of the refreshed operational risk management arrangements.

6. Financial impact

- 6.1 There are no direct financial impacts directly arising from this report, although effective management of risks is part of good financial management.

7. Stakeholder/Community Impact

- 7.1 Effective risk management will support achievement of strategic objectives; effective service delivery; and appropriate responses to resilience events.

8. Background reading/external references

- 8.1 [Enterprise Risk Management Policy – Policy and Sustainability Committee October 2020 – item 7.11](#)
- 8.2 [Risk Appetite Statement - Policy and Sustainability Committee October 2020 – item 7.12](#)
- 8.3 [Operational Risk Management Framework – Governance, Risk, and Best Value Committee November 2020 – item 8.6](#)

9. Appendices

Appendix 1 – Strategic Risk Descriptions and Impact Statements

Appendix 2 – Refreshed Risk Assessment Matrix

Appendix 1: Strategic Risk Descriptions and Impact Statements

Ref	Risk	Risk Description	Impact Statment
R1	Strategic Delivery	Inability to design and / or implement a strategic plan for the Council.	Lack of clarity regarding future direction and structure of the Council impacting quality and alignment of strategic decisions
R2	Financial and Budget Management	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	Council is unable to continue to deliver services and implement change in line with strategic objectives; inability to meet EIJB financial directions; adverse external audit opinion; adverse reputational consequences
R3	Programme and Project Delivery	Inability to delivery major projects and programmes effectively, on time and within budget	Inability to deliver Council strategy; achieve service delivery improvements; and deliver savings targets
R4	Health and Safety (including public safety)	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R5	Resilience	Inability to respond to a sudden high impact event or major incident	Disruption across the City; to service delivery; and serious injury or harm to employees and / or citizens.
R6	Supplier, Contractor, and Partnership Management	Inability to effectively manage the Council's most significant supplier and partnership relationships	Inability to deliver services and major projects within budget and achieve best value
R7	Technology and Information	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to deliver services; loss of data and information; regulatory and legislative breaches; and reputational consequences
R8	Governance and Decision Making	Inability of management and elected members to effectively manage and scrutinise performance, and take appropriate strategic and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R9	Service Delivery	Inability to deliver quality services that meets citizen needs effectively and in line with statutory requirements	Censure from national government and regulatory bodies; and adverse reputational impacts
R10	Regulatory and Legislative Compliance	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R11	Reputational Risk	Adverse publicity as a result of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to the Council's reputation in the public domain

Appendix 2: Refreshed Risk Assessment Matrix

Likelihood	Highly Probable (5)	Moderate	Moderate	High	High	Critical
	Probable (4)	Low	Moderate	Moderate	High	High
	Possible (3)	Low	Low	Moderate	Moderate	High
	Unlikely (2)	Low	Low	Low	Moderate	Moderate
	Rare (1)	Min Possible	Low	Low	Low	Low
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
		Impact				

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

Best Value Assurance Audit – referral from the Policy and Sustainability Committee

Executive/routine Wards Council Commitments	Executive
---	-----------

1. For Decision/Action

The Policy and Sustainability Committee has referred a report on the Best Value Assurance Audit to the Governance, Risk and Best Value Committee for scrutiny.

Andrew Kerr

Chief Executive

Contact: Jamie Macrae, Committee Services

Email: jamie.macrae@edinburgh.gov.uk | Tel: 0131 553 8242

Referral Report

Best Value Assurance Audit

2. Terms of Referral

- 2.1 On 1 December 2020, the Policy and Sustainability Committee considered a report which detailed the findings of the City of Edinburgh Council's Best Value Assurance Audit and set out the approach to fully review and respond with a joined up, comprehensive approach to the findings.
- 2.2 The report was referred to both the Governance, Risk and Best Value Committee and the Council for further scrutiny and information.
- 2.4 The Policy and Sustainability Committee agreed:

Motion

- 1) To note the findings of the Best Value Assurance Audit Report.
 - 2) To note the Accounts Commission's Findings, attached at appendix one of the report.
 - 3) To note that the improvement actions arising from the report would be addressed in the refreshed Council's Business Plan.
 - 4) To refer the report to the Governance, Risk and Best Value Committee and Council for further scrutiny and information.
- . - moved by Councillor McVey, seconded by Councillor Day

Amendment 1

- 1) To note the findings of the Best Value Assurance Audit Report.
 - 2) To note the Accounts Commission's Findings, attached at appendix one of the report.
 - 3) To note that the improvement actions arising from the report would be addressed in the refreshed Council's Business Plan and specifically request further consideration of genuine local community empowerment including, for example, through reintroduction of a reformed locality committee system.
 - 4) To refer the report to the Governance, Risk and Best Value Committee and Council for further scrutiny and information.
- moved by Councillor Aldridge, seconded by Councillor Gloyer

In accordance with Standing Order 22(12), the amendment was adjusted and accepted as an addendum to the motion.

Amendment 2

To approve the motion by Councillor McVey as originally proposed.

- moved by Councillor Whyte, seconded by Councillor Hutchison

Voting

For the Motion (as adjusted) - 12 votes
For Amendment 2 (the motion as originally proposed) - 5 votes

(For the motion: Councillors Aldridge, Kate Campbell, Day, Gardiner, Macinnes, Main, McVey, Munn, Perry, Staniforth and Wilson.

For the amendment: Councillors Hutchison, McLellan, Mowat, Webber and Whyte.)

Decision

To approve the following adjusted motion by Councillor McVey:

- 1) To note the findings of the Best Value Assurance Audit Report.
- 2) To note the Accounts Commission's Findings, attached at appendix one of the report.
- 3) To note that the improvement actions arising from the report would be addressed in the refreshed Council's Business Plan and specifically request further consideration of genuine local community empowerment.
- 4) To refer the report to the Governance, Risk and Best Value Committee and Council for further scrutiny and information.

3. Background Reading/ External References

Policy and Sustainability Committee of 1 December 2020 – [webcast](#)

4. Appendices

Appendix 1 – report by the Chief Executive

Policy and Sustainability Committee

10.00am, Tuesday 1 December 2020

Best Value Assurance Audit

Executive/routine Wards Council Commitments	Executive
---	-----------

1. Recommendations

The Committee is recommended to:

- 1.1 Note the findings of the Best Value Assurance Audit Report;
- 1.2 Note the Accounts Commission's Findings, attached at appendix one.
- 1.3 Note that the improvement actions arising from the report will be addressed in the refresh Council's Business Plan; and,
- 1.4 Refer this report to the Governance, Risk and Best Value Committee and Council for further scrutiny and information.

Andrew Kerr

Chief Executive

Contact: Hayley Barnett, Corporate Governance Manager,
Strategy and Communications Division, Chief Executive's Service

E-mail: Hayley.barnett@edinburgh.gov.uk | Tel: 0131 529 3996

Best Value Assurance Audit

2. Executive Summary

- 2.1 This report details the findings of the City of Edinburgh Council's Best Value Assurance Audit and sets out the approach to fully review and respond with a joined up, comprehensive approach to the findings.

3. Background

- 3.1 The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003.
- 3.2 The Council's first Best Value Audit report was published in February 2007, followed by a second in May 2013. Two further progress reports were requested by the Accounts Commission in 2014 and 2016.
- 3.3 In October 2016, Audit Scotland implemented a new approach to auditing Best Value in Scottish councils. The audit of Best Value became a continuous process that forms part of the annual audit process of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit presents a Best Value Assurance Report to the Accounts Commission at least once during a five-year cycle. This is the first assurance report on The City of Edinburgh Council in this cycle.
- 3.4 The audit work was carried out by a team from Audit Scotland and Azets (formally Scott Moncrieff), as Edinburgh's external auditor. The audit team conducted initial work to identify risks and council initiatives to build into the scope of the audit. This included a review of previous audit and inspection reports and intelligence, review of key council documents and initial meetings with senior officers.
- 3.5 In advance of the audit, officers also carried out a detailed self-assessment exercise that was shared with the audit team.
- 3.6 The Best Value Assurance Report was considered by the Accounts Commission on 12 November 2020. The Accounts Commission accepted the Controller of Audit's report and endorsed his recommendations. The final report was published by the Accounts Commission on 26th November 2020.

4. Main report

- 4.1 The detailed audit work was largely undertaken in February and March 2020 and therefore pre-dates the Covid-19 global pandemic. Where appropriate, the findings have subsequently been updated to reflect the impact of the pandemic and the council's response to it.
- 4.2 The audit work included: interviews with elected members and senior officers; observing council and committee meetings; reviewing documents and analysing data, including Local Government Benchmarking Framework (LGBF) data; interviewing a sample of the council's partners such as Police Scotland, third sector and community representatives, and the business community; and, holding a focus group with members of staff.
- 4.3 The areas of audit focus were:
- **The council's vision and strategic direction.** This included assessing how well the leadership of the council work together to deliver its priorities. They also assessed standards of conduct and behaviour of members and officers and understandings of role and responsibilities. (Findings are presented in Part 1).
 - **Performance and outcomes, including public performance reporting.** This included an overall assessment of outcomes and performance management and the council's reporting on these, including to the public. (Findings are presented in Part 2).
 - **Effective use of resources.** The audit assessed how effectively the council plans its use of resources, including digital and information management, financial planning and workforce planning. (Findings are presented in Part 3).
 - **Partnership working and community engagement.** The audit assessed how the council collaborates with partners to develop and deliver services and drive economic and cultural improvements. They also considered how community engagement and empowerment affect the council's activities and delivery of services. (Findings are presented in Part 4).
 - **Continuous Improvement.** The audit team reviewed the council's self-assessment and continuous improvement arrangements, such as developing new and more effective ways in which to provide local services. They also assessed the overall pace and depth of change. (Findings are presented in Part 5).
- 4.4 The report highlights a number of key achievements and areas for the Council to improve since the 2016 Best Value Audit and reflects on this as mixed progress.
- 4.5 The key achievements include:
- 4.5.1 The Council's ambitious plans for the City. Specifically, referencing the Council's Sustainability Programme, approach to tackling poverty, major housing and community regeneration projects in Fountainbridge, Meadowbank and at Granton Waterfront; retail, hospitality and cultural

developments, such as the St James Quarter; and extending the tram network;

4.5.2 The Council's long track record of maintaining revenue expenditure within budget;

4.5.3 Aspects of leadership and service performance. Specifically, referencing improved performance across many of KPIs – schools and education, waste and cleansing and time taken to process benefit and grant claims;

4.5.4 Improvements in asset management, procurement and risk management.

4.6 The report also notes areas where further progress is required:

4.6.1 To align strategic priorities;

4.6.2 The implementation of effective community planning governance arrangements, the pace of change within the CPP and community empowerment;

4.6.3 The Council's approach to self-assessment, continuous improvement and public performance reporting; and,

4.6.4 Long-term financial planning and workforce planning.

Accounts Commission Findings

4.7 The Accounts Commission accepted the Controller of Audit's report and endorsed his recommendations. The Commission's findings are attached at Appendix 1.

Response to the Audit

4.8 A key recommendation set out within the Best Value report is the need for the Council to align its strategic priorities within the framework of long-term financial planning. At officer level, the Adaption and Renewal programme continues to oversee and coordinate how the Council changes to address longer-term ambitions and challenges around poverty, sustainability and wellbeing; continues to provide the services city residents depend on, particularly those in most need; and how we respond to budget challenges. Plans for the future of this work will be set out in a new three-year Council Business Plan and People Strategy/Workforce Plan in February 2021. This work will align with the development of a refreshed 3-year revenue budget framework and 10-year capital budget strategy.

4.9 To ensure a comprehensive and holistic approach, areas for improvement highlighted in the report will be advanced as part of the development of the Council Business Plan and specific and measurable improvement actions reported through a new performance management framework which will be developed following the agreement of the Plan.

Process

4.10 The Policy and Sustainability Committee (1 December) and Governance, Risk and Best Value Committee (8 December) meetings provide elected members with the opportunity to receive the report and question officers, as well as providing feedback on areas for improvement that members want prioritised and progressed.

This will feed into the development of the refresh Council Business Plan and shape the approach to address the findings from the audit.

- 4.11 Legislation requires that the Best Value Assurance Audit report is received and considered by Council (10 December).
- 4.12 February 2021 – The new Council Business Plan including the response to the Best Value Assurance Audit recommendations for improvement will be presented to elected members through the Policy and Sustainability Committee and Council.

5. Next Steps

- 5.1 As noted above, the report will also be considered by the Governance, Risk and Best Value Committee for further scrutiny. Legislation requires the report is then considered by Council.
- 5.2 Officers will consider the detailed findings from the report and take into account the feedback from elected members to develop a comprehensive improvement plan which is integrated as part of the refreshed Council Business Plan.

6. Financial impact

- 6.1 There is no direct financial impact resulting from the Best Value Assurance Audit. All improvement actions will be developed and costed through the development of the Council Business Plan and support revenue and capital budget setting process.

7. Stakeholder/Community Impact

- 7.1 Key stakeholders have been consulted and interviewed during the Best Value Assurance Audit including: Elected Members; Council Leadership Team; and Managers and Staff. Wider Community Engagement will take place as part of the development of the Business Plan.

8. Background reading/external references

- 8.1 [The Best Value Audit Report 2016](#)
- 8.2 [The Best Value Audit Report 2014](#)

9. Appendices

- 9.1 Appendix 1 – The City of Edinburgh Council: Accounts Commission's Findings
- 9.2 Appendix 2 – The City of Edinburgh Council Best Value Assurance Audit Report

Appendix 1: The City of Edinburgh Council: Accounts Commission's Findings

ACCOUNTS COMMISSION

AUDITING BEST VALUE: CITY OF EDINBURGH COUNCIL

NOVEMBER 2020

FINDINGS

The Commission accepts the Controller of Audit's report on Best Value in the City of Edinburgh Council and we endorse his recommendations.

The City of Edinburgh Council is an ambitious council that needs to do more to maximise its potential. More momentum is needed to demonstrate and embed a culture of continuous improvement. It has made mixed progress since our 2016 Best Value report although we are pleased that services continue to perform relatively well. We commend the Council in the leadership it has shown in making strategic decisions, but we encourage all elected members to consider together how they can better address their shared Best Value responsibilities.

The Council needs to better articulate and deliver its ambition. We underline the Controller's recommendations to provide clearer priorities and direction (notably through its Adaptation and Renewal Programme) and to ensure better reporting of performance against objectives (particularly to elected members and the public).

Much of the work for this audit was undertaken before the Covid-19 pandemic. While the Commission is of the firm view that the principles of sound financial management, good governance, public accountability and transparency remain vital for councils, the report does not consider the additional and sizeable pressure that Covid-19 has placed on the Council, especially on its finances. We are of the strong view, therefore, that while the Council has had a good record in managing its finances, it needs a longer-term financial plan to show how it will address such future pressures. This also needs to be supported with more effective workforce planning, an area where the Council's progress since our previous report has not been satisfactory.

The Commission is concerned about the exacerbating effect of Covid-19 on inequalities experienced by some communities. In Edinburgh's case – a prosperous city with a relatively strong economy - we commend the Council in its commitment to reducing inequalities, most recently seen in the work of the Edinburgh Poverty Commission. We encourage the Council to continue its leadership in this area and progress its commitments.

In doing so, we urge the Council to build upon some good practice with its partners in engaging with communities by better reflecting in its approach how it will empower communities in improving community outcomes and public services.

We encourage the Council to address and, to demonstrate momentum, to report progress against these findings and the Controller of Audit's recommendations at an early stage. We will maintain our interest to this end with the Controller monitoring and reporting progress through the annual audit.

The City of Edinburgh Council

Best Value Assurance Report

ACCOUNTS COMMISSION 

Prepared for the Accounts Commission by the Controller of Audit

November 2020

The Accounts Commission

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

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

Our work includes:

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

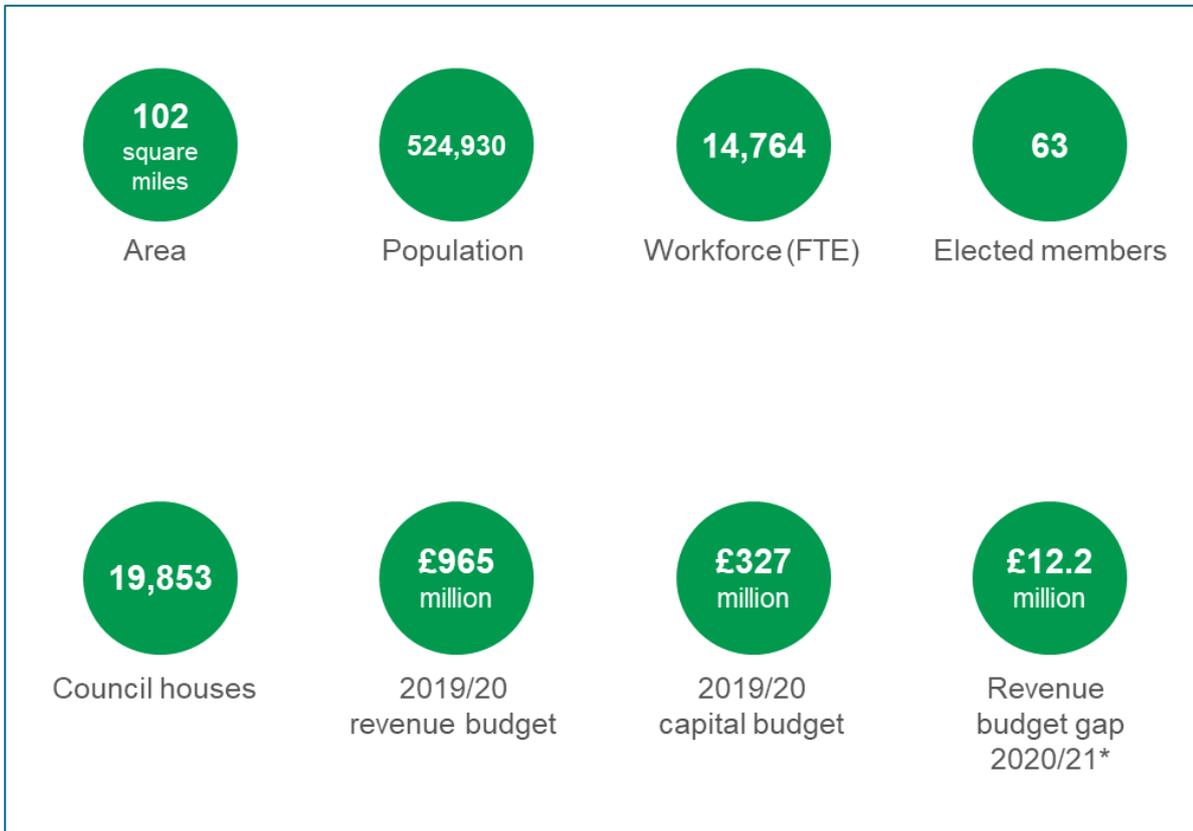
You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission

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

Contents

Key facts	4
Audit approach	5
Key messages	7
Part 1 Does the council have clear strategic direction?	9
Part 2 How well is the council performing?	18
Part 3 Is the council using its resources effectively?	28
Part 4 Is the council working well with its partners?	35
Part 5 Is the council demonstrating continuous improvement?	45
Recommendations	52
Appendix Best Value audit timeline	53

Key facts



* The council's revenue budget gap was correct as at 24 September 2020.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council. This is the first assurance report on The City of Edinburgh Council. We have set out the dates of previous Best Value reports in the Appendix (Best Value audit timeline).
2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.
3. Our audit approach is proportionate and risk based and so is reflective of the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out in previous years. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Key areas of focus for our audit included [\(Exhibit 1\)](#):

Exhibit 1

Key areas of focus for our audit



The council's vision and strategic direction

This included assessing how well the leaders of the council work together to deliver its priorities. We also assessed standards of conduct and behaviour of members and officers and their understanding of their role and responsibilities. Our findings are in Part 1.



Performance and outcomes, including public performance reporting

This included an overall assessment of outcomes and performance management and the council's reporting on these, including to the public. Our findings on this are in Part 2.



Effective use of resources

We assessed how effectively the council plans its use of resources, including digital and information management, financial planning and workforce planning. Our findings on this are in Part 3.



Partnership working and community engagement

We assessed how the council collaborates with partners to develop and deliver services and drive economic and cultural improvements. We also considered how community engagement and empowerment affect the council's activities and delivery of services. Our findings on this are in Part 4.



Continuous Improvement

We reviewed the council's self-assessment and continuous improvement arrangements, such as developing new and more effective ways in which to provide local services. We also assessed the overall pace and depth of change. Our findings on this are in Part 5.

Source: Audit Scotland

4. The detailed audit work for this report was largely undertaken in February and March 2020 and therefore pre-dates the Covid-19 global pandemic. Where appropriate, our findings have subsequently been updated to reflect the impact of the pandemic and the council's response to it. Our audit work included:
 - interviews with elected members and senior officers
 - observing council and committee meetings
 - reviewing documents and analysing data, including Local Government Benchmarking Framework (LGBF) data
 - interviewing a sample of the council's partners such as Police Scotland, third sector and community representatives, and the business community
 - holding a focus group with members of staff.
5. The council's auditors will continue to audit Best Value over the course of the audit appointment. This will include a follow-up on the findings from this report as well as more detailed audit work on other Best Value characteristics as appropriate.
6. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members and officers contacted during the audit.

Key messages

- 1.** The City of Edinburgh Council has made mixed progress since its 2016 Best Value report. While it has maintained and improved aspects of leadership and service performance, its pace of change in community planning and empowerment, continuous improvement and public reporting has been slow. The council's new workforce plan is not as detailed as its 2016 plan.
- 2.** The council has ambitious plans for the city and its surrounding areas. These are not set out in an overarching strategic plan and the council acknowledges that it needs to articulate more clearly its priorities. It intends to use the newly developed 2050 City Vision and the council's Adaptation and Renewal Programme to provide clearer direction.
- 3.** The council's political composition – a minority coalition – makes business and decision-making challenging and is particularly resource-intensive for officers. Despite these challenges, there are examples of cross-party working. The council has also shown good leadership through its projects to address poverty and sustainability and by making difficult decisions, such as approving plans for Phase 2 of the tram network. The council's senior management team has also driven improvements in asset management, procurement, and risk management.
- 4.** The council has a long track record of maintaining revenue expenditure within budget. Over the last five years, the council has made annual savings of between £35 million and £75 million. But it has had to rely on unplanned savings and, in 2019/20 and 2020/21, on reserves to meet funding gaps. This is not sustainable, particularly as it manages the effects of Covid-19. While the council agreed a three-year revenue budget and a ten-year capital budget strategy in early 2020, it does not have a longer-term financial plan to address its significant revenue budget challenges.
- 5.** Over the last five years, the council has improved its performance across many of its KPIs. It performs in the top half of councils for around half of the national benchmarking indicators and it performs well relative to other big cities in Scotland. The council has recently improved its performance reporting to elected members, but its public performance reporting information is limited.
- 6.** In 2017, the council reported that its Transformation Programme was on track to deliver most of its planned £70.5 million recurring annual savings. It did not produce a final report to confirm whether it achieved this target. Progress reports to elected members on its

Change Portfolio – which includes transformation projects – do not set out details of the savings expected or achieved.

- 7. While there are examples of the council working well with its partners, the Community Planning Partnership has made slow progress. The council consults extensively with residents and stakeholders, mainly using traditional surveys. There are examples of innovative and participative community engagement, but community empowerment is not yet embedded in the council's culture.**
- 8. There are examples of the council using self-assessment, performance information and feedback to identify improvements. But the council does not have a structured approach to continuous improvement and corporate self-assessments could more clearly highlight areas for improvement.**
- 9. The council's Adaptation and Renewal Programme, developed in response to Covid-19, provides the opportunity to deliver broader change.**

Part 1

Does the council have clear strategic direction?



The council has ambitious plans for the future of Edinburgh, but its priorities are not clearly articulated in an overarching, strategic plan.

The council's political composition is challenging; relationships between members are strained, decision making can be difficult, and it is resource intensive for officers. Despite these challenges, the council has shown good leadership by making some difficult decisions. The council is refreshing its member/officer protocol to help clarify roles and responsibilities.

The local context

7. The City of Edinburgh Council covers a predominantly urban area of around 102 square miles and a population of just under 525,000. It is the second largest council in Scotland by population and is the tenth largest by area. Between 2000 and 2009, Edinburgh's population grew by 3.6 per cent, which was about the Scottish average. Since 2010, Edinburgh has had the second fastest growing population in Scotland, mainly due to overseas migration. Over this period, the number of people living in the city has grown by 11.7 per cent, compared with a Scottish average of 3.8 per cent. Between 2018 and 2043, Edinburgh's population is forecast to grow by a further 13.1 per cent, to just over 586,000. Its over 75 population is expected to rise by 74.9 per cent, placing additional pressure on health and social care services.
8. As the capital city, Edinburgh has strengths and challenges not faced by other Scottish councils. Edinburgh is a prosperous city: it has one of the strongest, most diverse economies in the UK, with high average incomes and high productivity levels. Prior to the Covid-19 pandemic, Edinburgh had the lowest rate of unemployment and the highest proportion of workers in highly skilled jobs, compared to other major UK cities (excluding London).
9. Edinburgh has a growing business base, with around 20,000 businesses, and is one of the biggest financial centres in the UK, outside London. It is also home to many public bodies, including the Scottish Parliament and the Scottish Government, and to five universities, with over 62,000 students. It hosts several international festivals and is the second most visited city in the UK. Over two million foreign tourists visit every year, supporting over 30,000 jobs and worth over £1.6 billion to the Scottish economy.
10. Not all residents have benefited from the city's success and there are pockets of severe deprivation in the city: nearly one in four of Edinburgh's children live in poverty, which is similar to the national average, and this increases to just over one in three in the most deprived areas. Although the city boasts the highest average incomes in Scotland, 16 per cent of workers earn less than the Real Living Wage and 46,000 residents are income deprived. In addition, high childcare costs have contributed to gender inequalities in the city's workforce, with median pay rates for women 13 per cent lower than for men. Furthermore,

the popularity of the city has made Edinburgh the least affordable place in Scotland to buy a home. Around 25 per cent of households live in private rented accommodation, the highest rate in Scotland.

11. Edinburgh's World Heritage status, buoyant economy and worldwide reputation for culture have led to the city often being voted as one of the best places in the world to live, work and visit. But high visitor numbers, along with a growing population, place pressure on the city's infrastructure and environment, and on council services, such as housing, education and transport.

The council has ambitious plans for Edinburgh, but its vision and priorities are not articulated in an overarching, strategic plan

12. The council aspires for Edinburgh to be a thriving, carbon neutral city, with reduced poverty and inequalities. The council has invested to regenerate areas of the city, such as Craigmillar, and has ambitious plans to make further improvements to help meet its aspirations. These include: major housing and community regeneration projects in Fountainbridge, Meadowbank and at Granton Waterfront; retail, hospitality and cultural developments, such as the St James Quarter; and extending its tram network. The council also has a comprehensive sustainability programme, **recognised by the European Institute of Innovation and Technology**, to respond to the climate change emergency ([Case study 1, page 12](#)).
13. In 2016, the council and other public, private and third sector partners started work on a long-term vision for the city. In June 2018, the steering group responsible for its development, presented the council with a draft vision, based on feedback from over 10,000 residents and stakeholders. The steering group determined that more extensive public engagement was required, and the council agreed to provide £100,000 towards the £500,000 cost of funding a large-scale public awareness campaign. By mid-2019, almost 32,000 people had fed into the development of the final 2050 City Vision.
14. In June 2020, the council's Policy and Sustainability Committee endorsed the 2050 City Vision. It is a one-page document, with no supporting information or performance measures to monitor its success. Its four principles (Welcoming, Thriving, Fair and Pioneering), differ only slightly from the draft version.
15. In the absence of the 2050 City Vision, the council has been operating with three main strategic documents:
 - Programme for the Capital – Business Plan 2017-22, which the council approved in August 2017.
 - Change Strategy 2019-23, which the council approved in February 2019.
 - Edinburgh Partnership Community Plan 2018-28.
16. The council's Business Plan sets out its intentions over the five-year period of the administration. It was developed by a small group of members of the SNP/Labour administration and is an amalgamation of the two parties' manifesto commitments. It was not subject to wider scrutiny before being presented to the council. The Business Plan does not provide a clear focus for the council: it contains a large number of commitments (52), many of which are not easily measured, and they are not prioritised. The purpose of the Change Strategy was to set out how the council would implement its Business Plan. But it does not include the 52 commitments or set out specific actions to deliver them.

The City of Edinburgh Council is one of 15 European cities, and the only city in the UK, to be selected as a Healthy Clean Cities Deep Demonstration (HCCDD) site, in recognition of its sustainability ambitions. As an HCCDD site, the council works with the European Institute of Innovation and Technology's Climate Knowledge Innovation Community, to stimulate ideas and actions to tackle climate change.

Case study 1

The City of Edinburgh Council's sustainability programme

The City of Edinburgh was one of the first councils in Scotland to set an ambitious target of becoming carbon neutral by 2030, fifteen years before the Scottish Government's legally binding target. The council has established a new All-Party Oversight Group on Sustainability and Climate Emergency and a Sustainability and Climate Emergency Programme Board. It has also convened a new green infrastructure group and a sustainability steering group to support schools. The council plans to publish its 2030 City Sustainability Strategy in October 2021.

The council is driving its net zero target through a number of policies and plans, including:

- introducing a **Low Emission Zone** and considering a **Workplace Parking Levy**, to reduce pollution in the city centre
- the Strategic Housing Investment Plan, investing £2.5 billion in sustainable new homes and improving the energy efficiency of its council housing estate
- the Local Development Plan (City Plan 2030), the council's sustainable approach to city development
- the City Tourism Strategy, which focuses on managing sustainable growth
- the City Mobility Plan and the City Centre Transformation Strategy, which both include plans for improved options for public transport, cycling and walking

The council co-sponsors the Edinburgh Climate Commission with Edinburgh Centre for Carbon Innovation. The Leader of the council is Vice Chair and the Chief Executive is a Commissioner. The Commission held its first meeting at the end of March 2020 and published its initial recommendation for a Green Recovery in September 2020.

Source: Audit Scotland

Low Emission Zones (LEZs)

reduce pollution levels and improve air quality by stopping the most polluting vehicles entering a specific area. Only the cleanest vehicles can travel in a LEZ and penalty charges apply to vehicles that don't meet these standards.

The Workplace Parking Levy

is an annual charge on businesses in the council area for every parking space they provide for workers. Its aim is to encourage employees to walk, cycle or take public transport to work.

17. Although the overall ambitions in the documents are coherent, they set out different themes, priorities and aims ([Exhibit 2, page 13](#)). The council recognises that it should have a single, strategic document to more clearly set out its priorities ([paragraph 20](#)).

Exhibit 2

The City of Edinburgh Council's strategic documents



Source: Audit Scotland

18. As set out in the Community Empowerment (Scotland) Act 2015, we would expect the Community Plan to be the main joint planning document for the council and its partners. The council should also set out, in a clear plan, its role in helping the Edinburgh Partnership achieve its ambitions and priorities for the city. The council acknowledges that the Edinburgh Partnership's Community Plan is not its main strategic planning document. Although its Business Plan and Change Strategy make little reference to the Community Plan, there are consistent themes across the three documents, including actions to tackle poverty and increase affordable housing.

The council has developed an Adaptation and Renewal Programme in response to Covid-19

19. The council has developed an Adaptation and Renewal Programme, in response to the Covid-19 pandemic. The programme sets out how the council plans to: protect its staff and services; help rebuild Edinburgh's economy; and support vulnerable residents. It consists of five interlinked programmes of work, each led by a member of the council's senior management team.

20. While it was still in development at the time of our audit, the council anticipates that its Adaptation and Renewal Programme will require radical changes to its internal structures and ways of working. The council also expects the pace of change to require new governance arrangements. The council plans to amalgamate its Business Plan and Change Strategy into one strategic document, aligned to the 2050 City Vision, with the aim of providing clearer direction and priorities for the organisation.

The council's political composition contributes to strained relationships, and decision-making can be difficult and resource intensive

21. Our Best Value reports in 2014 and 2016 highlighted that council members and officers showed good leadership, worked well together, and had a shared vision for both the city and the council. Since then, there has been a change in the administration and a significant change in elected members; over half of the members elected in 2017 had not been in the council in the previous term.
22. After both the 2012 and 2017 elections, the SNP and Labour formed a coalition. In 2012, the coalition held a majority with 38 out of 58 seats. After the 2017 elections, the coalition held only 31 out of 63 seats, making it a minority administration. Some administration members have since left their parties, reducing the coalition's seats to 26 ([Exhibit 3](#)). The Conservative party is now the largest party and the administration requires the support of other elected members to secure a majority vote on decisions.

Exhibit 3

The City of Edinburgh Council's political composition

The current administration comprises a minority coalition of SNP and Labour councillors

Political party	Seats
SNP	15
Conservative	17
Labour	11
Scottish Greens	8
Liberal Democrats	6
Edinburgh Party of Independent Councillors (EPIC)	3
Independent	2
Vacancy	1
Total	63

Source: The City of Edinburgh Council

23. There are tensions between elected members, which manifest in inappropriate language and tone being used in council debate, in the lack of involvement of some members in decision-making, and in media reports on member disagreements. At the end of 2017, the council, in response to a motion from an elected member, reviewed its arrangements for members to report inappropriate behaviour by other members. Following this, the council offered elected members training in both team dynamics and mediation.
24. In October 2019, another elected member lodged a motion on respectful political debate. Members acknowledged the increasing importance of being respectful in their own business, despite the wider political climate, and noted that debate should be political, not personal.
25. Our interviews with a sample of members and observations of council meetings suggest that the above actions have made little difference and relationships

between some members are still very strained. While political debate is a normal part of council business, operating within this environment is challenging for members and officers. Although council business proceeds, it is more difficult to make decisions. The minority administration must work with other political parties to gain support on each individual policy or issue. This means that officers often spend a lot of time preparing tailored briefings for different political groups, to help elected members reach agreement. It is important, particularly given the council's political composition, that all elected members work well together in order to make decisions.

Several elected members did not attend important training on effective scrutiny and local government finances

- 26.** The council provides induction and refresher training for councillors, which includes some mandatory training courses. In 2017, members' attendance at training courses was mixed: four members did not attend the compulsory training on councillors' code of conduct; at least one-third of new members missed sessions on effective scrutiny and conduct at meetings; and over half missed the training sessions on local government finances.
- 27.** As part of the 2017 induction process, the council took action to encourage members' attendance on mandatory and other important training courses. For example, the council:
- organised multiple training sessions on mandatory subjects at different times of the day to make them as accessible as possible
 - ran small group or individual briefing sessions for those who could not attend the group training
 - advised members on which subjects were mandatory or highly recommended
 - sent electronic diary invitations to members
 - encouraged members to attend the Standards Commission's Code of Conduct Roadshow event at the end of 2017.
- 28.** The council also ran a refresher training session on the Code of Conduct for administration members in 2019 and provides a rolling programme of mandatory training for any new councillors or Edinburgh Integration Joint Board (EIJB) members. The council will only allow members who have attended mandatory training to sit on quasi-judicial committees.

The council is reviewing its member/officer protocol to help clarify roles and responsibilities

- 29.** Relationships between the chief executive and the council leader and deputy leader are constructive. Relationships between members and officers are generally positive but a number of members feel that officers do not share enough information with them. The council's 2018/19 Annual Audit Report recommended that the council review its arrangements for sharing information between councillors and the Corporate Leadership Team (CLT).
- 30.** The council is currently reviewing its member/officer protocol. The review included a discussion and survey of a small number of elected members, facilitated by the Improvement Service. The review identified areas for improvement, including access to information and clarity of roles and

responsibilities. Covid-19 has delayed work on the review. The council also now intends to take account of the Scottish Government's planned review of the Code of Conduct for Councillors, which has been delayed by Covid-19.

31. In October 2020, in response to a motion from an elected member on the council's whistleblowing culture, the Policy and Sustainability Committee agreed that an independent assessment of council culture and relevant processes should be undertaken. An independent Chair of the investigation is in the process of being appointed, following which the terms of reference will be determined in consultation with the Group Leaders and Chief Executive

Despite political tensions, the council progresses business and has made important decisions

32. The council has been able to make important decisions despite its difficult political environment. For example, despite the well-publicised issues surrounding the Edinburgh trams project, elected members made the decision to extend the tram line to the north of the city. Other examples of important decision-making include:

- initiating and progressing plans for a transient visitor levy (tourist tax)
- working with a range of partners to progress the region's City Deal ([paragraphs 130-134](#))
- agreeing how to respond to the Covid-19 challenges.

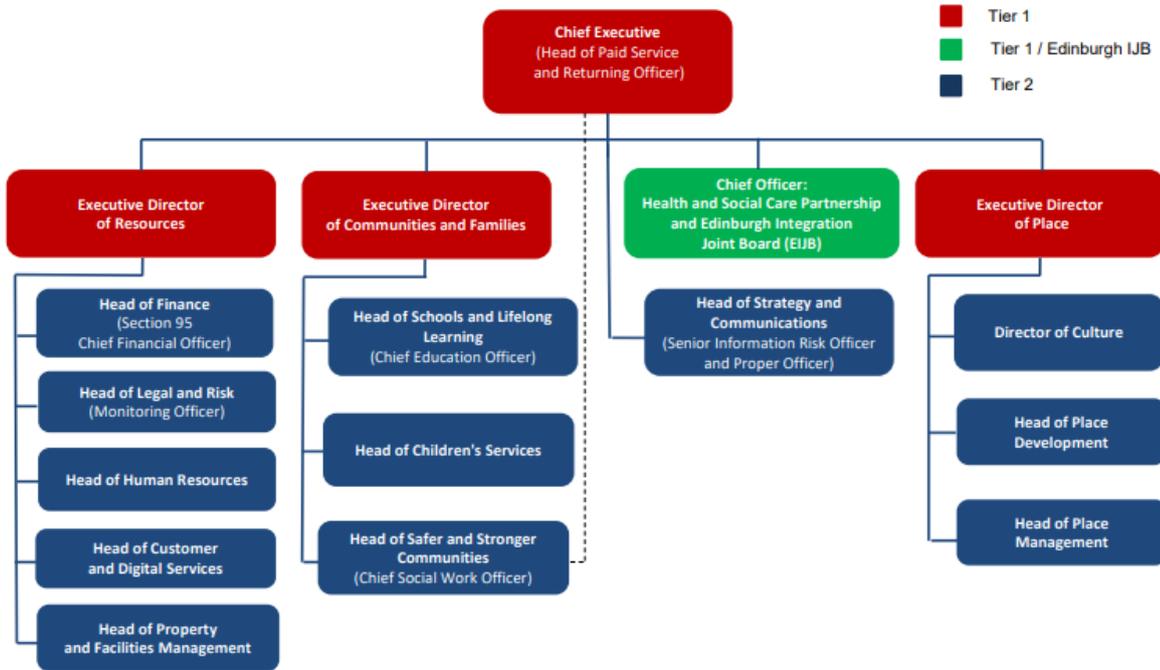
33. The council has also demonstrated good leadership when dealing with difficult situations. For example, the Controller of Audit's statutory report on the council's handling of construction issues relating to Edinburgh schools found that, while there had been serious faults in the procurement, design and construction processes, the council responded quickly and effectively, and that the council had been proactive in sharing lessons learned with others.

The council has strengthened its senior management team, but staff are not always positive about their leadership

34. Our 2016 Best Value report identified a risk to the council's management capacity. This was due to a significant number of changes in personnel and a reduction in the number of executive posts from seven to five. Since 2016, the council has made no changes to its Tier 1 executive posts but has made several new appointments and changes to Tier 2 management.¹ The council's current senior management structure is set out in [Exhibit 4 \(page 17\)](#).

¹ The Edinburgh Integration Joint Board appointed a new Chief Officer in 2018

Exhibit 4 The City of Edinburgh Council's senior management team



Source: The City of Edinburgh Council

35. The council's CLT comprises the chief executive, three executive directors and the Chief Officer of the **Edinburgh Integration Joint Board (EIJB)**. The CLT also includes the head of finance and the head of strategy and communications. CLT members work well together. The council is planning to review CLT roles and responsibilities as part its Adaptation and Renewal Programme.
36. There is a gender imbalance in the CLT, with only one female member (the Chief Officer of the EIJB). There is a better balance in the council's Wider Leadership Team and the council is taking steps to increase diversity across the organisation. For example:
- in October 2019, it approved a Diversity and Inclusion Strategy, which sets out actions to develop an inclusive workplace and help close the gender pay gap
 - it launched various colleague networks in August 2019, including a network to support and empower women
 - it launched an Inspiring Talent programme for middle managers in 2019, with an emphasis on providing opportunities for women. Currently, ten of the 15 delegates are female.
37. The council has strengthened its senior management team by bringing in experience from outside the organisation. But it recognises that it has not been good at developing its own staff. It has recently created a new talent management programme and a new leadership framework. This includes new

Edinburgh Integration Joint Board (EIJB)

The EIJB is an independent public body, set up to plan and deliver most community health and social care services for adults and some hospital based services.

The Chief Officer is jointly accountable to the City of Edinburgh Council and Lothian Health Board.

training and a digital platform providing access to learning and development material.

38. Council staff have mixed views on council leadership. The most recent staff survey (2018), completed by around a quarter of employees, showed that staff were positive about line management. But scores were less positive in relation to heads of service and executive directors. Fewer than a third of employees felt:

- senior staff were sufficiently visible
- confident in senior staff's decision-making
- senior staff had a clear vision for the council.

Paragraphs 147 to 149 set out the council's response to the staff survey.

The council refreshed its committee structure in 2019 to help improve scrutiny

39. The City of Edinburgh Council operates a committee system. In August 2019, it implemented a new political management system to rebalance workloads and improve scrutiny across its six executive committees. The executive committees are decision-making forums for matters that fall within their remit. They are responsible for monitoring performance and developing policy for their service areas.

40. As part of the 2019 restructure, the council gave its Policy and Sustainability Committee a stronger, cross-cutting role. It is now responsible for scrutinising council-wide performance and advising the council on key priorities and strategic objectives. The council's other main scrutiny committee, the Governance, Risk and Best Value (GRBV) Committee, is responsible for scrutinising the council's financial performance, risk management, and considering internal and external audit reports.

41. Executive committees can create All Party Oversight Groups (APOGs), to provide additional scrutiny on specific projects. APOG membership is drawn from the members of the parent committee. They are not decision-making forums, but they provide an opportunity for members to discuss the progress of projects, raise any concerns or make suggestions. APOGs have been created on a range of topics and projects, such as Brexit, Adaptation and Renewal, homelessness and the tram extension.

42. Council business is transparent, with all decisions being made in public, unless they are commercially sensitive. Full council meetings and executive committee meetings are streamed online, and all papers are available before meetings. The EIJB also streams its meetings and makes papers available online.

Part 2

How well is the council performing?



The council has improved its performance across many service areas, including education and waste management. Edinburgh performs in the top half of councils for around half of the national benchmarking indicators. It also performs well relative to other big cities in Scotland.

Performance reports to members set out progress against the council's 52 commitments and 84 KPIs. The council has recently improved elected member reports to include reasons for under-performance and planned responses.

There are examples of the council identifying and acting on poor performance, but progress reports lack detail on the impact of the council's actions.

The council's 2018 People Survey found that Edinburgh residents enjoy living in the city and are highly satisfied with some services, including parks and public transport. However, residents' satisfaction rates have declined overall since 2017.

The council met over half of its key performance indicator targets in 2019/20, and its performance improved against 50

43. The council's 2019/20 annual performance report includes 84 key performance indicators (KPIs), categorised under the three themes of its Change Strategy ([Exhibit 2, page 13](#)), along with a group of organisational indicators. The council performed better against its sustainable and inclusive growth theme, compared to the other themes ([Exhibit 5, page 20](#)). It met its targets for 44 out of the 78 indicators which had targets, and improved or maintained performance against 52, compared with the previous year. Areas of improved performance include:

- school education - the council improved or maintained its performance on the previous year against all five of its attainment and destination indicators and met all its targets (note that the latest available data is for the 2018/19 academic year)
- waste and cleansing – the number of reported missed domestic and communal bin collections decreased significantly in 2019/20
- the time taken to process benefit and grant claims – the council met its targets for four of the five indicators and maintained or improved performance for all five.

44. The council's annual performance report contains nine adult social care indicators. Performance against these indicators is the responsibility of the Edinburgh Integration Joint Board (Part 4). In 2019/20, Edinburgh's performance declined against five of the nine indicators, after showing improvements in many indicators in 2018/19. Areas of declining performance include the number of people waiting for care packages and the number of people with an overdue review.

Exhibit 5 Council performance against its KPIs by theme, 2019/20

The council's performance improved on more indicators than it declined on in all three Change Strategy themes



Note: Three indicators are excluded from the Exhibit due to having no trend data and six due to having no target. 2018/19 data has been used for some indicators, where 2019/20 data are not yet available.

Source: Audit Scotland using Edinburgh Council Annual Performance data 2019/20

National benchmarking data shows that since 2014/15, Edinburgh has improved its performance for around two-thirds of indicators

45. The Improvement Service's Local Government Benchmarking Framework (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services, including residents' satisfaction. It contains 79 cost and performance indicators across all council services and allows councils to monitor their performance consistently over time. The council's annual LGBF report to members sets out its current performance against the 79 indicators and compares this to the previous year. The council's

analysis shows that between 2017/18 and 2018/19, it improved its performance in 41 indicators and declined in 38.

46. We have analysed Edinburgh's performance over a five-year period, against 51 LGBF indicators that mainly measure performance and outcomes rather than cost. Between 2014/15 and 2018/19, the council's performance can be summarised as follows:

- The council improved against 33 indicators (65 per cent of the total), including many education and children's services indicators. Educational attainment indicators, including for children living in the most deprived areas, increased by between two and six percentage points
- The council's performance declined against 16 indicators (31 per cent of the total), including some economic development indicators. For example, the percentage of unemployed people helped into employment by council programmes declined, from 12 per cent to seven per cent.

Edinburgh performs better than other councils in around half of national benchmarking indicators

47. The LGBF allows councils to compare their performance with that of other councils and with the Scottish average. Relative performance is assessed by dividing performance into four quartiles. Quartile one contains the best performing councils and quartile four contains the poorest-performing councils. In the last five years, the council's overall performance relative to the other 31 councils has fluctuated ([Exhibit 6, page 22](#)).

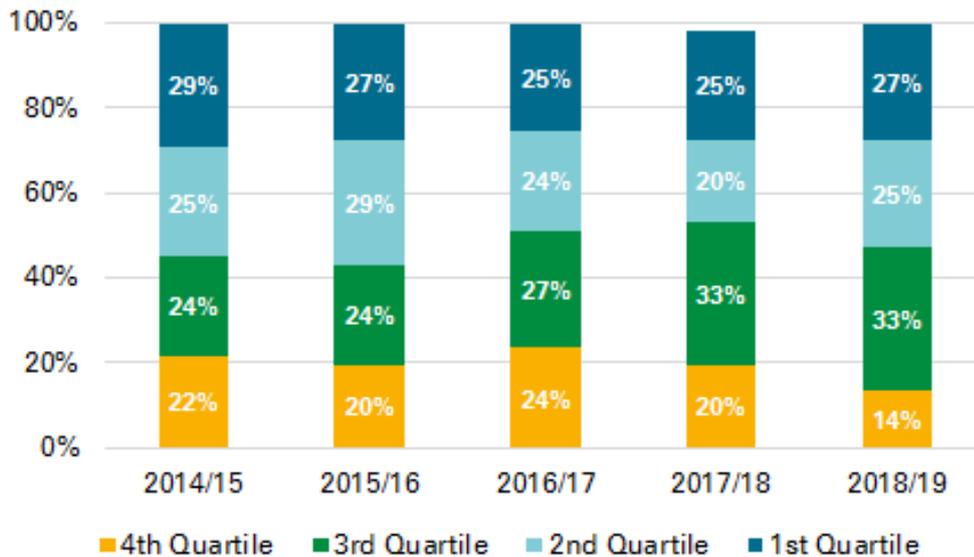
48. In 2014/15, 54 per cent of the council's indicators were in the top two quartiles, that is, performing better than half of Scottish councils. By 2018/19, this had reduced slightly to 52 per cent of indicators. Over this period:

- relative performance improved for pupils entering positive post-school destinations and for indicators related to the collection of council tax
- relative performance declined against three of the nine economic development indicators.

Exhibit 6

The City of Edinburgh Council's performance relative to other councils, 2014/15 to 2018/19

The percentage of indicators in which the council is performing in the top half of all councils fluctuated between 54 per cent in 2014/15 and 52 per cent in 2018/19



Note: Measuring council performance involves considering how all councils are performing, from lowest to highest for each indicator. From this it is possible to see how one council compares with all councils. Performance relative to other councils is divided into four equal bands, or quartiles. The first quartile contains the best-performing councils for that indicator and the fourth quartile the lowest performing councils.

The analysis is based on 51, mainly outcomes-based, indicators which were reported every year within the four-year period. The analysis excludes satisfaction or cost-based indicators where high or low cost cannot be easily determined as positive or negative. Percentages for 2017/18 do not total 100 per cent as data was not provided for one indicator.

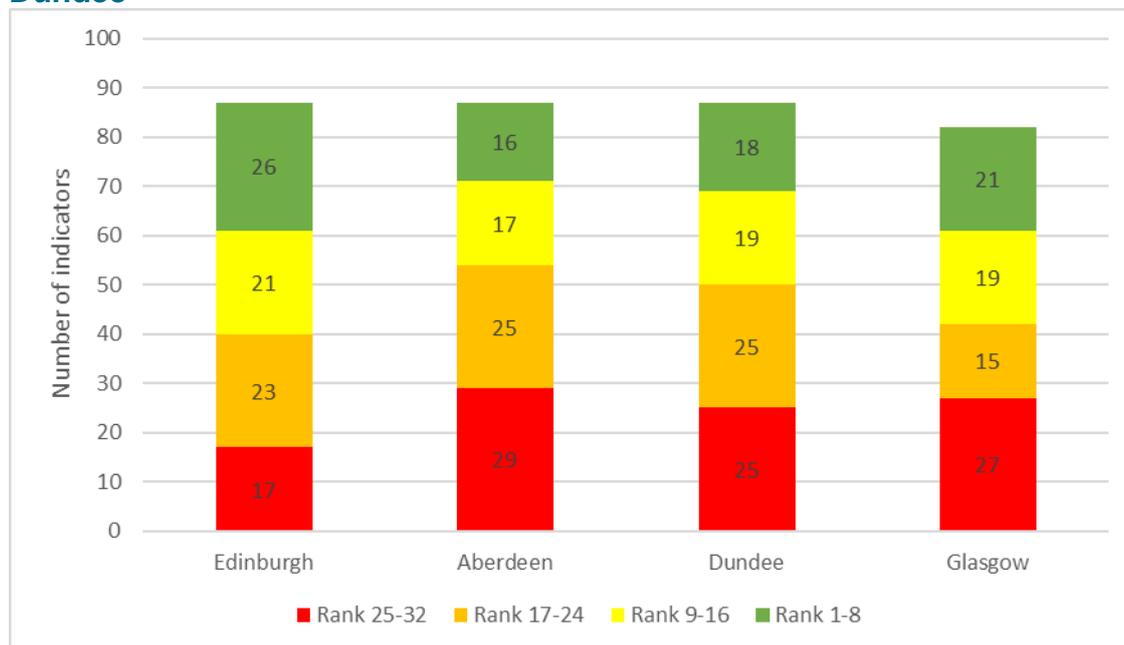
Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2018/19

Edinburgh performs well against comparable Scottish cities

49. The council's LGBF report to members contains detailed trend analysis of the council's performance compared to Scotland's three other largest cities: Glasgow, Aberdeen and Dundee. In 2018/19 Edinburgh had more indicators in the top quartile than the other three cities and the fewest in the bottom quartile ([Exhibit 7, page 23](#)). Edinburgh's analysis shows that it performs well against the comparator cities in Children's Services and Culture and Leisure and performs less well in Environmental Services and in Adult Social Care.

Exhibit 7

The City of Edinburgh Council's performance relative to Glasgow, Aberdeen and Dundee



Note: Glasgow City Council has fewer indicators than the other three cities (82 compared to 87). This is because it does not submit data for the five 'housing services' indicators in the LGBF as it does not have any housing stock.

Source: City of Edinburgh Council

The council is taking steps to reduce poverty in the city

50. The council's 2050 City Vision, Change Strategy and Business Plan set out its ambitions for a fair and inclusive city ([Exhibit 2, page 13](#)). The council recognises that there is a stark difference in the wealth and opportunities experienced by its residents. Its 2018 economic strategy includes actions for the council to help reduce inequalities. These include increasing access to affordable housing, tackling barriers to employment, and supporting people into better paid jobs. The strategy sets out the council's intention to launch a poverty commission to generate new ideas and initiatives to tackle the deep-rooted causes of poverty ([Case study 2](#)). The strategy notes this idea has been successful for other UK councils.
51. The council has further demonstrated its commitment to tackle poverty and inequality through, for example, prioritising how to address poverty as part of its 2020-23 budget-setting process, creating career opportunities for disadvantaged individuals through the City Deal, and developing a 'life chances' workstream as part of its Adaptation and Renewal programme.
52. The council's annual performance report includes a small number of KPIs related to reducing poverty and inequality. Two KPIs have trend data: the number of households with no adult in employment and the number of employers accredited as Living Wage Foundation employers. The council improved its performance in both indicators in 2019/20.

Case study 2

Edinburgh Poverty Commission

The council set up the Edinburgh Poverty Commission in 2018. It is an independent working group, comprised of 12 members and chaired by an associate director of the Joseph Rowntree Foundation. Working with people who have experienced poverty, the commission's task is to recommend how the council and its partners can develop policies and services to reduce poverty. By summer 2020, the commission had:

- held over 100 evidence sessions to meet residents, service providers, community groups, and researchers.
- heard from over 70 community groups, public and third sector organisations, and other stakeholders
- received over 1,000 submissions to online calls for evidence and surveys.

The commission carried out additional work looking at the impact of the virus on poverty and published an interim report in May 2020. The report recommends that the council and its partners continue to support people for as long as possible after the lockdown period.

The commission published its final report in September 2020, setting out seven areas of action for the council, the Scottish Government and other partners. Specific actions for the council to help tackle poverty include: simplifying and improving how people access support; working with young people to improve attainment; and accelerating digital inclusion. The council has committed to implementing the commission's actions and will report progress to its Policy and Sustainability Committee.

Source: Poverty and Coronavirus in Edinburgh Interim report; Edinburgh Poverty Commission, A Just Capital: Actions to End Poverty in Edinburgh, Edinburgh Poverty Commission; The City of Edinburgh Council Policy and Sustainability committee reports

External scrutiny assessments identified positive examples of work being done and some areas for improvement

- 53.** In June 2019, the Care Inspectorate reviewed services for children in need of care and protection, which are delivered by the **Edinburgh Children's Partnership**. Its inspection report noted the positive work being carried out to protect children at risk of harm and ensure the increased wellbeing and resilience among young people and their families. Partnership initiatives have led to more children being looked after in a community setting. The inspection also identified some areas for improvement, such as making better use of data to evaluate services and to demonstrate the impact of the Partnership's work. The Care Inspectorate requested that the Partnership develop an improvement plan in response to its findings. The Partnership took longer to do this than the Care Inspectorate expected.
- 54.** Education Scotland carried out an inspection on Community Learning and Development (CLD) services in 2017 and carried out two follow-up visits in 2018. The most recent follow-up report found that the council had a clearer sense of direction, and that governance was continuing to improve. It stated that the Edinburgh Community Learning and Development Partnership had become more outward looking and had been engaging with other councils to learn about their practices. However, Education Scotland noted that, although partners were working well together to deliver improvements, the CLD plan lacked measurable outcomes.

The **Edinburgh Children's Partnership** directs the planning, development and delivery of children and young people's services on behalf of the Edinburgh Community Planning Partnership. Membership includes the council, the voluntary sector, NHS Lothian and the police.

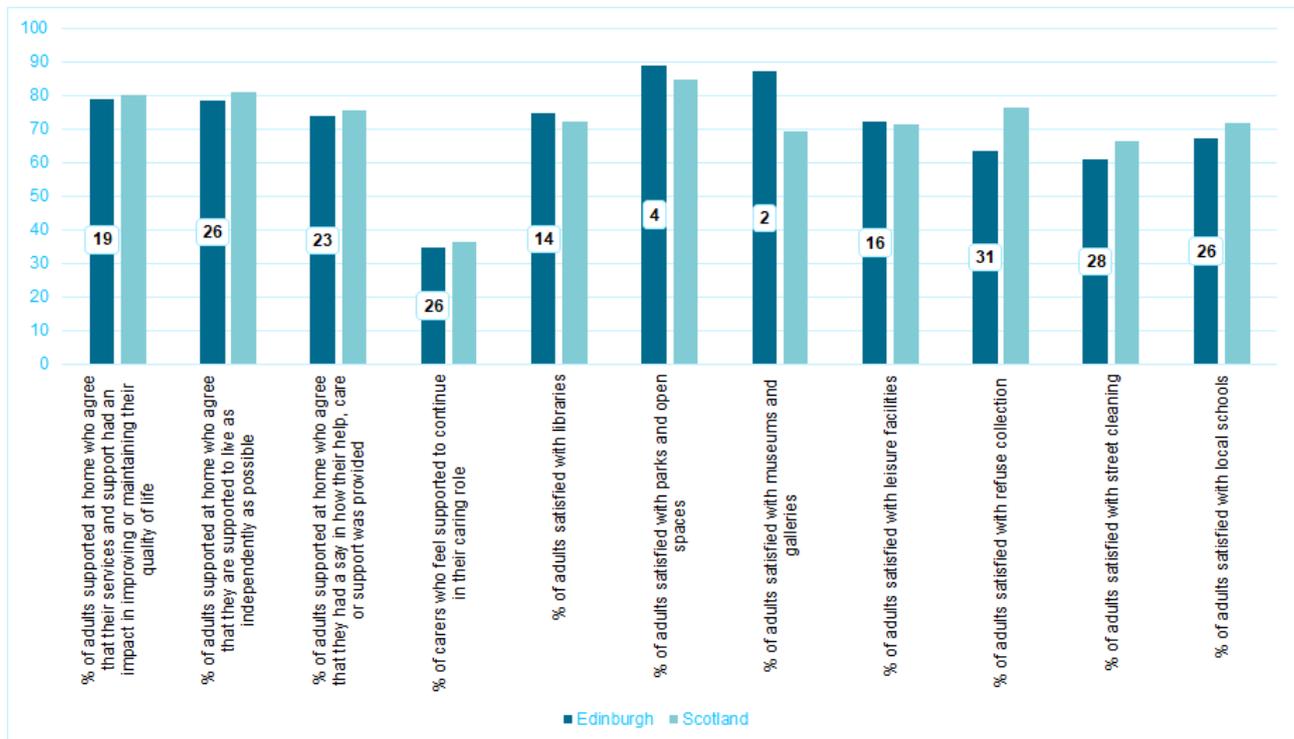
Most residents are satisfied with Edinburgh as a place to live, but satisfaction rates with many services have declined

- 55.** The council asks around 5,000 residents for their views on its services in its annual Edinburgh People Survey ([paragraph 151](#), provides further information on how the council uses the results). This is the largest face-to-face survey carried out by any UK council. The latest report, from 2018, found that 95 per cent of respondents were satisfied with Edinburgh as a place to live. But it also found that residents' satisfaction with many council services had declined. Satisfaction was high (above 80 per cent) for parks, libraries, street lighting and public transport. But it was much lower for roads and for maintenance of pavements and footpaths, at 42 per cent and 47 per cent respectively.
- 56.** Sixty-five per cent of respondents were satisfied with how the council was managing the city. This is lower than in previous years and is similar to the trend reported by other UK councils. Residents' satisfaction with specific aspects of the council's management of the city are as follows:
- 35 per cent of residents thought that the council provided value for money.
 - 51 per cent agreed that the council keeps them informed about the services it provides.
 - 39 per cent agreed that the council keeps them informed about its spending and saving proposals.
- 57.** The LGBF also includes several indicators relating to service user satisfaction. Performance has declined against all satisfaction indicators in the last five years, which is the same trend seen in many other councils across Scotland. In 2018/19, Edinburgh performed better than the Scottish average for the percentage of people satisfied with culture and leisure facilities, particularly those satisfied with museums and galleries ([Exhibit 8](#)). This is similar to the higher scoring areas in the council's People Survey. The council performed less well against the other indicators. The council was ranked particularly low on satisfaction with refuse collection and street cleaning ([paragraph 43](#) and [Case study 3](#) set out details on more recent improvements to the council's waste and cleansing service).

Exhibit 8

The City of Edinburgh Council's performance against LGBF satisfaction indicators compared with Scotland level performance, 2019

Edinburgh was ranked in the bottom quartile of councils for five of 11 indicators, and in the bottom half for a further three.



Note: The first four indicators are taken from the health and care experience survey and are based on 2017/18 data.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2018/19

Performance reports to the council's leadership team allow it to identify where improvements are required

- 58.** The council's performance team produces service-level reports on performance indicators, trends and performance against targets. These are discussed at service team and senior manager level. Where required, actions are agreed to address any performance issues. The CLT reviews quarterly performance scorecards for each of the four directorates. These include explanations and information on actions being taken to address performance issues. Where there are more significant concerns, or where CLT wishes to better understand performance, it can request additional 'deep dive' reports.
- 59.** For example, in 2017, the CLT identified that the council had relatively high sickness absence levels and requested additional information. The council's Human Resources team produced dashboards to provide detailed information on absence by service, length and type. Senior management held quarterly challenge panels to discuss absence levels and management's response. LGBF data shows that sickness absence among non-teachers, which had previously been increasing, fell from an average of 12.3 days in 2017/18 to 11.6 days in 2018/19.

The council has recently addressed weaknesses in its performance reporting to elected members

- 60.** The council's annual performance report to elected members sets out progress against the KPIs in its Change Strategy. Elected members also receive six-monthly updates on the 52 Business Plan commitments and annual updates on the LGBF. The current reporting arrangements do not provide members with an overall assessment of the council's progress: members review separate reports on the Business Plan and Change Strategy, and the commitments and KPIs contained in the documents are not prioritised.
- 61.** We identified several weaknesses in the council's 2018/19 performance reports to members. The council improved the 2019/20 performance reports that it presented to members in August 2020. For example:
- the 2018/19 annual performance report did not provide a summary of the number of KPIs that met or missed their target. It made no distinction between indicators that met target and those that improved but still missed target. The narrative focused on KPIs in which performance had improved, and most areas of declining performance were not mentioned. The 2019/20 report addresses these issues: it provides members with a much clearer picture of progress and how the council plans to address underperformance
 - the council's 2017/18 LGBF performance report lacked information on why there had been a decline in performance in some service areas. It also lacked detail on the council's plans to address this. The council improved its 2018/19 LGBF report by including some explanations for, and actions to address, poorer performance. The report still lacks information on longer term performance trends and only focusses on comparing performance to the previous year.
- 62.** The council also updated its Business Plan reports in response to an elected member amendment. The council now classifies the 52 commitments into four categories (2019/20 performance is in brackets):
- fully achieved (8 commitments)
 - partially achieved (40)
 - not yet achieved (3)
 - will not be achieved (1)
- 63.** The August 2020 progress report on the Business Plan (the Coalition Commitment Progress Update) includes a summary of overall progress (unlike earlier versions) and provides more information on why the council has assessed commitments to be on track. But some weaknesses remain: 20 (out of 52) commitments do not have any performance measures to monitor progress and some indicators will not provide a good proxy for the associated commitments. Furthermore, where indicators are used, several have a target of an increasing or decreasing trend, rather than a specific figure.
- 64.** The council is aware that it needs to improve its target setting and, in 2019/20, more KPIs had a specific target. The council plans to make further improvements when it develops a new performance management framework, as part of its Adaptation and Renewal Programme ([paragraph 20](#)).

Improvement plans provided to council committees lack the necessary detail to effectively assess progress

65. Council committees have requested improvement plans to address performance issues for waste and cleansing (Case study 3); housing; and roads services. Although these include some measures of success, most of the planned outcomes had no associated performance measures. This meant that the council was not reporting progress to members against those outcomes. For example, the roads services improvement plan identified 32 anticipated outcomes. Progress updates reported performance against four measures, including the roads condition index and improved performance in specific categories of repairs. However, most outcomes, including improved customer feedback and improved productivity within the service, had no performance measures reported on.

Although the council has made some recent improvements to its public performance reporting, information is still limited

66. The council does not have adequate public performance reporting arrangements. Although it has made some recent improvements, information on the council's performance reporting web page is limited. For example:

- it does not include progress reports on the council's 52 commitments
- although there is an external link to detailed LGBF data, there is no summary of Edinburgh's performance

67. In addition, until recently, the most recent annual performance report on its performance reporting webpage was from 2017. The public was able to access more recent performance reports, but only by searching for them in the relevant council and committee papers. In September 2020, the council published its 2017/18, 2018/19 and 2019/20 performance reports on its dedicated web page, making them more accessible to the public.

Part 3

Is the council using its resources effectively?



The council has a long track record of maintaining revenue expenditure within budget. Over the last five years, the council has made annual savings of between £35 million and £75 million. But it has had to rely on unplanned savings and, in 2019/20 and 2020/21, on reserves to meet funding gaps. This is not sustainable, particularly as it manages the effects of Covid-19.

While the council agreed a three-year revenue budget and a ten-year capital budget strategy in early 2020, it does not have a longer-term financial plan to address its significant revenue budget challenges

The council reported in 2017 that its Transformation Programme was on track to achieve most of its planned £70.5 million recurring annual savings. It did not produce a final report to confirm whether it achieved its savings target.

The council does not have a well-developed workforce plan at a service or team level. This makes it difficult for the council to identify whether it has the correct workforce skills, numbers or structure to effectively deliver its services.

The council has improved in its approach to asset management, procurement and risk management.

The council has used unplanned savings and, more recently, reserves to balance its budget

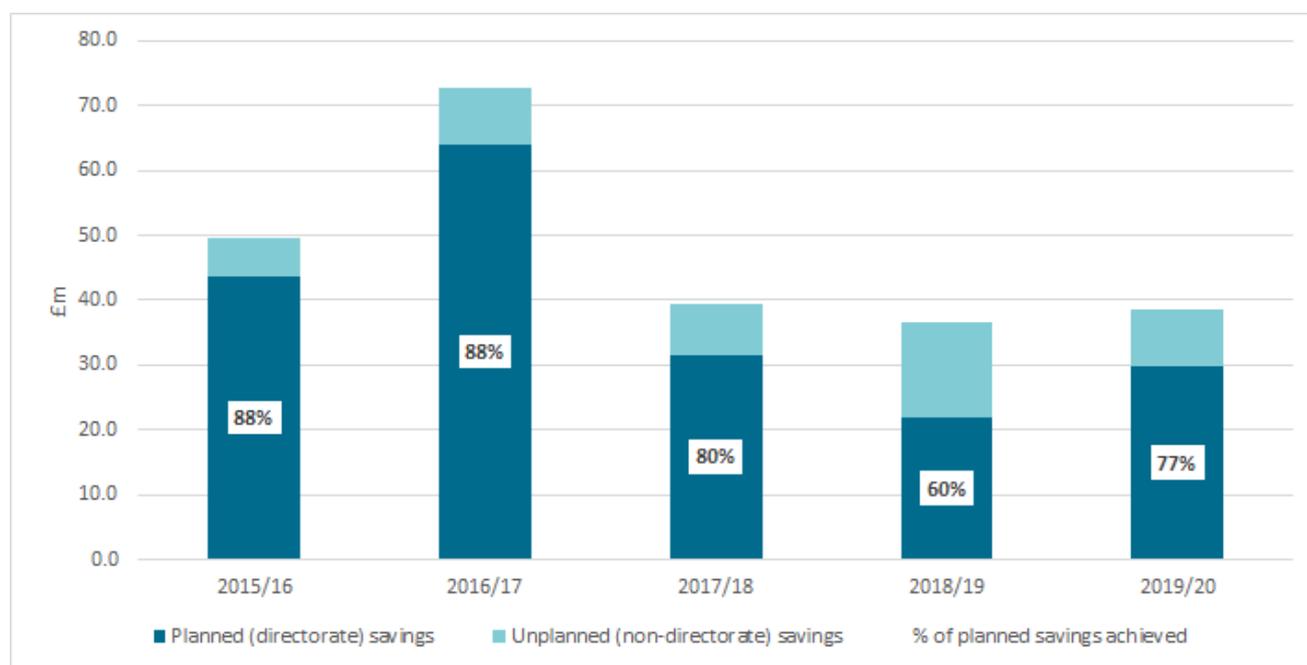
Despite not meeting its planned directorate savings targets, the council has made annual savings of between £35 million and £75 million in the last five years

68. The council has maintained expenditure within budget for the 12 years to 2018/19. Over the last five years, the council has made annual savings of between £35 million and £75 million ([Exhibit 9, page 29](#)). In this period, the council has not met its planned directorate (service delivery) savings targets. Its use of unplanned savings (ie, non-directorate savings such as loans fund charges) has been crucial in delivering an overall balanced position for the council.

- 69.** The council reported a net overspend of £4.9 million for 2019/20. A planned, favourable outturn position was impacted by £8.4 million of Covid-19-related expenditure. The most significant impact was the loss of a £6 million anticipated dividend from Lothian Buses ([paragraph 126](#)) and a reduction in parking income.
- 70.** The council has effective processes in place for monitoring and challenging budgets. If a service forecasts that it cannot deliver within financial constraints, the chief executive can challenge officers to deliver a balanced outturn position. The CLT monitors directorate and corporate service savings on a regular basis. The council provides executive committees with RAG (Red, Amber or Green) assessment reports to indicate whether savings plans will be delivered. These include explanations of variance and members challenge officers if more detail is required. Despite these arrangements and, as noted above, directorates have not delivered all agreed savings plans.

Exhibit 9

Level of planned and unplanned savings achieved, 2015/16 to 2019/20



Source: The City of Edinburgh Council revenue budget reports

The council's use of general fund reserves is not sustainable

- 71.** The council reviews its reserves policy on an annual basis, taking into account its known commitments. Earmarked General Fund Reserves are used for known future expenditure requirements. Unearmarked General Fund Reserves are held to cover unforeseen circumstances. The council can use some of the earmarked reserves flexibly if policies or commitments change. The Accounts Commission's 2019 Local Government Overview noted that, in the last five years, councils across Scotland have increasingly drawn on reserves to address funding gaps. In 2019/20, due to the additional costs of Covid-19 ([paragraphs 76-77](#)), the council had to make an unplanned use of £13 million from its earmarked reserves to address its year-end deficit on the general fund. In 2020/21, the council expects to make a significant call on its earmarked

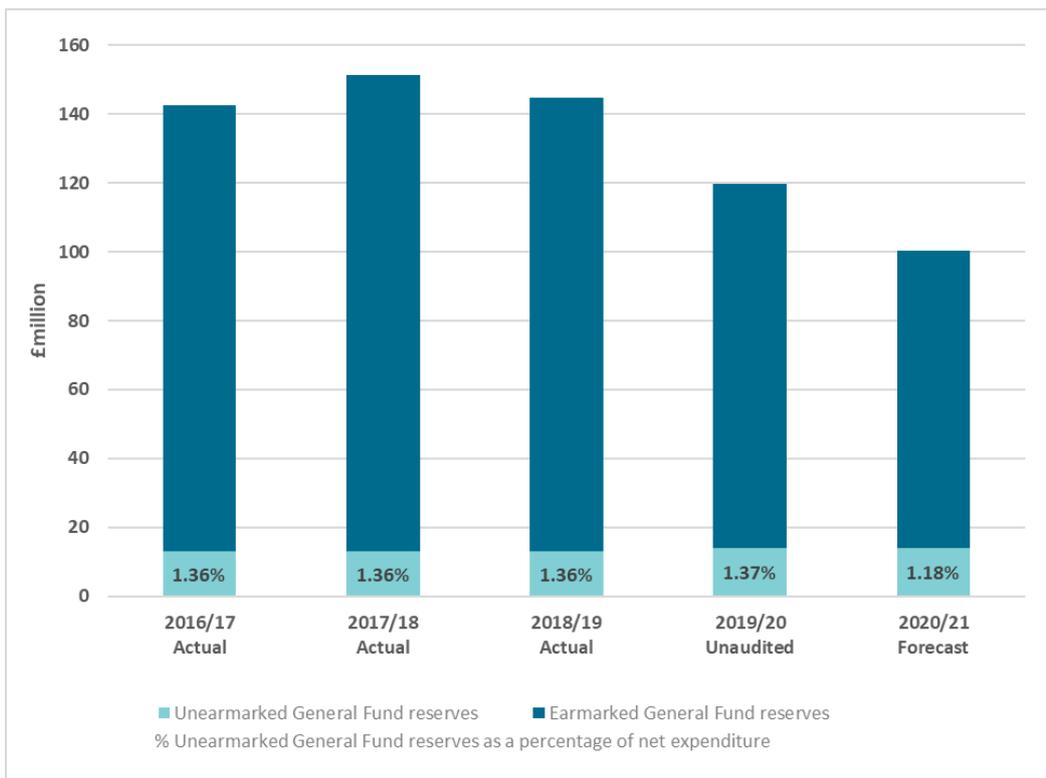
reserves to achieve a balanced budget. This means that the reserves can no longer be used for the council's original intended purpose.

- 72.** Like many other councils, Edinburgh's overall General Fund Reserve has decreased over the last three years and is forecast to decrease further in 2020/21 ([Exhibit 10](#)). This will leave the council exposed to unforeseen events or budgetary pressures. Those earmarked reserves that are left at March 2021 will be required to meet already known commitments.

Exhibit 10

The City of Edinburgh Council reserves, 2016/17 to 2020/21

The level of reserves has declined since 2017/18.



Note: The £25 million reduction in total general fund reserves between 2018/19 and 2019/20 is largely due to the council's planned use of £14.3 million from its earmarked 'council tax discount fund' to pay for social housing

Source: The City of Edinburgh accounts and revenue budget forecasts

- 73.** The Accounts Commission's Local Government Overview Report states that councils typically set their unearmarked reserves at between one per cent and four per cent of net expenditure. The City of Edinburgh Council chooses to earmark a high level of reserves for specific purposes and therefore its level of unearmarked reserves is 1.37 per cent of expenditure. The council has held between £13 million and £14 million in unearmarked reserves for the last four years. It is unlikely that this will be sufficient to deal with its future financial challenges. The council estimates that, if there was to be a second Covid-19 lockdown, the additional associated costs would be, on average, around £10 million a month. If the reserve levels continue to decline, the council would be

limited as to how it could respond to a significant unexpected event without making changes to its services.

The council does not have a long-term financial plan

- 74.** As is the case with other councils, delays in the announcement of UK and Scottish Government budgets made it challenging for the council to set its own budget for 2020/21. Despite this, the council reached agreement on the budget in February 2020, before the Covid-19 outbreak. The council agreed a balanced three-year revenue budget, and a ten-year capital budget strategy. Although this is a positive step, a three-year revenue budget is at the lower end of what Audit Scotland would consider as adequate medium-term financial planning. The council has considered and updated its revenue and capital budgets in response to Covid-19.
- 75.** The council has implemented a range of approaches to engage with the public and its staff to help develop its budget. In 2019/20, the council used an innovative approach to help residents understand the implications of savings proposals. This involved providing illustrative examples of how changes in service budgets would impact on services. Citizens were able to adjust the available budget to see how increased spending in one area would impact on other priorities.

Covid-19 costs of around £86 million will add to the council's financial challenges

- 76.** In May 2020, the council presented a report on its revised 2020/21 Revenue Budget to the Policy and Sustainability Committee. The report set out £101.5 million of additional net expenditure pressures, which included £86 million of Covid-19-related costs. The council identified around £45 million from savings, reserves and government funding for Covid-19, to offset this additional expenditure, but it still predicted a £56.5 million shortfall in its 2020/21 budget.
- 77.** The council has revised its position on a monthly basis. As at September 2020, the council's net expenditure pressure for 2020/21 was £85.6 million. It expects most of this to be offset by known and anticipated Scottish Government funding, directorate savings and the unplanned use of earmarked reserves. The council estimates that its remaining 2020/21 budget shortfall will be £12.2 million. In the years 2020/21 to 2023/24, the council anticipates its cumulative budget shortfall will be £70 million.
- 78.** The council recognised the need for greater scrutiny during the uncertain period of Covid-19 and implemented additional monitoring by members and officers. We welcome this approach. To date, the council has mainly focused on the short-term response to operational and financial challenges. It has acknowledged that it needs to continually monitor the three-year budget and ten-year capital budget strategy, which were agreed in March 2020, to take full account of the changes in circumstances.

The council reported in 2017 that it was on track to achieve most of its transformation savings. It has not reported whether it achieved its £70.5 million savings target

- 79.** Our 2014 and 2016 Best Value reports raised concerns about the council's financial position. The 2016 report noted that the council had developed a Transformation Programme to consolidate various strands of improvement activity and to help deliver required savings. The Transformation Programme aimed to achieve £77 million of recurring annual savings by 2020/21 (this was

later revised down to £70.5 million). The council identified that most of these savings (£64 million) were to be achieved through organisational reviews and staff reductions.

- 80.** Between the end of 2015 and the start of 2017, the council regularly reported progress against its transformation savings to the Finance and Resources Committee. The council's last update on the Transformation Programme, in February 2017, reported that the council was on track to deliver £53.7 million of savings. It also noted that, subject to some project changes, it could achieve a further £16.4 million of savings. The council did not produce a final report on its Transformation Programme to confirm whether it achieved its savings target.
- 81.** The council reports that between October 2015 and June 2019, approximately 1,078 staff (FTE) left the organisation through voluntary redundancy or early release schemes. The council funded the one-off costs (£46.7 million) through its earmarked reserves. The council reported that the associated savings from the staff release schemes, as at August 2019, were £41.3 million a year.

The council has made digital improvements, but it does not yet have a well-developed digital strategy

- 82.** While not a formal part of the Transformation Programme, the council identified that effective Information and Communication Technology (ICT) services were key in helping it to achieve significant staff reductions. In April 2016, the council appointed an external company – CGI - to provide its ICT services. The council anticipated that the contract would save over £6 million a year over the first seven years (£45 million in total). So far, the expected savings have been delivered, but in the first two years, the contract did not deliver the expected transformational outcomes and benefits.
- 83.** The council worked with CGI to improve governance and develop a better partnership approach. Better conditions now exist for the successful delivery of projects and it is more likely that the council will achieve expected efficiencies and transformation. Digital improvements to date include a new website and a new intranet.
- 84.** The council is also delivering initiatives to digitise service delivery as well as improve customer and staff experience. It launched a new Customer Relationship Management system in 2019 which allows residents to report issues or make requests online. Other digital service improvements include automating landlord registration and launching an online revenue and benefits system to allow people to check benefit claims and pay bills. The council's approach to date has been to automate, where possible, activities that are known to be time intensive for staff.
- 85.** The council has been digitising its services without a digital strategy to inform its decisions and how it will enhance the digital skills of staff. Although it has made digital improvements, it has not had a digital strategy to set out how digitalisation will help the council to achieve its required savings, make service efficiencies and improve customer and staff experience. The council recently prepared a digital strategy which was approved by the Policy and Sustainability Committee in October 2020.

The council's new workforce plan does not yet contain sufficient detail at service and team levels

- 86.** The council's workforce strategy for 2017-20 provides a vision for the development of its workforce and is focused on developing staff and building leadership capacity. This is not, however, supported by detailed service-level

plans that quantify future workforce needs. Changes to staff resource, when required, have been made on an ad hoc basis. Each change was set out in a Project Initiation Document, but this was not clearly aligned to the workforce strategy. Although its HR department had oversight of the individual changes made, the council did not have a strategic approach to workforce changes.

- 87.** The council is in the process of developing a new workforce plan for 2020-23. The new workforce plan considers overall staff cost and how this is allocated across five service areas. A high-level overview of the main priorities is included, but the council needs to further develop the plan at service and team levels. This will help the council to monitor progress and allow it to assess whether the objectives have been achieved. The council has not yet developed the detailed service workplans that are required for effective workforce planning. It intends to review its service operations and people strategy as part of its Adaptation and Renewal Programme.
- 88.** The council reports workforce data to the Finance and Resource Committee on a quarterly basis. The analysis considers staff numbers and costs. It focuses primarily on trends and lacks reference back to targets noted within the workforce plan. The reports make some reference to the workforce-related outcomes of organisational change, including impact on staff numbers, but they do not state whether changes are achieving the planned outcome.

The council has improved its procurement processes

- 89.** The council has significantly improved its approach to procurement since 2016:
- In 2018/19, the council achieved an 87 per cent score against the Procurement and Commercial Improvement Programme, which is the nationally agreed assessment tool. This is well above the national average (70 per cent) and puts the council in the highest banding
 - In accordance with the Procurement Reform (Scotland) Act 2014, the council publishes an annual report on its procurement. This reviews whether its procurement complies with its procurement strategy and highlights any areas for future development. The 2019/20 annual report assessed the council's compliance with its 2016-2020 procurement strategy. It found that while the council complied with most procurement objectives, it could achieve additional improvements by further embedding its contract management framework.
 - In March 2020, it approved a new Sustainable Procurement Strategy, covering the period 2020-25.
- 90.** The council's partnership with EY has delivered the planned procurement savings of £150 million over a five-year period, at a cost of £5 million. As part of the partnership arrangement, the council arranged training for its procurement team to enable benefits in the longer term.
- 91.** In 2020, external audit reviewed the council's arrangements for preventing and detecting fraud in procurement. The review concluded that the council's arrangements were satisfactory and that its tendering process was consistent with legislative requirements. The review also found that procurement arrangements were compliant with the council's Contract Standing Orders and with the key principles of transparency, equal treatment, non-discrimination and proportionality.

The council is taking steps to address the poor condition of some of its estate

- 92.** In 2015, the council approved its asset management strategy covering the period to 2019. This was one of the main components of the council's Transformation Programme. The council reported in March 2020 that it had already achieved its 2020/21 target of £6.2 million of recurrent property costs savings. The council approved a new ten-year capital budget strategy in 2019/20. The council and its partners have recently established a Land/Asset Commission to take forward opportunities for joined-up service delivery and estates rationalisation. The council has not yet developed a new asset management strategy to reflect the new priorities.
- 93.** The council undertook a comprehensive condition survey of its entire operational estate in 2017. This identified significant under-investment in council properties and a backlog of maintenance issues. In January 2018, the council approved a five-year Asset Management Works Programme to upgrade the estate following this assessment. The council agreed a budget of £193 million over five years to address the issues. By March 2020 the council had spent over £60 million on operational properties classified as in either poor or bad condition, focusing mainly on primary schools. Remaining work in the programme is included within the ten-year capital budget strategy.

The council has improved its risk management framework

- 94.** The council has reviewed and updated its risk management framework. It has established a 'three lines of defence' model:
- The 'first line' is the team responsible for consistent application of the risk management framework.
 - The 'second line' is the team responsible for establishing and communicating an appropriate organisational risk management and governance framework and a risk appetite statement framework.
 - The 'third line' provides independent assurance (for example, Internal Audit) on the controls established to manage risks.
- 95.** The council has restructured the team responsible for risk management. It has increased oversight by the head of legal and risk and the chief internal auditor, along with transferring more responsibility for risk management from the second to the first line of defence.
- 96.** Although corporate risks are identified and managed effectively, the council accepts that capacity and knowledge at lower levels of the organisation are limited, meaning that not all risks may be clearly identified and/or addressed. Relevant risk management training has been provided to those within the second and third lines of defence. The council plans to deliver training to relevant staff within the first line of defence.

Part 4

Is the council working well with its partners?



The council has established close working relationships with a range of partners, including the Edinburgh Integration Joint Board and City Deal partners, to deliver its priorities.

The pace of change in establishing effective community planning governance arrangements has been slow and there is limited evidence to demonstrate the impact of partnership working on outcomes.

Community empowerment is not embedded in the council's culture.

The Edinburgh Integration Joint Board faces significant financial challenges.

The council has established close working relationships with a range of partners

- 97.** The council works with many partners including NHS Lothian, Police Scotland, universities, businesses, third-sector organisations and neighbouring councils, across a wide range of partnerships and forums. These include, among others, the Community Planning Partnership, known as the Edinburgh Partnership, the Health and Social Care Partnership, the Edinburgh and South East Scotland City Region Deal Joint Committee, and the Alcohol and Drug Partnership.
- 98.** These partnerships share similar ambitions of reducing poverty and inequality in Edinburgh through sustainable and inclusive economic growth. Some partnerships (such as the Edinburgh Partnership, the Alcohol and Drug Partnership, and the Children's Partnership) are reviewing their governance arrangements to clarify their roles in the complex partnership landscape and establish who leads on specific workstreams.

The council and its partners have not yet established effective community planning governance arrangements

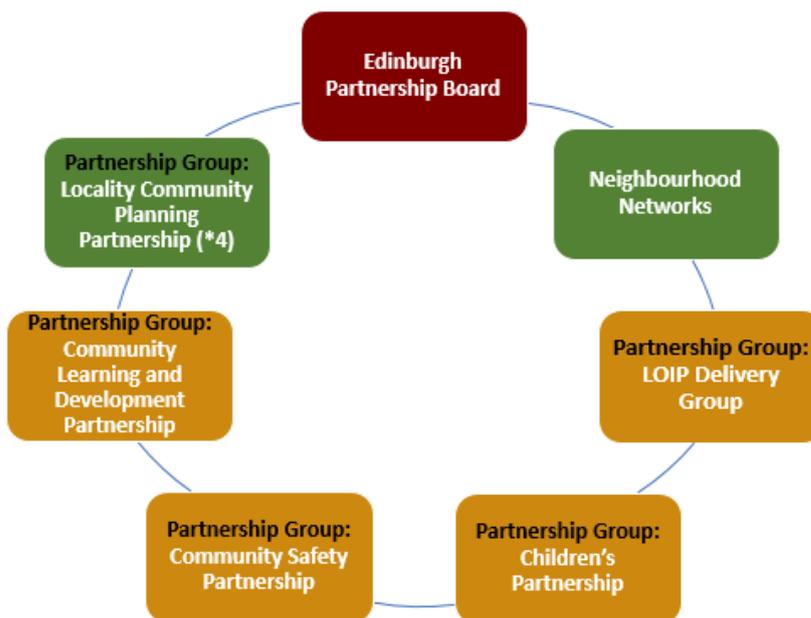
- 99.** The City of Edinburgh Council has a lead role in the Edinburgh Partnership. The Partnership includes statutory partners such as NHS Lothian, Scottish Enterprise, Police Scotland and the Scottish Fire and Rescue Service. It also involves a range of other public, private and third sector partners. The Edinburgh Partnership has reviewed its governance arrangements twice in the last six years to improve ways of working. The most recent review in 2019 sought to address acknowledged problems, with a view to:

- streamlining and simplifying how partners work together
- providing a shared understanding and clarity of purpose
- strengthening partnership working
- providing greater accountability and transparency
- strengthening community influence and participation, for example in decision-making on the use of devolved funds such as the Community Grants Fund.

100. Following ten months of consultation with stakeholders (see [Exhibit 12, page 38](#)), the Edinburgh Partnership agreed a new governance framework in April 2019, introducing four Local Community Planning Partnerships, 13 neighbourhood networks, and the Local Outcome Improvement Plan (LOIP) Delivery Group ([Exhibit 11](#)).

Exhibit 11

The Edinburgh Partnership Governance Structure and Membership



Source: Edinburgh Partnership Board Papers

101. The Edinburgh Partnership proposed that the neighbourhood networks would replace the neighbourhood partnerships and include a wider range of local community groups. However, some partners and community representatives have highlighted to the council that they are unclear on how neighbourhood networks are to operate across the four localities.

102. We observed and heard community council representatives expressing a need for greater clarity on how community councils should engage with the Local Community Planning Partnerships. While one of the aims of the restructure is to increase community influence, meetings of the Edinburgh Partnership Board, the LOIP Delivery Group, and the Locality Community Planning Partnerships are not streamed online for communities to view. It is too early to say how successful the new structures will be in supporting the Partnership to deliver the LOIP outcomes.

The Edinburgh Partnership has struggled to develop effective Locality Improvement Plans

103. The Community Empowerment (Scotland) Act 2015 (the Act) requires a CPP to produce the following plans:

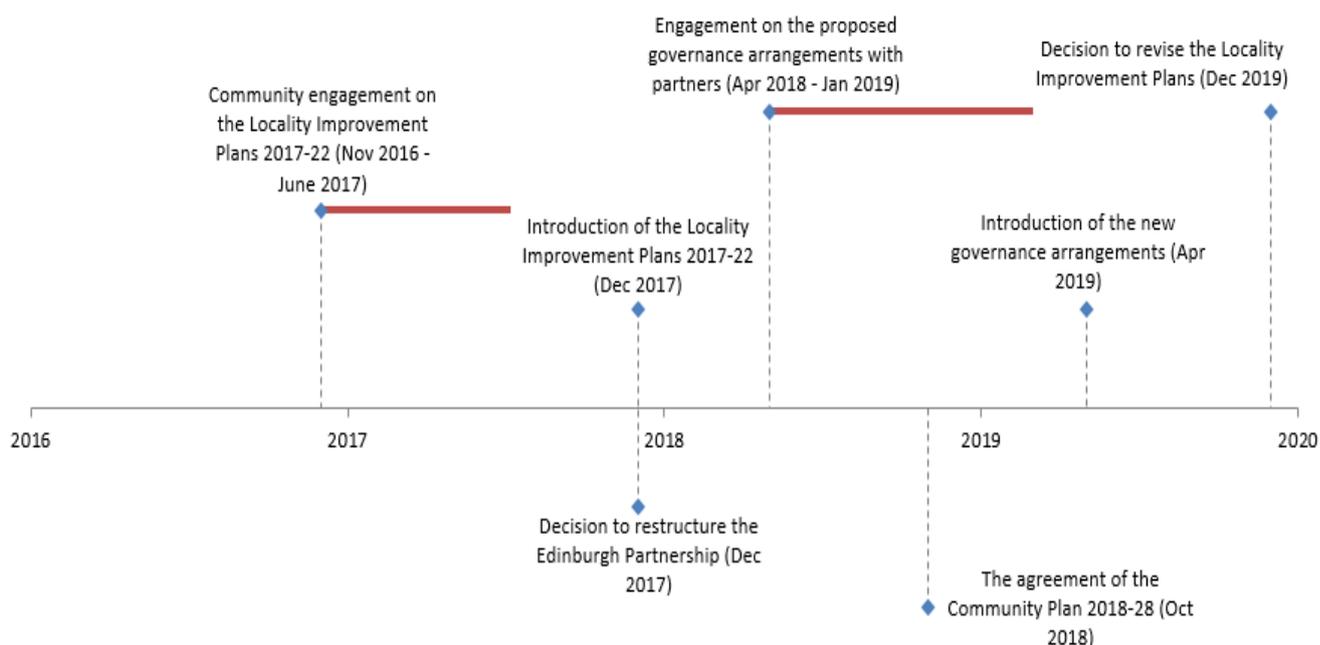
- A Community Plan for the whole council area
- A Locality or Neighbourhood Plan for each locality it has identified as experiencing significantly poorer outcomes.

104. Following a period of extensive engagement with communities and public and voluntary sector partners, the Edinburgh Partnership approved Locality Improvement Plans 2017-22 in December 2017 ([Exhibit 12, page 38](#)). Partners subsequently concluded that these were lacking in suitable performance measures, unfit for purpose, and hindering joint working. The plans also set out actions from respective partners rather than actions to be delivered as a partnership. A progress review by the board in December 2019 highlighted the need to refocus the plans on actions that could make a significant impact on tackling poverty and inequality through a partnership approach.

105. The Partnership developed the Locality Improvement Plans prior to agreeing its vision and priorities, which are set out in the Community Plan 2018-28. To develop the Plan, the Partnership engaged with its statutory partners, and used the community feedback informing the Locality Improvement Plans from 2017.

106. The Partnership is now developing new progress management and reporting arrangements along with new Locality Improvement Plans. They will include the priorities that can only be addressed through partnership working, are thorny issues, and which tackle poverty and inequality. Locality data profiles will form the basis of these plans. The partnership was due to finalise the plans by June 2020, but this has been delayed by Covid-19. The partnership expects to agree a revised date at its Board meeting in December 2020.

Exhibit 12 Edinburgh Partnership – Timeline of key events



Note: red line indicates duration.

Source: Audit Scotland and Edinburgh Partnership Board papers

The Edinburgh Partnership has made mixed progress against its Community Plan outcomes, and there are weaknesses in performance reporting

107. The Edinburgh Partnership made mixed progress against its 2015-18 Community Plan. The progress report of December 2018 shows that the Partnership met ten of its 17 KPI targets, excluding four data only KPIs ([Exhibit 13](#)).

Exhibit 13 Edinburgh Partnership's progress against its 2015-18 Community Plan

Outcome	KPI met target	KPI just missed target	KPI missed target	KPI data only (no target)
Edinburgh's economy delivers increased investment, jobs and opportunities for all	3	0	0	0
Edinburgh's citizens experience improved health and wellbeing with reduced inequalities in health	1	2	1	0

Edinburgh's children and young people enjoy their childhood and fulfil their potential	2	3	0	0
Edinburgh's communities are safer and have improved physical and social fabric	4	1	0	4
Total:	10	6	1	4

Source: The Community Plan 2015-18 Final Progress Report, December 2018, Edinburgh Partnership

108. Progress reports to the Partnership Board lack information on performance targets, specified leads for planned actions, and target delivery dates. The final progress report on its 2015-18 Community Plan (dated December 2018) did not set out the KPI targets and stated only if targets had been achieved, just missed or missed. The report did not describe what actions the Partnership had taken to achieve its outcomes. The Partnership's progress report at March 2020 includes performance information for only four of the 17 indicators in the current Community Plan.

The Partnership's performance against Community Planning Outcomes Profile indicators improved between 2013/14 and 2017/18

109. The Improvement Service's Community Planning Outcomes Profile (CPOP) is a collection of 18 measures to help assess whether residents' lives are improving. Performance against CPOP indicators is positive, with the Partnership demonstrating improvement against 15 of the 18 measures between 2013/14 and 2017/18. This included measures of child poverty, employment and carbon emissions. Performance was maintained for educational attainment and declined slightly for unplanned hospital attendances and wellbeing.

The council consults extensively with residents and has used some innovative engagement approaches

110. The council relies heavily on consultation responses to inform its decisions and to develop plans and strategies. The total number of consultation responses has increased considerably, from 8,000 in 2016/17 to 25,000 in 2018/19. The council's website only includes some consultation results and limited information on actions taken to address issues. The council recognises the need to provide timely feedback about consultation responses and any subsequent actions. It has developed a draft consultation policy, but Covid-19 has delayed its implementation.

111. The council has used other community engagement methods, such as workshops, information displays, focus groups and digital tools. It engaged with communities early in the development of its City Plan 2030 and developed on-line budget simulation tools and used game-based approaches to facilitate discussion about its budget proposals. It is also expanding its use of digital mapping tools to enable residents to provide feedback. The council is a key partner on the Edinburgh Climate Commission ([Case study 1](#)), and the Edinburgh Poverty Commission ([Case study 2](#)), both of which have used a wide range of methods to engage with citizens and stakeholders, including developing a citizen group and co-producing a youth summit on climate change with young people.

112. In partnership with NHS Lothian, the Children's Partnership, the Children's Parliament and Young Edinburgh Action, the council engaged with children and young people through the "What Kind of Edinburgh?" project, which enabled

children and young people to give their views about the planning and delivery of services. The council and its partners further developed this approach by establishing the Children and Young People Participation Group to influence the priorities set out in the Children's Services Plan 2020-23.

Community engagement is not embedded in the council's day-to-day work

- 113.** The council's Business Plan and Change Strategy set out its aspiration to empower citizens and colleagues. Community empowerment is also a key theme in the Edinburgh Partnership's Community Plan ([Exhibit 2, page 12](#)). The council recognises that the pace of change in improving community engagement has been slow. Community engagement is not embedded in the council's day-to-day work and is not yet an integral part of service improvement and delivery.
- 114.** Neither the Edinburgh Partnership nor the council has a community engagement strategy in place. The council and its partners are currently developing one with the involvement of the Checkpoint Citizen Focus Group. Set up in November 2019, the group includes a dozen community representatives. Covid-19 has delayed its introduction.
- 115.** There is limited evidence of the council engaging with hard-to-reach, migrant, and minority groups. Citizens have not always been engaged early enough and meaningfully enough to influence the council's decision-making. In our fieldwork interviews, community groups and third-sector organisations told us that the council and its partners could improve community engagement by adopting an early intervention/prevention and human rights-based approach, and by working more closely with active community groups and third sector organisations to better understand local needs and support communities.

The council's implementation of the Community Empowerment Act has had little impact on communities to date

- 116.** The Community Empowerment Act 2015 (the Act) makes it easier for communities to take ownership of land and buildings, in a process known as asset transfer. The City of Edinburgh Council has introduced an asset transfer policy outlining the principles and stages of the process. Since the Act came into force in October 2015, there have been 93 expressions of interest in asset transfers, with 19 requests submitted to the council. As at the end of August 2020, two asset transfers had been approved, one of which had been completed before the introduction of the Act. A further six have since been approved by the Council and are awaiting legal completion. Expressions of interest for three of these were submitted in 2016 and 2017.
- 117.** One of the two community groups that were successful in completing an asset transfer told us that the process took almost two years because the legal process was lengthy. Edinburgh is one of the few councils that requires community groups to pay the legal fees associated with an asset transfer. The council has not developed a process to balance the financial return for asset transfers with the long-term community and social benefits. The council has not collected feedback from community groups on the asset transfer process.
- 118.** The council considers that the low number of successful asset transfers can be explained by the following:
- Community groups lack the skills and funding to complete asset transfers.

- Community groups are put off by the timescales and work involved in complying with the requirements.
- The priorities of those interested in taking on the asset and the local community are in competition.
- Properties suitable for community use are lacking.

119. The Act also allows residents to influence council decisions through a formal participation request. Across Scotland, councils received a total of 45 participation requests between 2017/18 and 2018/19. Of these, councils accepted 26, 14 were refused, one was pending, and four were invalid.² The City of Edinburgh council has received five participation requests, of which two were accepted, one declined, one placed on hold, and one is still ongoing. Examples of Edinburgh's participation requests include a community group wanting to influence the proposed sale of a local site, and a community council wanting to influence local traffic management arrangements.

120. The council has begun to roll out participatory budgeting in some areas, which gives local people a greater say in how the council spends some of its funds. The council has a framework for considering participatory budgeting options. Since 2015, the council has allocated an estimated £1.6 million to communities through participatory budgeting. Local participatory budgeting has taken place in Leith (Leith Chooses) and Portobello and Craigmillar (Portobello and Craigmillar You Decide). The council finds replicating the approach across the whole council challenging due to resource implications. To address this, council officers are working on costed proposals to implement the participatory budgeting approach across all four localities.

The Edinburgh Integration Joint Board has not yet developed the detailed plans needed to address significant financial pressures

121. The council and NHS Lothian established the EIJB to plan and deliver health and social care services. The Edinburgh Health and Social Care Partnership (EHSCP) is responsible for the operational delivery of the EIJB's strategy. The EHSCP has oversight of the planning and delivery of adult social care services, community health and those hospital-based services that are delegated under the Integration Scheme.³

122. The EIJB faces significant financial pressures, both immediate and in the medium to longer term, as a result of increasing demand for services. Although the EIJB has been able to demonstrate effective, short-term financial planning, it has not yet developed a medium- or long-term financial plan. In 2019/20, the EIJB's expenditure was £762 million. It balanced its budget for the first time and delivered its savings plan, without relying on non-recurrent funding from partners. The unaudited accounts for 2019/20 show a planned deficit of £6.5 million, which the EIJB addressed by using its reserves. This approach is not sustainable. Current plans show a funding gap of £4 million in 2020/21. Forecasts for 2021/22 and 2022/23 show funding gaps of £12 million and £15 million respectively. Covid-19 has significantly impacted the delivery of the

² Participation Requests: Evaluation of Part 3 of the Community Empowerment (Scotland) Act 2015, Scottish Government, April 2020.

³ Services for which the EIJB is responsible include: Adult social work services; community dentistry, pharmacy and ophthalmology; health and social care services for older people, adults with disabilities, adults with mental health issues and unpaid carers; palliative care; primary care (GP); substance misuse; and unscheduled hospital admissions.

EIJB Transformation Programme and pace of change has been slower than planned. A rephased plan was agreed in July 2020.

The EIJB is addressing identified governance and performance issues

- 123.** The Good Governance Institute assessed the EIJB's governance arrangements in 2018/19. It made 18 recommendations and, in May 2019, the IJB developed an improvement plan. Progress against performance measures is reported to every meeting of the board. In June 2019, the board approved a new committee structure including the establishment of the Performance and Delivery Committee. Every two months, the committee considers a performance report, which includes trend analysis and 'deep dives' into specific areas identified in advance.
- 124.** The most recent EIJB annual performance report (for 2019/20) sets out its performance against 19 national performance and satisfaction indicators:
- Performance declined against the nine satisfaction indicators in 2017/18 (the most recent available data). Although this is consistent with national trends, Edinburgh performed less well than the Scottish average against six of the nine indicators and was ranked in the bottom half of all IJBs for all nine indicators.⁴
 - Performance was better on the ten indicators that are used to demonstrate the shift in the balance of care. Performance on most of the indicators fluctuated between 2014/15 and 2019/20, but the most recent report (between 2018/19 and the 2019 calendar year) shows that EIJB improved its performance against five of the indicators. Performance remained worse than the Scottish average in half of the indicators overall.

The council's ALEOs face particular challenges as a result of Covid-19

- 125.** The City of Edinburgh Council uses a range of **ALEOs** to provide services to residents. Each ALEO is structured differently, in terms of ownership and influence exerted by the council.
- 126.** The largest ALEO is Transport for Edinburgh Limited, which incorporates the activities of Lothian Buses Limited and Edinburgh Trams Limited. In 2019, its turnover was £180 million. The ALEO is important for the council's finances as it pays the council an annual dividend (worth £6 million in 2018/19). As a result of Covid-19, no dividend will be issued in 2019/20 and potentially beyond this. The council is considering how to address this loss as part of its broader discussions on its budget.
- 127.** The council's ALEOs have generally operated successfully. But Covid-19 has brought challenges, particularly for those which provide leisure services, cultural venues and transport. The council anticipates significant implications for its income. The council's estimate, as at September 2020, of lost income and other required financial support is £27 million. Services will continue to be affected for some time by social distancing requirements, public attitudes and market capacity. These factors will all affect future income forecasts.

Arm's Length External Organisations (ALEOs)

ALEOs are companies, trusts and other bodies that are separate from the council but are subject to council control or influence. This means that the council might have a representative on the ALEO's board or that it is the main funder or shareholder of the ALEO.

⁴ Note this data is taken from the Scottish Government's national health and care experience survey which is conducted every two years. The most recent data is for 2017/18

128. The council regularly reviews its ALEOs to ensure that the operating models remain fit for purpose and that there is proper and effective oversight of ALEOs' activities. In 2017, the council agreed to reduce the number of its property ALEOs and to change to in-house management of certain activities and assets undertaken by the EDI Group (which carries out property development). The council agreed a transition strategy; this is progressing in line with the closure timetable that will be complete by 2023.

129. In February 2020, the council changed the scrutiny arrangements for its ALEOs to provide greater clarity and avoid duplication:

- The council's executive committees will scrutinise the future direction of each ALEO, service performance, including progress against service level agreements, and any emerging issues
- The GRBV Committee will scrutinise the ALEOs' financial performance, including the annual accounts, and any risks affecting the council or any individual ALEO.

The council had planned a wider review of its ALEOs during 2019/20 but this was delayed by Covid-19.

The council is working well with partners on the Edinburgh and South East City Region Deal

130. In August 2018, the council, along with various public, private and third sector partners, signed the Edinburgh and South East **City Region Deal**. The partners, along with the UK and Scottish Governments, have committed a total of £1.3 billion, over 15 years, to a range of projects to help improve the region's economic performance ([Exhibit 14](#)). Of this total, The City of Edinburgh Council has committed £269 million to three projects: West Edinburgh Public Transport; the Dunard Centre (concert hall); and a new housing company.

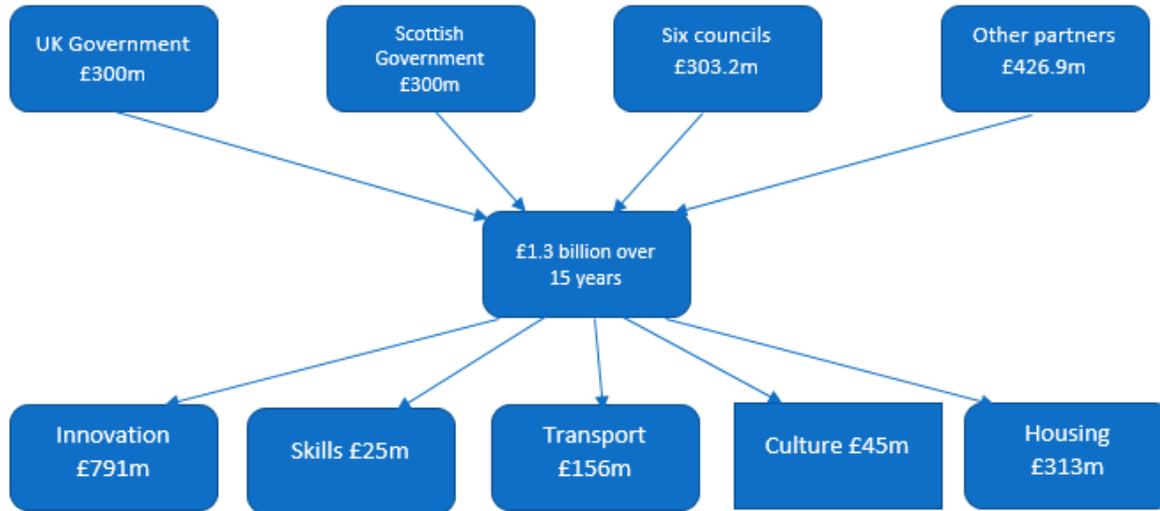
131. In 2018, partners estimated that the Deal would attract £141 million of private sector investment and create 23,368 permanent jobs. Partners will monitor progress against these targets through the Deal's Benefits Realisation Plan (BRP), which the Joint Committee ([paragraph 132](#)) approved in August 2020. The BRP will also track progress against other outcomes, such as reducing inequalities, which are included in project business cases. The Deal partners are working to improve community engagement in shaping the proposed business cases.

City Region Deals

City Region Deals involve the UK and Scottish governments giving additional funding and powers to cities and the associated regions to promote economic growth. Individual deal partners decide where to target funding based on local needs. The Edinburgh and South East Region Deal was the second deal to be agreed in Scotland.

Exhibit 14

The Edinburgh and South East City Region Deal funding and planned investment



Source: Audit Scotland

- 132.** The City of Edinburgh Council has played a lead role in the City Region Deal governance structure. In the first two years of the deal, it chaired the Joint Committee, which is the ultimate decision-making body for the Deal, and the Executive Board, which oversees a programme management office to administer the Deal. The council was also the accountable body for the City Region Deal finances. In September 2020, East Lothian Council took over as the lead authority for the Deal.
- 133.** As at August 2020, the Joint Committee had approved £736.5 million of spending through the business case process (55 per cent of the £1.3 billion deal fund). By the end of 2019/20, City Deal partners had spent £103.2 million across 24 projects. The Joint Committee has allocated a further £47 million for 2020/21.
- 134.** The August 2020 progress report shows that the overall progress of the deal is amber. Two of the council's projects are progressing as planned. There are delays to its concert hall project after plans had to be scaled back and re-submitted following a challenge by developers on an adjacent site. As part of the City Deal's Integrated Regional Employability and Skills programme, partners launched a Covid-19 Jobs Support Portal. The portal has been used by over 300 employers with almost 800 job vacancies advertised since the start of the pandemic.

Part 5

Is the council demonstrating continuous improvement?



The council has made mixed progress since its previous Best Value report in 2016. While it has improved aspects of leadership and service performance, its pace of improvement in other areas, such as community planning and public reporting, has been slow.

The council does not have a strategic approach to continuous improvement to demonstrate all aspects of Best Value.

Historically, the council has been slow to respond to scrutiny and audit findings. It has taken action to address this and there are some early signs of improvement.

The council seeks feedback from staff and residents. But it does not clearly demonstrate how it uses this feedback to improve services and outcomes for the people of Edinburgh.

The council has made mixed progress since its 2016 Best Value report

135. In our 2016 Best Value report, the Accounts Commission commented on Edinburgh's substantial progress with planning and delivering financial savings. It recommended that the council monitor the success of its service and workforce changes, to demonstrate that decisions represent Best Value. Since 2016, the council has improved aspects of its leadership, (Part 1), and shown improvement in some service areas, such as education and waste management (Part 2). But its performance in other areas, such as workforce planning, has deteriorated. Exhibit 15 compares previous Best Value judgements with our findings from this audit.

Exhibit 15

Comparison of Best Value judgements

A comparison of Controller of Audit judgements from 2016 and 2020 shows that further progress has been slow.

<p>Leadership</p> <p>Elected members and officers have continued to develop a shared vision for the council and the city it serves, despite continuing changes at senior manager level.</p>	<p>The council's business plan was developed by a small group of administration members and was not subject to wider scrutiny before being presented to the council.</p> <p>The council's political composition is challenging; relationships between members are strained and decision making is difficult. Despite this, the council has shown good leadership through its projects to address poverty and sustainability and by making difficult decisions, such as approving plans for Phase 2 of the tram network. Council management also has driven improvements in asset management, procurement, and risk management</p> <p>The council has strengthened and stabilised its senior management team, but staff are not always positive about its leadership.</p>
<p>Financial position</p> <p>While it continues to face growing financial pressures and uncertainty, the council has made substantial progress in planning and delivering financial savings.</p>	<p>The council has a long track record of maintaining revenue expenditure within budget. Over the last five years, the council has made annual savings of between £35 million and £75 million, but it has had to rely on unplanned savings and, in 2019/20 and 2020/21, on reserves, to meet its funding gap. This is not sustainable, particularly as it manages the effects of Covid-19.</p> <p>While the council agreed a three-year revenue budget and a 10-year capital budget strategy in early 2020, it does not have a longer-term financial plan to address its significant revenue budget challenges</p>
<p>Transformation</p> <p>The council's various improvement projects have been consolidated into a single transformation programme. This has still to be fully implemented, but it is now starting to</p>	<p>The council expected its Transformation Programme to deliver over £70 million of recurring annual savings. In 2017, it reported that it was on track to deliver most of these</p>

reshape the council's services and deliver savings.

savings. It did not produce a final report setting out whether it achieved its savings target.

Workforce

The council now has a workforce strategy, supported by more detailed plans, setting out the size and shape of its future workforce needs. It is now starting to achieve the reductions set out in these plans.

The council's progress in relation to workforce planning has deteriorated; although it is developing a new workforce plan for 2020-23, it currently lacks detail at a service and team level

The council identifies transformational change and efficiencies through its Change Portfolio, but progress reports to elected members do not provide savings information

- 136.** Since 2012, the council has carried out a range of transformation activity to help make required savings and improve its services. In 2015, it consolidated this activity into a Transformation Programme (Part 3) with the aim of delivering over £70 million of recurring annual savings. The council has not reported whether it achieved this target.
- 137.** In February 2017, the council reported that it had completed most of its Transformation Programme activity and that any remaining elements would be subsumed into a Change Portfolio, overseen by the CLT. The purpose of the Change Portfolio was to identify and deliver projects to further transform services and realise additional savings. Since February 2018, the council has reported progress to the Change Board (the CLT) every month and to the GRBV Committee every six months. The most recent report to the GRBV committee, in December 2019, indicated that, of the 53 live Change Portfolio projects: two had been delivered; 16 were on track; 30 were experiencing minor problems or delays; and five were experiencing significant problems or delays.
- 138.** The council's progress reports to the CLT contain detailed information on the financial and non-financial benefits of each change project and a summary of the overall investment in, and savings achieved from, the Change Portfolio. The council's progress reports to the GRBV Committee do not provide any information on the savings expected, or delivered, from the 53 projects. The council includes a 'Change Proposals' savings update as part of its quarterly budget reports to the Finance and Resources Committee. But the 'Change Proposals' differ to the 53 projects included in the GRBV committee reports.

The council uses several methods of self-assessment but does not have a strategic approach to continuous improvement

- 139.** The council uses a range of tools to monitor performance and identify areas for improvement, primarily at service level. These include LGBF analysis; service reviews; and the 'How Good is our school?' and the Public Library Quality Matrix self-evaluation frameworks. The council undertakes service improvement activity mainly in response to poor performance, or through savings or transformation initiatives. The council acknowledges that it lacks a formal strategic framework to promote a culture of self-awareness and to ensure that continuous improvement is embedded throughout the organisation.

There is some evidence of the council using external benchmarking or advice to improve its processes or performance

140. The council uses benchmarking tools to compare its performance with that of other councils:

- LGBF data to compare its performance with that of the three other big cities in Scotland (Glasgow, Aberdeen and Dundee)
- Association for Public Service Excellence benchmarking for several services, including waste and roads
- Chartered Institute of Public Finance and Accounting corporate service benchmarking, which mainly considers cost of service provision.

141. Given the council's unique position as the capital city, it is important that it looks beyond Scotland to learn and share good practice. There are examples of the council doing this: for example, it learned from cities such as New York, Stockholm and Sydney when developing the City Vision. It also brought in advisers from Manchester who had experience of delivering successful tram developments. But there is limited other evidence that the council has looked beyond Scotland to change its processes or improve performance.

The council has made some improvements to its services and processes

142. There are examples of the council understanding where improvements are required and taking action in response to poor performance, such as developing service improvement plans at the request of a committee (Part 2). [Case study 3](#) sets out further detail on the council's waste services improvement plan. Its improvement plans for roads services and housing are more recent, but data suggests that there are initial signs of improvement. The council has also taken action to address the issues with its ICT contract and the poor condition of its estate. And it has improved its risk management, and procurement processes (Part 3).

Case Study 3

The council's Waste and Cleansing Improvement Plan

In November 2016, the council produced a Waste and Cleansing Service Improvement Plan. This was in response to the Transport and Environment Committee's concerns regarding the level of complaints about street cleanliness and waste collection. The improvement plan included an extensive list of actions to help address:

- missed or delayed bin collections
- fly-tipping and street cleaning
- customer service
- communication and behaviour change

The council provided the committee with regular progress reports and in March 2018 it produced its final update on the plan, which noted that missed bin complaints and street cleaning enquiries had fallen.

Later in 2018, the council made changes to its waste collection service, including changing from a five day a week collection to four days a week, and introducing more efficient routes. The changes prompted a further spike in missed bin complaints. The Transport and Environment Committee received regular reports on performance, and on the actions being taken to address the problems. Since then the number of missed bin reports has fallen again, with 2019/20 KPI data showing that missed domestic bin collections fell by 47 per cent compared with the previous year.

Source: Waste and cleansing improvement plan, reports to committee and KPIs

Recent council self-assessments did not identify some of the improvement areas highlighted by this audit

- 143.** At the end of 2019, in preparation for this audit, the council carried out a self-assessment against Best Value themes to support continuous improvement. Out of 36 questions, the council assessed itself as strong for eight of these, satisfactory for 26 and weak for two. Its two identified areas of weakness were workforce planning and its use of options appraisal. The council's eight self-assessed areas of strong performance included: understanding its challenges; governance, City Deal and City Vision progress; procurement; and members' engagement in financial planning. However, our audit work has identified some weaknesses in three of the areas that the council identified as strong: effective leadership; financial planning; and partnership working (Parts 1, 3 and 4).
- 144.** We found other examples of the council's self-assessment conclusions which differed slightly from our audit findings. For instance, Parts 1, 2 and 4 of this report highlight some improvement areas for the council in relation to the council's vision, business planning, leadership, transparency and reporting, and engagement with citizens and service users. But the council's 2019 corporate governance self-assessment rates its performance as good in these areas.

The council has been slow to respond to scrutiny but there are early signs of improvement

- 145.** Management's response to audit and inspection recommendations has been slow in recent years. Elected members, through the GRBV committee, have been pressing management to respond more quickly and effectively to audit recommendations, and there is evidence of recent improvement. In June 2018, directorates agreed to review all agreed management actions that were more than three months overdue (including historic reopened findings) to assess whether alternative actions could be implemented to address the identified risks. This reduced the number of overdue actions from 63 (68 per cent of all findings) in July 2018 to 42 (49 per cent of all findings) in March 2020. Ensuring that management actions are completed on time is now an agreed priority for all directorates.
- 146.** In May 2017, the Care Inspectorate highlighted significant weaknesses in the planning and delivery of older people's services across the city. A follow-up inspection in June 2018 showed limited progress and found the health and social care partnership's approach to be reactive, short term and focused on individual recommendations rather than on an overall programme of improvement.

The council has acted in response to staff feedback, but it does not monitor the impact of its actions across the organisation

- 147.** The council's most recent staff survey, conducted in 2018, identified areas for improvement for individual directorates, services and the council. In response to the feedback, the CLT committed to developing action plans to improve staff's experience of working for the council.
- 148.** Executive Directors led the development of individual directorate action plans. To feed into these, directors and managers gathered staff feedback on specific improvement areas using a variety of methods, including open engagement sessions, team meetings, site visits and emails. The council established a short-life working group to coordinate the approach and aid learning across all directorates. Using the feedback gathered from individual directorates, the working group also developed action plans for council-wide areas for improvement, which included leadership, communication, and learning and development.
- 149.** In May 2019, the council provided the Policy and Sustainability Committee with an update on its directorate and corporate action plans. Actions taken included improving leadership's visibility through meetings and emails, improving staff training, and refreshing the council's internal communication strategy. The report stated that individual directorates would monitor progress against the actions plans. Neither the Policy and Sustainability Committee nor the GRBV committee requested further updates.

The council has agreed to review its overall whistleblowing culture

- 150.** The council recognises the importance of having an appropriate mechanism for staff to report instances of wrongdoing or malpractice. In May 2014, the council introduced a new whistleblowing policy and a whistleblowing hotline for its staff. In 2019, in response to discussions with elected members, the council considered, and subsequently implemented, improvements to its whistleblowing procedures. In September 2020, the sudden death of a council employee prompted a motion and debate at a meeting of the full council. At that meeting, the whole council agreed that there should be an independent review of the council's overall whistleblowing culture and relevant processes, to provide assurance that its approach to, and procedures for, dealing with whistleblowing, corruption and criminal wrongdoing were appropriate and fit for purpose. The council agreed to refer the issue to the Policy and Sustainability Committee in the first instance. At its meeting on 15 October, the council considered a paper from the Policy and Sustainability Committee and agreed that the review should proceed and that the exact terms and timescale should be determined by the independent person appointed to lead the review.

The council consults extensively with its residents, but it does not demonstrate how it uses their feedback to improve services

- 151.** The council engaged with over 30,000 people when developing its City Vision (Part 1). This was one of the biggest consultation exercises carried out by a council in the UK or Europe. The council also consults with its residents when developing strategies and making decisions on major projects. It currently publishes limited information on how it uses consultation feedback, but it is taking steps to improve this (Part 4).,
- 152.** The council collates the views of over 5,000 residents through its annual Edinburgh People Survey (Part 2). The main purpose of the survey is to track residents' perceptions of services and to detect any early signs of dissatisfaction before they become problematic. The survey is not intended to

be used to support service redesign. Survey results are reported to the CLT and to senior management teams and the Policy and Sustainability Committee notes the results. Some services, such as waste and culture, use the results to target improvements, but we saw no evidence of the council producing any action plans or any committees requesting that the council responds to the results.

Recommendations

The council needs to quickly increase the pace of improvement to help it demonstrate that it is achieving Best Value. We make the following recommendations to help the council address the improvement areas identified in this report:



As part of its Adaptation and Renewal Programme, the council should:

- quickly amalgamate its Business Plan and Change Strategy, to provide clearer priorities and direction for the council (paragraph 20)
- prepare sustainable medium and long-term financial plans, and detailed workforce plans, to support its strategic priorities (paragraphs 74 and 86-88)

The council should implement a strategic approach to self-evaluation and continuous improvement. This should include better demonstrating how it responds to feedback and scrutiny findings (paragraph 139, 143-144, 151-152).

To help them carry out their best value responsibilities, elected members should take advantage of the learning and development opportunities provided by the council (paragraphs 26-28).

The council should further improve its performance reporting by:

- making better use of performance measures and targets, particularly to demonstrate the impact of improvement work (paragraph 65)
- publishing easily accessible, up-to-date performance information on its website (paragraphs 66-67).

In order to make community engagement an integral part of service improvement and delivery, the council should:

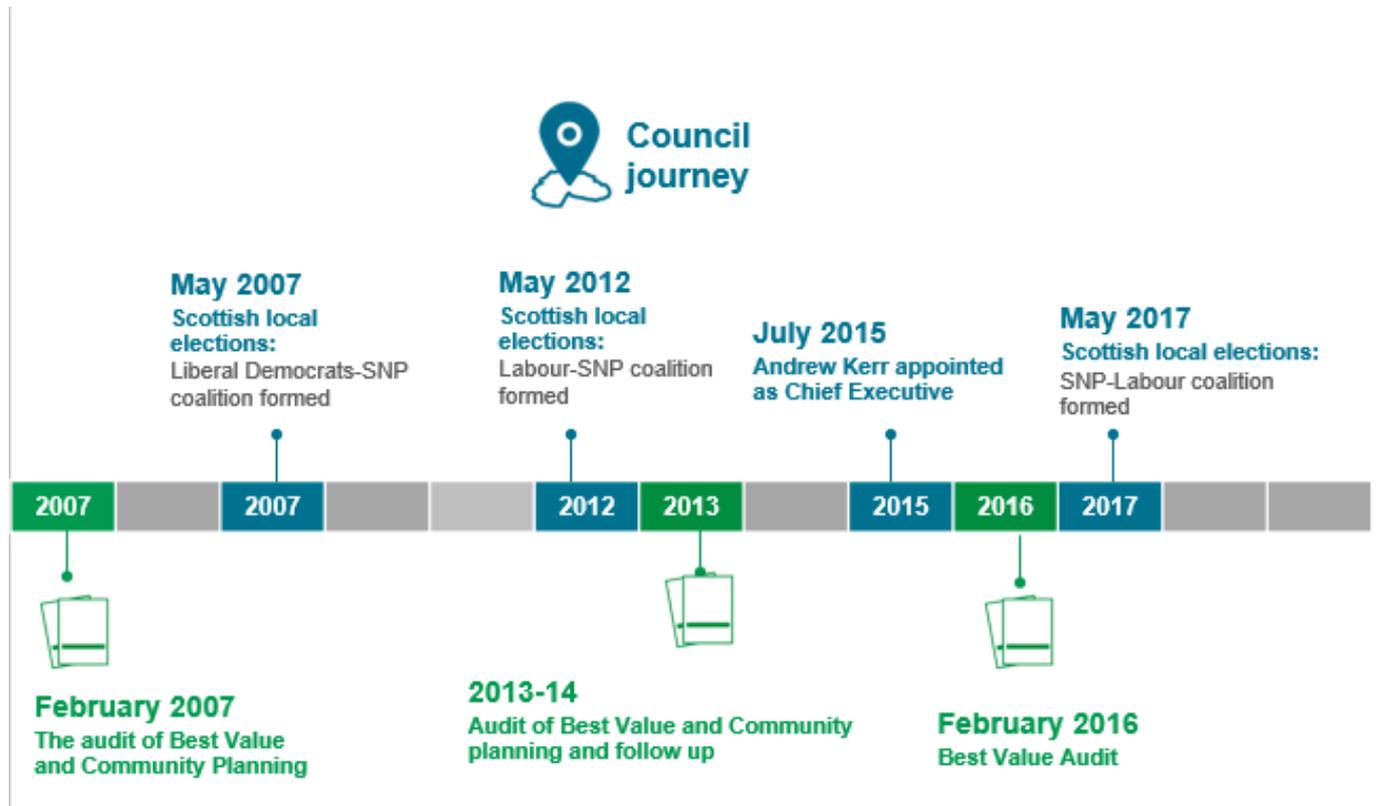
- embed the lessons from effective community engagement activity and clearly communicate the results of, and the council's response to, community consultation (paragraph 110)
- support community groups to complete asset transfers (paragraphs 113-115)

The council should work with the Edinburgh Partnership Board to:

- implement its new governance arrangements, effectively involve community representatives and deliver improved outcomes for communities (paragraphs 101-108)
 - produce progress reports with clear targets, accountable leads and links between the actions taken and the impact on performance (paragraph 108).
-

Appendix

Best Value audit timeline



The City of Edinburgh Council

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am Tuesday 8 December 2020

Annual Assurance Schedule – Edinburgh Health and Social Care Partnership

Executive/routine
Wards
Council Commitments

1. Recommendations

It is recommended that Governance, Risk and Best Value Committee (GRBV):

- 1.1.1 Note the Edinburgh Health and Social Care Partnership (the Partnership) annual assurance schedule for 2018-19 and 2019-20
- 1.1.2 Note that the Partnership annual assurance schedule 2020-21 would be submitted for scrutiny to GRBV in 12 months.

Judith Proctor

Chief Officer – Edinburgh Health and Social Care Partnership

Contact: Angela Ritchie, Senior Executive Assistant - Edinburgh, Health and Social Care Partnership

E-mail: angela.ritchie@edinburgh.gov.uk | Tel: 0131 529 4050

Annual Assurance Schedule – Edinburgh Health and Social Care Partnership

2. Executive Summary

- 2.1 The purpose of this report is to present the annual assurance schedule covering 18/19 and 19/20 for the Edinburgh Health and Social Care Partnership (the Partnership) to Governance Risk and Best Value Committee (GRBV) for scrutiny.
- 2.2 The 18/19 assurance schedule was initially scheduled to come to GRBV in March 2020, however due to impact of Covid19, the committee structure was suspended with only urgent business being considered. Therefore, it is being submitted with the 19/20 assurance schedule for scrutiny.

3. Background

- 3.1 Every year, the Council requires all Executive Directors and the Chief Officer to review the effectiveness and appropriateness of controls within their areas of responsibility and complete a certificate of assurance. The certificate of assurance supports the drafting of the Council's annual governance statement which is a part of the Council's statement of accounts.
- 3.2 To support the Executive Directors and Chief Officer review their control environment, annual assurance statements are sent out which cover the following areas: risk and resilience, policy, governance and compliance, information governance, health and safety, performance, contract management, financial control, inspection reports and internal audit.
- 3.3 The Partnership was created by the City of Edinburgh Council and NHS Lothian as the vehicle for delivering services delegated to the Edinburgh Integration Joint Board (EIJB).
- 3.4 Although staff remain employed by the Council or NHS Lothian, they work in an integrated organisational structure. The budget allocated to the Partnership is approximately £600 million and almost 6000 staff deliver the following services:
 - 3.4.1 social work services for adults, including disabilities, mental health, older people, sensory impairment, and substance misuse

- 3.4.2 support for carers
- 3.4.3 primary care services including GP's and community nursing
- 3.4.4 allied health professionals, such as occupational therapists, psychologists, and physiotherapists
- 3.4.5 community dental, ophthalmic, and pharmaceutical services
- 3.4.6 continence services
- 3.4.7 unplanned admissions to hospitals.

4. Main report

- 4.1 The certificate of assurance requires Heads of Service, Executive Directors and Chief Officer to confirm that:
 - 4.1.1 They have considered the effectiveness of controls in their service area / directorate, including controls in place to mitigate major risks to their service area / directorate's objectives.
 - 4.1.2 To the best of their knowledge, appropriate controls are in operation upon which they can place reasonable assurance and that there are no significant matters arising that should be raised specifically in the Annual Governance Statement (or otherwise); and
 - 4.1.3 They have identified actions that will be taken to continue improvement
- 4.2 A completed annual assurance statement was completed by each Head of Service within the Partnership.
- 4.3 This was then taken as the basis of the Chief Officers assurance statement which is attached as appendix 1 (for 18/19) and appendix 2 (19/20). The Chief's Officers assurance statement was returned to the Governance Team within Strategy and Insight for review and subsequently the Chief Officer is asked to sign a certificate of assurance. The Partnership's assurance statement along with the other directorate assurance statements were used to draft the Council's annual governance statement as part of the Unaudited Annual Accounts for 2019 and 2020.
- 4.4 As part of the completion of the assurance statement for 2019/20, the Partnership felt that there was partial compliance in the following areas:
 - 4.4.1 Risk Management
 - 4.4.2 Policy Reviews
 - 4.4.3 Change and Transformation Programmes
- 4.5 As part of the process an improvement plan has been developed and included as part of Appendix 3 covering those areas identified as partially compliant with responsible officer and deadline included. Due to the significant impact of Covid19 on Partnership services, it is likely that elements of the improvement plan may need to be reassessed and delivery deadlines reviewed.

5. Next Steps

- 5.1 The Partnership continues to work to deliver those actions identified in appendix 3 to strengthen controls in key areas.
- 5.2 The annual assurance process will continue to be reviewed in line with feedback to ensure that effective assurance is provided.
- 5.3 The 20/21 annual assurance schedule will be presented to Governance, Risk and Best Value Committee in 12 months for scrutiny.

6. Financial impact

- 6.1 The annual assurance process and development of the annual governance statement is contained within relevant service area budgets.
- 6.2 An effective control framework is key in ensuring that the Council has appropriate governance in place.

7. Stakeholder/Community Impact

- 7.1 The assurance schedule exercise acts as a prompt for service areas to think about good governance and their internal control environment. Action plans support improvements in areas where weaknesses have been identified.
- 7.2 Completed schedules are reviewed by the Democracy, Governance and Resilience Senior Manager and are provided to the Chief Internal Auditor for comment.
- 7.3 The annual assurance schedule template has been drafted using input from the Council's subject matter experts and contributions from a range of specialist areas across the Council and Partnership including resilience, health and safety and internal audit.

8. Background reading/external references

None.

9. Appendices

Appendix 1 - Partnership Annual Assurance Statement 18/19

Appendix 2 - Partnership Annual Assurance Statement 19/20

Appendix 3 - Annual Assurance Action Plan

Appendix 1 – 18/19 Partnership Annual Assurance Schedule

Assurance Statement				
Ref	Statement	Response	If no, please explain	Actions to be taken
1	Internal Control Environment	Assessment of compliance	If not fully compliant, please explain	Improvement actions
1.1	I have internal controls and procedures in place throughout my directorate that are proportionate, robust, monitored and operate effectively.	Compliant		
1.2	I have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Compliant		
1.3	My internal controls and procedures and their effectiveness are regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts.	Compliant		
1.4	The monitoring process applied to funding/operating agreements has not identified any problems that could have an impact on Annual or Group Accounts.	Compliant		
2	Risk and Resilience	Assessment of compliance	If not fully compliant, please explain	Improvement actions
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Compliant		
2.2	I have effective controls and procedures in place to record and manage the risks identified above to a tolerable level or actions are put in place to mitigate and manage the risk.	Partially compliant	A governance review within the EIJB has taken place and actions agreed. These will also support appropriate escalation of risks across the HSCP as well as the IJB. Further work is needed and underway to develop a risk escalation framework across the organisation to ensure that risks are escalated appropriately.	Complete development of risk escalation framework for Partnership.

2.3	The robustness and effectiveness of my risk management arrangements is regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts	Partially compliant	A governance review within the EIJB has taken place and actions agreed. These will also support appropriate escalation of risks across the HSCP as well as the IJB. Further work is needed and underway to develop a risk escalation framework across the organisation to ensure that risks are escalated appropriately.	Complete development of risk escalation framework for Partnership.
2.4	There is appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks and weaknesses in risk management.	Partially compliant	A governance review within the EIJB has taken place and actions agreed. These will also support appropriate escalation of risks across the HSCP as well as the IJB. Further work is needed and underway to develop a risk escalation framework across the organisation to ensure that risks are escalated appropriately.	Complete development of risk escalation framework for Partnership.
2.5	I have arrangements in place to promote and support the Council's policies and procedures for staff to raise awareness of risk concerns, Council wrongdoing and officer's misconduct.	Compliant		
2.6	My directorate has appropriate resilience arrangements in place and my directorate's business continuity plans and arrangements mitigate the business continuity risks facing our essential activities.	Compliant		
3	Workforce Control	Assessment of compliance	If not fully compliant, please explain	Improvement actions
3.1	I have arrangements in place to ensure workforce resources are managed properly, including compliance with payroll policies, overtime controls, absence management and performance e.g. home/remote working.	Compliant		
3.2	I have robust controls in place to manage off-payroll workers/contractors, including agency workers and consultants, ensuring approved framework contracts have been used and that those engaged are wholly	Compliant		

	compliant with the provisions of IR35 Council guidance and procedures.			
3.3	I ensure that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with Council policies and procedures, including vacancy approvals and controls.	Compliant		
3.4	I have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	Compliant		
3.5	I have robust controls in place to ensure that statutory workforce requirements are met.	Compliant		
3.6	I have arrangements in place to manage staff health and wellbeing; ensuring that sickness absence, referral to occupational health and stress risk assessments is managed in compliance with the Council's HR policies.	Compliant		
3.7	I ensure compliance with essential training requirements and support learning and development appropriately, including professional CPD requirements.	Compliant		
3.8	I have arrangements in place to support and manage staff performance e.g. regular 1:1/supervision meetings, performance/spotlight conversations.	Compliant		
3.9	I ensure compliance with the Council's HR policies and procedures across all of my service areas.	Compliant		
3.10	I regularly consult and engage with recognised trade unions.	Compliant		
4	Council Companies	Assessment of compliance	If not fully compliant, please explain	Improvement actions
4.1	I have arrangements in place for the oversight and monitoring of the Council companies I am responsible for, that give me adequate assurance over their operation and delivery for the Council.	Compliant		

4.2	I have an appropriate Service Level Agreement, or other appropriate legal agreement, in place for each Arm's Length External Organisation that I am responsible for.	Compliant		
5	Policy	Assessment of compliance	If not fully compliant, please explain	Improvement actions
5.1	I have arrangements in place to ensure all directorate staff are made aware of and fully understand the implications of all relevant existing and new council policies and procedures.	Compliant		
5.2	I have arrangements in place for the annual review of policies owned by my directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Compliant		
6	Governance and Compliance	Assessment of compliance	If not fully compliant, please explain	Improvement actions
6.1	I ensure directorate staff are aware of their responsibilities in relation to the Council's governance framework and that the authority, responsibility and accountability levels within my directorate are clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to ensure ongoing compliance with the Scheme of Delegation.	Compliant		
6.2	I ensure my directorate's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Compliant		
7	Information Governance	Assessment of compliance	If not fully compliant, please explain	Improvement actions

7.1	I ensure directorate staff are made aware of their responsibilities in relation to the proper management of Council information, including the need to adhere to relevant legislation, Council policies, procedures and guidance around: information governance; records management; data quality; data breaches and privacy impact assessments; information rights; information compliance; information security; and ICT acceptable use.	Compliant		
7.2	I ensure data sharing arrangements with third parties are recorded, followed and regularly reviewed throughout all service areas in my directorate.	Compliant		
8	Health and Safety	Assessment of compliance	If not fully compliant, please explain	Improvement actions
8.1	Directorate staff are made aware of their responsibilities under relevant H&S policies and procedures and I have appropriate arrangements in place for the identification and provision of H&S training necessary for all job roles, including induction training.	Compliant		
8.2	I have the necessary arrangements in place to establish, implement and maintain procedures for ongoing hazard identification, risk assessment and the determination of necessary controls to ensure all H&S risks are adequately controlled.	Compliant		
8.3	I have competencies, processes and controls in place to ensure that all service areas in my directorate, and other areas of responsibility, operate in compliance with all applicable H&S laws and regulations.	Compliant		
8.4	I have a robust governance and reporting structure for H&S in my directorate.	Compliant		
9	Performance	Assessment of compliance	If not fully compliant, please explain	Improvement actions

9.1	I have arrangements in place for reporting to CLT, Committee and/or Council when performance monitoring identifies inadequate service delivery or poor value for money and ensure that improvement measures to address these issues are implemented and monitored.	Compliant		
9.2	I have appropriate arrangements in place throughout my directorate for recording, monitoring and managing customer service complaints and customer satisfaction.	Compliant		
10	Commercial and Contract Management	Assessment of compliance	If not fully compliant, please explain	Improvement actions
10.1	I ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Compliant		
11	Change and Project Management	Assessment of compliance	If not fully compliant, please explain	Improvement actions
11.1	All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and benefits; have appropriate governance in place to support delivery; effective controls in place to track delivery progress and to take corrective action if required; have a robust benefits management framework in place; and ensure that a formal closure process is undertaken.	Partially compliant	Projects are not always started with clear business cases or a formal project management approach adopted. Projects are started in relation to an issue or service change, but recognition not always given to other projects creating duplication. A Business Planning process is also being established.	A transformation and change team has been created for the Partnership and will be responsible for providing project support capacity across the Partnership. This allows for project oversight across the Partnership and ensure that project have clear business justification and business case before project initiation.
12	Financial Control	Assessment of compliance	If not fully compliant, please explain	Improvement actions
12.1	The operation of financial controls in my directorate is effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	Compliant		

12.2	I am confident that the arrangements in place to monitor expenditure/budget variances would identify control problems or variances that could have an effect on the Annual Accounts.	Compliant		
12.3	I have arrangements in place to ensure all material commitments and contingent liabilities (i.e. undertakings, past transactions or events resulting in future financial liabilities) are notified to the Chief Financial Officer.	Compliant		
12.4	I have arrangements in place to review and protect assets against theft, loss and unauthorised use; identify any significant losses; and ensure the adequacy of insurance provision in covering the risk of loss across my directorate.	Compliant		
12.5	I have arrangements in place for identifying any weaknesses in my directorate's compliance with Council financial policies or statutory/regulatory requirements.	Compliant		
12.6	I have arrangements in place for identifying any internal control, risk management or asset valuation problems within my directorate's service areas that could affect the Annual Accounts.	Compliant		
13	Group Accounts (Resources only)	Assessment of compliance	If not fully compliant, please explain	Improvement actions
13.1	I have arrangements in place for identifying and reviewing any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts.			
13.2	I have arrangements in place to identify and review any internal control, risk management or asset valuation problems with Council companies that could affect the Group Accounts.			
14	National Agency Inspection Reports	Assessment of compliance	If not fully compliant, please explain	Improvement actions

14.1	I have arrangements in place to identify any reports relating to my directorate and can confirm that there were no inspection reports that could impact on the signing of the Annual Governance Statement.	Compliance		
14.2	I have arrangements in place that adequately monitor and report on the implementation of recommendations.	Compliance		
15	Internal Audit, External Audit and Review Reports	Assessment of compliance	If not fully compliant, please explain	Improvement actions
15.1	I have arrangements in place to ensure that all recommendations from any internal audit, external audit or review report published during the year, that have highlighted high, medium or significant control deficiencies, have been (or are being) implemented and that this is monitored effectively.	Compliance		
16	Progress	Assessment of compliance	If not fully compliant, please explain	Improvement actions
16.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	Compliance		

Appendix 2 – 19/20 Annual Assurance Schedule

Assurance Statement						
Ref	Statement	Response				
1	Internal Control Environment	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
1.1	I have internal controls and procedures in place throughout my directorate that are proportionate, robust, monitored and operate effectively.	Compliant		<p>Annual Internal Audit Plan (based on most significant risks to the Council)</p> <p>CLT Change Board – programme/project management framework</p> <p>Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV</p> <p>Community planning – Edinburgh Partnership, Community Plan 2018-28</p> <p>Contingency planning and business continuity arrangements</p> <p>EIJB – scrutiny and accountability arrangements agreed through scheme</p> <p>Enterprise Risk Management Policy and Risk Management Procedure</p> <p>External validation/review e.g. external audit, independent assurance providers</p> <p>GRBV quarterly scrutiny of top risks</p> <p>GRBV scrutiny of CLT risk register, delivery of Internal Audit Plan and of all</p>	<p>EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit Oversight Group, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk. A range of operational groups within the organisation</p>	

				<p>Internal Audit reports Health and safety audits Informal and formal reviews e.g. internal audit, quality assurance audits Overdue audit recommendations report monthly to CLT and quarterly to GRBV Policies that mitigate risks e.g. Anti-bribery, Fraud Prevention, Whistleblowing Quarterly corporate risks scrutinised at CLT</p>	<p>manage internal controls / procedures.</p>	
1.2	<p>I have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.</p>	Compliant		<p>Quarterly Risk and Assurance Committees Regular 121 meetings between the Council’s Chief Executive and the Chief Executives of key ALEOs Report template and guidance – section on risks Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level Risk Appetite Statement Risk Management Groups Risk management policies and strategies (e.g. procurement, standing orders, project management, health and safety, information governance) Risk Management Procedure Risk management tools</p>	<p>EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit Oversight Group, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk,</p>	

1.3	My internal controls and procedures and their effectiveness are regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts.	Compliant		Schools assurance programme Shareholder or service level agreements Team Central – monitoring implementation of audit recommendations Training, eLearning and workshops for staff and members Wide ranging internal and external counter fraud activity	EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit Oversight Group, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All reports include section on risks, regular performance reporting on key service areas, training on risk,	
1.4	The monitoring process applied to funding/operating agreements has not identified any problems that could have an impact on Annual or Group Accounts.	Compliant			EIJB and Partnership (via CEC) Internal Audit Plan, EIJB Audit and Assurance Committee, Internal Audit Oversight Group, EMT strategic risk management approach in place, independent scrutiny from Care Inspectorate on service delivery, health and safety assurance framework, employment policies managing risk, antibribery, fraud, code of conduct, Regular staff 1:1's. All	

					reports include section on risks, regular performance reporting on key service areas, training on risk,	
2	Risk and Resilience	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Partially compliant		Budget Planning CLT Change Board – programme/project management framework CLT scrutiny Contingency planning and business continuity arrangements Council Business Plan	Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. A range of operational groups to manage risk to the organisation (e.g. LSI, MAQA)	Roll out risk management framework across wider leadership teams and Partnership teams
2.2	I have effective controls and procedures in place to record and manage the risks identified above to a tolerable level or actions are put in place to mitigate and manage the risk.	Partially compliant		Enterprise Risk Management Policy GRBV quarterly scrutiny of top risks Health and safety audits Internal and external audits Internal Audit Plan development considers top risks Leader's induction includes Risk Management	Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. A range of operational groups to manage risk to the organisation (e.g. LSI, MAQA)	Roll out risk management framework across wider leadership teams and Partnership teams
2.3	The robustness and effectiveness of my risk management arrangements is regularly reviewed, and the last review did not identify any weaknesses that	Partially compliant		Quarterly corporate risks scrutinised at CLT Quarterly Risk and Assurance Committees Report template and guidance – section on risks Reporting/review/monitoring at all	Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. A range of operational groups to manage risk to the organisation (e.g. LSI, MAQA)	Roll out risk management framework across wider leadership teams and Partnership teams

	could have an impact on the Annual Accounts.			levels – committee, CLT, SMTs, service level Risk Appetite Statement Risk Management Groups Risk management policies and strategies (e.g. procurement, standing orders, project management, health and safety, information governance) Risk Management Procedure Risk management tools Schools assurance programme Service Planning Training, eLearning and workshops for staff and members		
2.4	There is appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks and weaknesses in risk management.	Partially compliant			Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. A range of operational groups to manage risk to the organisation (e.g. LSI, MAQA)	Roll out risk management framework across wider leadership teams and Partnership teams
2.5	I have arrangements in place to promote and support the Council's policies and procedures for staff to raise awareness of risk concerns, Council wrongdoing and officer's misconduct.	Partially compliant			Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. A range of operational groups to manage risk to the organisation (e.g. LSI, MAQA)	Roll out risk management framework across wider leadership teams and Partnership teams
2.6	My directorate has appropriate resilience arrangements in place and my directorate's business continuity plans and arrangements mitigate the business continuity risks facing our essential activities.	Compliant			Risk register is in place for ET and the EIJB. Reports have section specifically focused on risk. A range of operational groups to manage risk to the organisation (e.g. LSI, MAQA)	Roll out risk management framework across wider leadership teams and Partnership teams

3	Workforce Control	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
3.1	I have arrangements in place to ensure compliance with payroll policies, overtime controls, absence management and performance e.g. home/remote working.	Compliant		360 reviews Annual Internal Audit Plan (based on most significant risks to the Council) Employee Assistance Programme Employee Engagement External validation/review e.g. external audit, independent assurance providers Financial benefits (credit union, season ticket loans, car benefit scheme, pension schemes) Funding scheme for professional qualifications	Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing absence support for managers, WLT programme	
3.2	I have robust controls in place to ensure that statutory workforce requirements are met, including the management of off-payroll workers/contractors (including agency workers and consultants), ensuring approved framework contracts have been used and that those engaged are wholly compliant with the provisions of IR35	Compliant		HR Policies (Absence Management, Stress Management, Avoidance of Bullying and Harassment, Equal Treatment) Informal and formal reviews e.g. internal audit, quality assurance audits Inspiring Talent Programme Internal and External training opportunities Leader Induction and Essential Learning Leadership Development Programme– Future, Engage, Deliver Managing Attendance Training for managers Occupational Health service	Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing absence support for managers, WLT programme	

	Council guidance and procedures.			<p>Onboarding, induction essential learning and CPD for officers</p> <p>Open framework agreement for Learning and Development</p> <p>People Strategy</p> <p>Performance Management Framework (Performance Conversations)</p> <p>Policies that mitigate risks e.g. Anti-bribery, Fraud Prevention, Whistleblowing</p>		
3.3	I ensure compliance with the Council's HR policies and procedures across all of my service areas, e.g. that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with vacancy approvals and controls.	Compliant		<p>Regular reporting including Health & Safety Performance, absence levels</p> <p>Staff benefits (enhanced entitlements leave entitlement, flexible working options, childcare vouchers, ride to work scheme, premium benefits scheme)</p> <p>Wide ranging internal and external counter fraud activity</p> <p>Wider Leadership Team (incl. Learning Sets)</p> <p>Wider Leadership Team programme</p>	Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing absence support for managers, WLT programme	
3.4	I have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	Compliant			Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing absence support for managers, WLT programme	

3.5	I have arrangements in place to manage staff health and wellbeing; ensuring that sickness absence, referral to occupational health and stress risk assessments is managed in compliance with the Council's HR policies.	Compliant	
3.6	I ensure compliance with essential training requirements and support learning and development appropriately, including professional CPD requirements.	Compliant	
3.7	I have arrangements in place to support and manage staff performance e.g. regular 1:1/supervision meetings, performance/spotlight conversations.	Compliant	

Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing absence support for managers, WLT programme	
Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing absence support for managers, WLT programme	
Staff should complete compulsory training specific to role , annual review of policies, online system for recording overtime, absence and performance, service specific induction, personal development, H&S report relating to staff accidents and incidents, Managing	

					absence support for managers, WLT programme	
4	Council Companies	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
4.1	I have arrangements in place for the oversight and monitoring of the Council companies I am responsible for, that give me adequate assurance over their operation and delivery for the Council.	Compliant		Annual Assurance Process (Directorates) Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV Regular 121 meetings between the Council's Chief Executive and the Chief Executives of key ALEOs	Not applicable	
4.2	I have an appropriate Service Level Agreement, or other appropriate legal agreement, in place for each Arm's Length External Organisation that I am responsible for.	Compliant		Service Level Agreement Register Shareholder or service level agreements	Not applicable	
5	Engagement and Consultation	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

5.1	My directorate engages effectively with institutional stakeholders, service users and individual citizens, applying the council's consultation and engagement standards with evidence that the insights gathered are used to shape my directorates activities.	Compliant		<p>Budget consultation Business sector forums Community engagement activity Community engagement strategy/policy Complaints Improvement Plan Consultation framework Consultation Hub Council Change Strategy: Planning for Change and Delivering Services 2019-2023 Committee Papers Online Current partnerships e.g. Poverty Commission, Tourism Strategy, EIJB, City Deal Edinburgh Partnership (LCCPs, Neighbourhood Networks) Edinburgh People Survey Government partnership working Have Your Say webpage</p>	<p>Strategic plan consultation, complaints improvement plan, all meetings public and webcast with papers available to the public, petitions and deputations for EIJB and Council committees, Strategic Planning group has a range of stakeholder as part of the group ensuring widest engagement possible, engagement section included in report templates. Locality plans. EIJB has membership from both third sector, users of services we commission ensuring consultation across a wider range of groups.</p>	
5.2	I have arrangements in place throughout my directorate to ensure that there are effective communication methods that encourage, collect and evaluate views and experiences (while ensuring inclusivity e.g. customer surveys, consultation procedures, social media presence, etc.) and that these insights are used to inform	Compliant		<p>Multi-agency partnerships Multi-channel methodology e.g. social media platform development Networks/user groups – e.g. Edinburgh Tenants' Federation Partnership agreements e.g. Police Scotland Partnership governance arrangements Partnership governance documentation Partnership plans e.g. Edinburgh Children's Partnership Petitions and Deputations Policies and procedures (consultation framework) Poverty Commission</p>	<p>Strategic plan consultation, complaints improvement plan, all meetings public and webcast with papers available to the public, petitions and deputations for EIJB and Council committees, Strategic Planning group has a range of stakeholder as part of the group ensuring widest engagement possible, engagement section included in report templates. Locality plans. EIJB has membership from both third</p>	

	the work of the directorate.			Public participation – deputations and petitions Public sector partnerships Publication of Council diary Report template – section on consultation Stakeholder group meetings Strategic documentation e.g. vision statements, aims, etc. Strategic plans and agreements Strategy and Performance Hub Surveys e.g. Edinburgh People Survey, Annual Tenant Survey Third sector partnership working e.g. EVOC Webcasting of Council and major committees, including subtitles	sector, users of services we commission ensuring consultation across a wider range of groups.	
5.3	I have appropriate arrangements in place throughout my directorate for recording, monitoring and managing customer service complaints and customer satisfaction.	Compliant			Strategic plan consultation, complaints improvement plan, all meetings public and webcast with papers available to the public, petitions and deputations for EIJB and Council committees, Strategic Planning group has a range of stakeholder as part of the group ensuring widest engagement possible, engagement section included in report templates. Locality plans. EIJB has membership from both third sector, users of services we commission ensuring consultation across a wider range of groups.	

5.4	I regularly consult and engage with recognised trade unions.	Compliant			Strategic plan consultation, complaints improvement plan, all meetings public and webcast with papers available to the public, petitions and deputations for EIJB and Council committees, Strategic Planning group has a range of stakeholder as part of the group ensuring widest engagement possible, engagement section included in report templates. Locality plans. EIJB has membership from both third sector, users of services we commission ensuring consultation across a wider range of groups.	
6.1	Policy	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
6.1	I have arrangements in place to ensure all directorate staff are made aware of and fully understand the implications of all relevant existing and new council policies and procedures.	Compliant		Annual Assurance Exercise Annual Policy Assurance Statements Corporate Policy Framework and Toolkit, including consultation and engagement strategies Council Papers Online Employee policy refresher arrangements, process workshops and	Annual Assurance exercise, Audit and Assurance Committee, Committee papers online, policy register.	

6.2	I have arrangements in place for the annual review of policies owned by my directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Partially compliant		communications Information Governance framework Policy Register Report template and guidance (incorporating adherence to commitments and policy implications)	Policies in place however not been reviewed and process will be developed to ensure regular review.	By the end of 2020, all policies within the Partnership will be reviewed and a review framework will be put in place
7	Governance and Compliance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
7.1	I ensure directorate staff are aware of their responsibilities in relation to the Council's governance framework and that the authority, responsibility and accountability levels within my directorate are clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to ensure ongoing compliance with the Scheme of Delegation.	Compliant		Codes of Conduct Committee Terms of Reference and Delegated Functions Council's Procedural Standing Orders Councillors' Code of Conduct Disclosure and PVG checks Employee Induction Employee Performance Framework Leadership Programme Legal Services provision of advice Member/Officer Protocol Policies and procedures Regulatory body reporting e.g. SSSC, GTCS Scheme of Delegation to Officers Statutory officer appointments and responsibilities	Code of Conduct, Committee TOR's, Standing Orders, Disclosure and PVG checks for specific roles, employee induction and partnership specific induction, performance framework in place for all staff, leadership / coaching programme in place. Chief Social Work Officer - assurance role, whistleblowing policy.	

7.2	I ensure my directorate's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Compliant		Statutory/lead officers' independent reports to committee e.g. Monitoring Officer, Chief Social Work Officer, Chief Internal Auditor Whistleblowing Policy	Code of Conduct, Committee TOR's, Standing Orders, Disclosure and PVG checks for specific roles, employee induction and partnership specific induction, performance framework in place for all staff, leadership / coaching programme in place. Chief Social Work Officer - assurance role, whistleblowing policy.	
8	Responsibility and Accountability	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
8.1	My directorate ensures our officers are clear on their roles and responsibilities in terms of relationships and decision making.	Compliant		Annual Assurance Process (Council Companies and Joint Boards) Annual Assurance Process (Directorates) Codes of Conduct Commercial and Procurement Strategy Committee Terms of Reference and Delegated Functions Complaints Improvement Plan Consultation and engagement	Code of Conduct, Committee TOR's, Standing Orders, employee induction and partnership specific induction, performance framework in place for staff, leadership / coaching programme in place. Chief Social Work Officer - assurance role.	
8.2	I ensure that the Council's ethical standards are understood and embedded across my directorate and are	Compliant		Contract Standing Orders Council Change Strategy: Planning for Change and Delivering Services 2019-2023 Council company monitoring including	Code of Conduct, Committee TOR's, Standing Orders, employee induction and partnership specific induction, performance	

	upheld by external providers of services.			Governance Hub, Council Observers on Boards, committee reporting Edinburgh People Survey Employee Code of Conduct Grant Standing Orders Member/Officer Protocol	framework in place for staff, leadership / coaching programme in place. Chief Social Work Officer - assurance role.
8.3	My directorate ensures that decisions are made on the basis of objective information, the consideration of best value, risk, stakeholder views, rigorous analysis, and consideration of future impacts. This is formalised through appropriate structures. (i.e. SMT reporting)	Compliant		Monitoring/reporting on delivery of 52 coalition commitments Onboarding and induction for officers Performance Framework Policies and procedures Procurement framework Procurement Handbook Public participation – deputations and petitions Report template and guidance Scheme of Delegation to Officers Service Level Agreement template Standard Condition of Grant	Code of Conduct, Committee TOR's, Standing Orders, employee induction and partnership specific induction, performance framework in place for staff, leadership / coaching programme in place. Chief Social Work Officer - assurance role. Policies and procedures in place, High risk operational and strategic decisions are made at the Partnership EMT and / or EIJB if required. All reports require risk mitigation to be included and consideration of the impact of decisions and are taken through the appropriate governance route (operational management team - ET - relevant committee - EIJB).

8.4	I consult with elected members as appropriate and as required under the Scheme of Delegation.	Compliant			Code of Conduct, Committee TOR's, Standing Orders, employee induction and partnership specific induction, performance framework in place for staff, leadership / coaching programme in place. Chief Social Work Officer - assurance role. Policies and procedures in place, High risk operational and strategic decisions are made at the Partnership EMT and / or EIJB if required. All reports require risk mitigation to be included and consideration of the impact of decisions. Regular sessions with Chair and Vice Chair of EIJB and Board development sessions are held throughout the year focussing on key strategic areas.	
9	Information Governance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

9.1	I ensure directorate staff are made aware of their responsibilities in relation to the proper management of Council information, including the need to adhere to relevant legislation, Council policies, procedures and guidance around: information governance; records management; data quality; data breaches and privacy impact assessments; information rights; information compliance; information security; and ICT acceptable use.	Compliant		<p>Annual communications plan, awareness raising initiatives and training events</p> <p>Centralised Information governance unit</p> <p>Council wide Record of Processing Data quality reviews and audits form part of statutory returns</p> <p>Established framework of management information and reporting to support operational decision making and trend analysis</p> <p>Information Board</p> <p>Information governance policies, framework, guidance, procedures and toolkit</p> <p>Information sharing agreements and data protection impact assessments</p> <p>Locking Client's Record Guidance</p> <p>Mandatory training for all employees</p>	<p>All FOI'S and DPA are co-ordinated centrally.</p> <p>Mandatory training in information governance for all staff. Employee code of conduct, ICT acceptable use policy, data breaches, PIA, and information security.</p> <p>Reinforced via team meetings</p>	
9.2	I ensure data sharing arrangements with third parties are recorded, followed and regularly reviewed throughout all service areas in my directorate.	Compliant		<p>Staff responsibilities outlined in relevant policies - Employee Code of Conduct, ICT Acceptable Use Policy, Policy on Fraud Prevention</p> <p>Standard data related terms and conditions in all new Council contracts</p>	<p>All FOI'S and DPA are co-ordinated centrally.</p> <p>Mandatory training in information governance for all staff. Employee code of conduct, ICT acceptable use policy, data breaches, PIA, and information security.</p> <p>Reinforced via team meetings</p>	

10	Health and Safety	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
10.1	Directorate staff are made aware of their responsibilities under relevant Health & Safety policies and procedures and I have appropriate arrangements in place for the identification and provision of Health & Safety training necessary for all job roles, including induction training.	Compliant		Contingency planning and business continuity arrangements Corporate Health and Safety Strategy and Plan Council Health and Safety Group Employee Code of Conduct Enterprise Risk Management Policy Enterprise Risk Management Policy and Risk Management Procedure External validation/review e.g. external audit, independent assurance providers Health and safety audits	Member of Health and Safety Group, all staff H&S training and agreed under code of conduct. Health and safety framework with HSC. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review.	
10.2	I have the necessary arrangements in place to establish, implement and maintain procedures for ongoing hazard identification, risk assessment and the determination of necessary controls to ensure all Health & Safety risks are adequately controlled.	Compliant		Health & Safety policies and procedures Institution of Occupational Safety and Health training Mandatory Health & Safety training for staff Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level Risk Management Groups Risk management policies and strategies (e.g. procurement, standing orders, project management, health	Member of Health and Safety Group, all staff H&S training and agreed under code of conduct. Health and safety framework with HSC. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review.	

10.3	I have competencies, processes and controls in place to ensure that all service areas in my directorate, and other areas of responsibility, operate in compliance with all applicable Health & Safety laws and regulations.	Compliant		and safety, information governance) Risk Management Procedure Risk management tools Scheme of Delegation Schools assurance programme Training, eLearning and workshops for staff and members	Member of Health and Safety Group, all staff H&S training and agreed under code of conduct. Health and safety framework with HSC. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review.	
10.4	I have a robust governance and reporting structure for Health and Safety in my directorate.	Compliant			Member of Health and Safety Group, all staff H&S training and agreed under code of conduct. Health and safety framework with HSC. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review.	
11	Performance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

11.1	I have arrangements in place for reporting to CLT, Committee and/or Council and, where performance monitoring identifies inadequate service delivery or poor value for money, ensure that improvement measures to address these issues are implemented and monitored.	Compliant		Annual external reporting e.g. Local Government Benchmarking Framework, Scottish Public Services Ombudsman, Scottish Government, etc Annual performance report to Council B agenda protocol Best Value reporting CLT Quarterly performance meeting Committee Terms of Reference and Delegated Functions Local Government Benchmarking Framework	Annual performance report published, performance and delivery committee remit cover performance scrutiny / assurance. Regular performance report got to ET and EIJB for assurance. Reporting via CLT performance meeting as well as joint Council and NHS performance meeting.	
11.2	My directorate regularly works with relevant teams in Strategy and Communications to review and improve effectiveness by performance monitoring, benchmarking and other methods to achieve defined outcomes.	Compliant		Monitoring/reporting on delivery of 52 coalition commitments Performance Framework Strategy and Performance Hub	Annual performance report published, performance and delivery committee remit cover performance scrutiny / assurance. Regular performance report got to ET and EIJB for assurance. Reporting via CLT performance meeting as well as joint Council and NHS performance meeting.	
12	Commercial and Contract Management	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

12.1	I ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Compliant		<p>Annual Assurance Process (Directorates)</p> <p>Codes of Conduct</p> <p>Commercial and Procurement Strategy</p> <p>Committee Terms of Reference and Delegated Functions</p> <p>Contract and Grants Management team</p> <p>Contract Standing Orders</p> <p>Council company monitoring including Governance Hub, Council Observers on Boards, committee reporting</p> <p>Grant Standing Orders</p> <p>Legal Services provision of advice</p> <p>Policies and procedures</p> <p>Procurement Handbook</p> <p>Scheme of Delegation to Officers</p> <p>Service Level Agreement Register</p> <p>Standard Condition of Grant</p>	Code of conduct, compliance with procurement strategy and contract standing orders. Regular procurement board focusing on HSC contracts / contract monitoring arrangements in place, Scheme of delegation in place. Standardised HSC contract framework / documentation	
13	Change and Project Management	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

13.1	All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and benefits; have appropriate governance in place to support delivery; effective controls in place to track delivery progress and to take corrective action if required; have a robust benefits management framework in place; and ensure that a formal closure process is undertaken.	Partially compliant		<p>2050 City Vision Budget Planning Capital Budget Strategy City Plan CLT Change Board Committee Terms of Reference and Delegated Functions Contract Standing Orders Council Business Plan Council Change Strategy: Planning for Change and Delivering Services 2019-2023 Council's Risk Appetite Statement Enterprise Risk Management Policy External audits, reviews and validation Finance Rules Financial Regulations Procurement framework Report template and guidance Revenue Budget Framework Risk Registers Scheme of Delegation to Officers Service Planning Sustainability Strategy process Treasury Management Strategy</p>	Transformation team now in place, work is ongoing to refine and further scope projects. Work on post COVID19 recovery plan and return to transformation initiated in April 2020. A lesson capture process will inform the transition to the new normal post COVID19.	
14.1	Financial Control	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

14.1	The operation of financial controls in my directorate is effective in ensuring the valid authorisation of financial transactions and maintenance of accurate accounting records.	Compliant		<p>Budget Framework Comprehensive system of revenue and capital monitoring, with SMT and CLT oversight Contract Standing Orders Corporate Debt Policy Council Business Plan Council Change Strategy: Planning for Change and Delivering Services 2019-2023 Elected Member training on financial</p>	<p>Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports provided. Finance regular item on ET agenda. All reports have finance focused element</p>	
14.2	I am confident that the arrangements in place to monitor expenditure/budget variances would identify control problems or variances that could have an effect on the Annual Accounts.	Compliant		<p>statements, financial planning and treasury management Employee Training Finance & Resources Committee and Governance, Risk & Best Value Committee oversight/scrutiny Finance Rules Financial Regulations Internal control framework Medium-term Financial Strategy Professional officer</p>	<p>Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports provided. Finance regular item on ET agenda. All reports have finance focused element</p>	
14.3	I have arrangements in place to ensure all material commitments and contingent liabilities (i.e. undertakings, past transactions or events resulting in future financial liabilities) are notified to the Chief Financial Officer.	Compliant		<p>representation/support/advice on major project boards, project assurance reviews, SMTs Tiered framework of financial planning and control Treasury Management Strategy</p>	<p>Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports provided. Finance regular item on ET agenda. All reports have finance focused element</p>	

14.4	I have arrangements in place to review and protect assets against theft, loss and unauthorised use; identify any significant losses; and ensure the adequacy of insurance provision in covering the risk of loss across my directorate.	Compliant			Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports provided. Finance regular item on ET agenda. All reports have finance focused element	
14.5	I have arrangements in place for identifying any weaknesses in my directorate's compliance with Council financial policies or statutory/regulatory requirements.	Compliant			Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports provided. Finance regular item on ET agenda. All reports have finance focused element	
14.6	I have arrangements in place for identifying any internal control, risk management or asset valuation problems within my directorate's service areas that could affect the Annual Accounts.	Compliant			Budget setting protocol in place, budget framework is in place, contract standing orders in place, strong links with Council and NHS Lothian finance team, regular finance reports provided. Finance regular item on ET agenda. All reports have finance focused element	

15	Group Accounts (Resources only)	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
15.1	I have arrangements in place for identifying and reviewing any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts.			Annual assurance exercise (internal audit input and oversight) Annual Corporate Governance Framework self-assessment (internal audit input) Annual Governance Statement – informed by the work of IA Annual Internal Audit Plan (based on most significant risks to the Council)		
15.2	I have arrangements in place to identify and review any internal control, risk management or asset valuation problems with Council companies that could affect the Group Accounts.			Audit Charter Chief Internal Auditor's direct reporting line to GRBV Committee Terms of Reference and Delegated Functions - GRBV Comprehensive system of revenue and capital monitoring, with SMT and CLT oversight Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV External validation/review e.g. external audit, independent assurance providers Executive Committee and Governance, Risk & Best Value Committee oversight/scrutiny Regular 121 meetings between the		

				Council's Chief Executive and the Chief Executives of key ALEOs Shareholder or service level agreements		
16	National Agency Inspection Reports	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
16.1	I have arrangements in place to identify any reports relating to my directorate and can confirm that there were no inspection reports that could impact on the signing of the Annual Governance Statement.	Compliant		Committee Terms of Reference and Delegated Functions Governance, Risk and Best Value Committee – chaired by an opposition councillor and excluding executive committee conveners from its membership, with power to act on its own accord Executive Committee and GRBV	Audit and Assurance Committee and Clinical Governance Committee place. Committees have TORs in place.	
16.2	I have arrangements in place that adequately monitor and report on the implementation of recommendations.	Compliant		oversight of external audit and inspection activity Scrutiny of directorate annual assurance schedules	Audit and Assurance Committee and Clinical Governance Committee place. Committees have TORs in place.	

17	Internal Audit, External Audit and Review Reports	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
17.1	I have arrangements in place to ensure that all recommendations from any internal audit, external audit or review report published during the year, that have highlighted high, medium or significant control deficiencies, have been (or are being) implemented and that this is monitored effectively.	Compliant		A validation audit is included in the annual Internal Audit Plan Agreed management actions arising from internal audits are recorded and monitored through Team Central Integral part of Annual Assurance Schedule Overdue management actions are reported monthly to CLT and quarterly to GRBV	Internal Audit assurance group in place, regular focus on internal audit outstanding actions at ET. Focussed work is ongoing to close Partnership IA actions.	
18	Progress	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period?	Extract of Evidence from the Council's Corporate Governance Framework (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

18.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	Compliant		<p>Agreed management actions arising from internal audits are recorded and monitored through Team Central</p> <p>Overdue management actions are reported monthly to CLT and quarterly to GRBV</p> <p>A validation audit is included in the annual Internal Audit Plan</p> <p>Integral part of Annual Assurance Schedule</p> <p>External Audit Report is scrutinised by GRBV and an improvement plan developed</p> <p>Council participates in LAN (council scrutiny bodies) whose activity is based on shared risk assessment</p>	Internal Audit assurance group in place, regular focus on internal audit outstanding actions at ET.	
------	---	-----------	--	--	---	--

Appendix 3 Improvement Plan

Assurance Statement Criteria	Improvement Action	Action Owner	Planned Completion Date (pre-Covid19)	Status Update
I have risk management arrangements in place to identify the key risks to my directorate (and the Council). and manage the risk.	Develop a refreshed risk management framework for the Partnership, taking cognisance of the risk management approaches within partner organisations. The risk management framework will clarify risk management arrangements, including staff training on risk management, escalation approach for risks and the best approach in terms of risk committees, and align risk management framework to any resilience risks identified.	Executive Team	31 March 21	Work has started to develop a risk management framework for the Partnership.
I have effective controls and procedures in place to record and manage the risks identified above to a tolerable level or actions are put in place to mitigate and manage the risk.		Executive Team	31 March 21	Work has started to develop a risk management framework for the Partnership.
The robustness and effectiveness of my risk management arrangements is regularly reviewed, and the last review did not identify any weaknesses that could have an impact on the Annual Accounts		Executive Team	31 March 21	Work has started to develop a risk management framework for the Partnership.
There is appropriate escalation/communication to the directorate Risk Committee and CLT Risk Committee (as appropriate) of significant issues, risks and weaknesses in risk management.		Executive Team	31 March 21	Work has started to develop a risk management framework for the Partnership.
I have arrangements in place to promote and support the Council's policies and procedures for staff to raise awareness of risk concerns,		Executive Team	31 March 21	Work has started to develop a risk management framework for the Partnership.

Council wrongdoing and officer's misconduct.				
My directorate has appropriate resilience arrangements in place and my directorate's business continuity plans and arrangements mitigate the business continuity risks facing our essential activities.		Executive Team	31 March 21	Work has started to develop a risk management framework for the Partnership.
I have arrangements in place for the annual review of policies owned by my directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	By the end of 2020, all policies within the Partnership will be reviewed and a review framework will be put in place	Executive Team	31 June 21	The Partnership has undertaken an initial review of all policies and identified these required updating to reflect the integrated arrangements now in place across the Partnership.
All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and benefits; have appropriate governance in place to support delivery; effective controls in place to track delivery progress and to take corrective action if required; have a robust benefits management framework in place; and ensure that a formal closure process is undertaken.	Transformation team now in place, work is ongoing to refine and further scope projects. Work on post COVID19 recovery plan and return to transformation initiated in April 2020. A lesson capture process will inform the transition to the new normal post COVID19.	Transformation and Change Manager	31 July 2021	There has been significant work undertaken to develop a clear transformation programme aligned to the EIJB strategic plan. The Programme has been reviewed in light of Covid19 and a revised programme has been agreed by EIJB in August 20 therefore the improvements haven't had the opportunity to be fully embedded yet, namely relating to the governance approach to projects / benefits management

				framework and formal closure of projects.
--	--	--	--	---

This page is intentionally left blank

Governance Risk and Best Value Committee

10am, Tuesday, 8 December 2020

Capital Theatres Company Performance Report 2019/20 – referral from the Culture and Communities Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

1.1 The Governance Risk and Best Value Committee is asked to consider this report .

Andrew Kerr

Chief Executive

Contact: Natalie Le Couteur, Committee Services

Email: natalie.le.couteur@edinburgh.gov.uk

Tel: 0131 529 6160

Referral Report

Capital Theatres Company Performance Report – referral from the Culture and Communities Committee

2. Terms of Referral

- 2.1 On 17 November 2020 the Culture and Communities Committee considered the seventh annual performance report for Capital Theatres prepared as a requirement of the Services and Funding Agreement process adopted in 2013/14.
- 2.2 The Committee Agreed:
- 2.2.1 to note the positive performance of Capital Theatres during 2019/20;
 - 2.2.2 to note that whilst the report focus was on 2019/20 company performance, it was essential to acknowledge the context of the COVID-19 crisis and the subsequent fundamental impact and essential mitigation, advocacy and revised planning activity which has had to be implemented by Capital Theatres since March 2020;
 - 2.2.3 To refer this report to Governance, Risk and Best Value Committee.

3. Background Reading/ External References

- 3.1 Minute of the Culture and Communities Committee of 17 November 2020.
- 3.2 [Culture and Communities Committee – 17 November 2020 - Webcast](#)

4. Appendices

Appendix 1 – report by the Executive Director of Place

Culture and Communities Committee

10.00am, Tuesday, 17 November 2020

Capital Theatres Company Performance Report 2019/20

Executive/routine	Executive
Wards	All
Council Commitments	46

1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 note the positive performance of Capital Theatres during 2019/20;
 - 1.1.2 notes that whilst the report focus is on 2019/20 company performance, it is essential to acknowledge the context of the COVID-19 crisis and the subsequent fundamental impact and essential mitigation, advocacy and revised planning activity which has had to be implemented by Capital Theatres since March 2020; and
 - 1.1.3 refer this report to Governance, Risk and Best Value Committee.

Paul Lawrence

Executive Director of Place

Contact: Lindsay A Robertson, Culture Manager

E-mail: Lindsay.robertson@edinburgh.gov.uk | Tel: 0131 529 6719

Capital Theatres Company Performance Report 2019/20

2. Executive Summary

- 2.1 This is the seventh annual performance report prepared as a requirement of the Services and Funding Agreement process adopted in 2013/14.
- 2.2 Capital Theatres had another successful year in 2019/20 which offers a relevant reference point from which to acknowledge the subsequent impacts of COVID-19 since March 2020. The continued strong financial and programme performance in 2019/20 has subsequently served to highlight the exceptional business resilience and management of the Trust for the first several months of the crisis.
- 2.3 Following a short delay in progress and planning in the light of COVID-19, Capital Theatres now continue with the development of the King's Theatre Capital Project and formal reporting will be re-introduced into the committee calendar. A brief overview of the current project is contained in Appendix 1.

3. Background

- 3.1 This is the seventh annual performance report prepared as a requirement of the Services and Funding Agreement process adopted in 2013/14.

4. Main report

- 4.1 Capital Theatres reports on its performance to Council Monitoring Officers as required by the Services and Funding Agreement on a monthly, quarterly and annual basis.
- 4.2 The Services and Funding Agreement for 2019/20 was aligned to Council Commitments and had 23 targets (attached at Appendix 2). All except two of the targets were achieved. The targets partially achieved (6 and 16) are highlighted in the Appendix. The agreement targets are aligned to performance headings reflecting the citywide Culture Plan objectives. These were:
 - 4.2.1 ensuring that everyone has access to world class cultural provision;
 - 4.2.2 encouraging the highest standards of creativity and excellence in all aspects of cultural activity;

- 4.2.3 supporting greater partnership working in the cultural and creative sectors and maximise resources available to help them thrive all year round;
 - 4.2.4 articulating the positive impact to culture in Edinburgh and promoting Edinburgh's cultural success locally, nationally and internationally;
 - 4.2.5 developing and supporting the infrastructure which sustains Edinburgh's cultural and creative sectors; and
 - 4.2.6 investing in artist and practitioner development and supporting and sustaining the local artistic community.
- 4.3 To offer in brief an overview of the scale and reach of the work of Capital Theatres in 2019/20:
- 4.3.1 more than 415,000 people visited the Festival, King's and Studio Theatres;
 - 4.3.2 144 shows were programmed of which 87 were accessible (BSL, Audio Described, Captioned, Relaxed and Dementia Friendly); and
 - 4.3.3 over 300 Learning and Participation activities were delivered to over 13,000 participants and tickets provided to over 3,000 of those participants.
- 4.4 The breadth and quality of offer is evident, and genres include ballet, children's, comedy, drama and musical performances as well as offering the option of screenings, and of course, one of the top three most popular Pantomimes in the UK.
- 4.5 2019/20 programme examples include:
- 4.5.1 *Goldilocks and the Three Bears*, the Panto produced with QDos at the King's Theatre;
 - 4.5.2 Scottish Ballet's *The Snow Queen* at the Festival Theatre;
 - 4.5.3 *Six* – the musical at the Festival Theatre - originally premiered at the Fringe, and subsequently developed using the Studio Theatre, going on to become a West End hit, and returning to Edinburgh in 2019 as part of the UK tour;
 - 4.5.4 *Everybody's Talking About Jamie* – musical at the Festival Theatre;
 - 4.5.5 *The Magic Flute* – Scottish Opera at Festival Theatre;
 - 4.5.6 *I'm Sorry I Haven't a Clue* – BBC Radio 4 programme hosted at the Festival Theatre;
 - 4.5.7 Four local amateur productions, including *The Gang Show*, staged at the King's Theatre.
- 4.6 The Learning and Participation Team address health and social inequalities that exist for communities in the city, delivering their strategy seeking to make arts accessible for all, and continuing the Trust's commitment to relaxed and dementia-friendly performances, thereby widening access and sharing lessons learned locally, nationally and internationally.
- 4.7 A relevant example of both programme development, and sharing lessons learned as a result, is the Learning and Participation Team's project, FUSE, a two-year care

experienced young people's project, funded by Creative Scotland. It is the largest project of its kind in Scotland which aims to increase engagement in the performing arts amongst those who are care experienced. To date, the team has worked with young people from all types of care (looked after at home, foster care, residential care, kinship care, through care and after-care). Participants have had opportunities to see live theatre including the King's panto, CBeebies dress rehearsal, *Frankenstein*, *Everybody's Talking about Jamie* and *Six*. They also took part in a range of performance art workshops to let them try new things and develop new skills.

- 4.8 The Festival, King's and Studio Theatres also continue to work with several festivals hosting programmes including the Edinburgh International Festival, Edinburgh International Film Festival, and Edinburgh International Jazz and Blues Festival.
- 4.9 Capital Theatres celebrated the 25th Anniversary of the Festival Theatre in June 2019. Amongst many others, both the Lord Provost and the Cabinet Secretary for Culture, Tourism and External Affairs celebrated the theatre's longstanding history and exceptional reputation in the city.
- 4.10 225 participants from 14 different community groups came together to perform in front of nearly 600 people on a night of 25th Anniversary celebrations '25 Live' The Big Birthday Show. The variety of performances demonstrates Capital Theatres' support and development of talent whilst providing year-round opportunities to engage in their learning and participation programme. The '25 Live' variety show celebrated the talent of their participants and the breadth of their engagement work.

5. Next Steps

- 5.1 Capital Theatres will continue to deliver against both their Business Plan as well as Council Funding Agreement. The Third Party Cultural Grants Review agreed by Committee in [June 2019](#) recommended the creation of a Strategic Partnership Theatres Grouping of which Capital Theatres is the lead partner. The grouping includes the Lyceum Theatre, the Traverse, Edinburgh Performing Arts Development (EPAD) and Lung Ha Theatre Company. Evidently, the Priorities and Targets included in the related Funding Agreement have been overtaken by the COVID19 crisis. All Strategic Partners (revenue funded organisations and groupings) are being asked to report on the re-purposing of their funding with reference to the original Priorities included in the original Funding Agreements, and on subsequent mitigation, resilience and activity/event re-design activity.
- 5.2 Business and programme planning options continue in the exceptional context of the on-going COVID19 pandemic and associated Public Health Guidelines.

6. Financial impact

- 6.1 The Council awarded a grant of £586,154 to Capital Theatres in 2019/20.

- 6.2 Capital Theatres continue to successfully manage and deliver a very robust financial performance.

7. Stakeholder/Community Impact

- 7.1 Capital Theatres has an extensive and successful Learning and Participation programme reaching a very wide community base alongside its main theatres and Studio programmes seeking to deliver accessible programme of activities and theatre.
- 7.2 Capital Theatres meet their Council Funding Agreement Conditions.
- 7.3 Capital Theatres has an Environmental Policy – [Towards a Greener Future](#).

8. Background reading/external references

- 8.1 Capital Theatres website: [Capital Theatres](#)
- 8.2 [Capital Theatres Annual review 2018/19](#)
- 8.3 [Capital Theatres Company Performance Report 2017/18, report to Culture and Communities Committee, 13 November 2018](#)
- 8.4 [Capital Theatres Company Performance Report 2018/19, report to Culture and Communities Committee, 12 November 2019](#)

9. Appendices

- 9.1 Appendix 1 – King's Theatre Capital Project Update.
- 9.2 Appendix 2 – Funding Agreement 2019/20 Targets.

King's Theatre Capital Project Update

The planned £25m redevelopment of the Grade A listed King's Theatre will save the much-loved venue for the enjoyment and inspiration of generations to come.

In 2020-21 the following progress has been made:

- £17m funds secured, including £4m City of Edinburgh Council (CEC) commitment;
- Stage 1 pass from National Lottery Heritage Fund;
- RIBA Stage 3 completed; and
- Planning permission secured.

In light of COVID-19, the project was paused in March 2020. This impacted on meeting the funding and development timetable of the project and the start of works in September 2021.

Capital Theatres Board met at the end of September to analyse the risk associated with potential options such as delaying the project, phasing the project or scaling the project. The detailed risk analysis focused the Board's decision that the only feasible option is to progress the current scale and scope of project by a start date of 2022 at the latest. To do this Capital Theatres needs to secure, or at the very least have underwritten, the remaining £8m and has commenced discussions with Scottish Government.

With the extent of the pandemic on theatres' ability to reopen their doors, this is the best time to progress the project, utilising this inevitable downtime when the theatre will experience a slow return of customers upon reopening after closure due to COVID-19.

The next step will be to instruct the design team to move forward with RIBA stage 4 and on securing the balance of the budget, drawing down £1m of the committed Council funding to resource this, and allow the project to be completely "shovel ready" within seven to nine months, providing a much needed contribution to a kickstart to the construction sector, and allow Capital Theatres to come back in a more resilient way with a key community asset open for all by day and night when the pandemic is over.

Capital Theatres Funding Agreement Targets 2019/20

TARGETS

1. Ensuring that everyone has access to world class cultural provision

Targets:

The Recipient will:

1. Programme at least 2 pieces of international work in addition to Dance Consortium Tours.
2. Deliver at least 2 staged productions, 2 events and 2 facilitated theatre visits to ensure that people with a track record of low engagement/non-engagement have access to the arts, as artists, makers, producers and audience members. This may include disabled people, economically deprived and those otherwise underrepresented in their venues.
3. Programme inclusive performances (relaxed and/or dementia friendly performances and/or other performances) of at least 2 large-scale productions and 1 small-scale production.
4. Programme at least 25 described, 15 captioned and 25 sign language interpreted performances.
5. Expand programme of work with care-experienced young people, to comprise at least 1 family day, 1 creative project and 2 workshops for carers.
- 6 Increase access to Capital Theatres venues by expanding their programme of foyer activities and events, a minimum of 100 events (workshops, rehearsals, talks, activities). **Delivered in part c. 50 activities took place.**
7. Deliver Year 5 of the Dementia Friendly Communities (formerly Forget Me Not) project measured against its action plan.

2. Encouraging the highest standards of creativity and excellence in all aspects of cultural activity

Targets:

The Recipient will:

8. Achieve or exceed attendance targets. Attendance (including rentals) 405,000.
9. Facilitate high-quality engagement work (such as workshops, CLPL sessions, pre/post-show talks, open rehearsals, supported theatre visits etc) in

partnership with at least 5 visiting companies, representing a range of work from across the artistic programme.

10. Commission professional artists to create a new, small-scale dementia friendly work that goes on to complete a tour to appropriate settings in Edinburgh and the region.

3. **Supporting greater partnership working in the cultural and creative sectors and maximise resources available to help them thrive all year round**

Targets:

The Recipient will:

11. Continue to take an active part in the Edinburgh Cultural Venues Group, including attending a minimum of 75% of meetings.
12. Work with Lyceum and Traverse Theatres to deliver at least 1 career day for schools.
13. Programme quality work from consortia in which Capital Theatres are involved, at least 1 production from each group. These consortia are: Dance Consortium, Music and Lyrics, and Touring Partnership.

4. **Articulating the positive impact to culture in Edinburgh and promoting Edinburgh's cultural success locally, nationally and internationally**

Targets:

The Recipient will:

14. Programme at least 10 weeks of quality drama measured by critical appraisal in a range of digital and print publications aiming to achieve between 10 and 15 reviews for each production with at least 75% 4-star ratings.
15. Measure success by retaining or improving performance as measured against the Indigo customer experience benchmark which includes venues across the country. Current benchmark base of 4.31/5 from 19,006 respondents from various venues. Capital Theatres responses: Festival Theatre 4.50/5; and the King's Theatre 4.04/5.
16. Undertake initial audit of Capital Theatres performance against the Customer Service Excellence Standard by the summer of 2019. **Background work done, but audit not completed – had intended to implement 2020.**

5. **Developing and supporting the infrastructure which sustains Edinburgh's cultural and creative sectors**

Targets:

The Recipient will:

17. Progress the King's Theatre redevelopment project to RIBA Stage 3 – Developed Design.
18. Raise capital funds for the King's Theatre Redevelopment Project in line with the fundraising strategy.
19. Maintain and deliver rolling 5-year Capital Expenditure Plan for essential works and core maintenance at the Festival Theatre.

6. Investing in artist and practitioner development, and supporting and sustaining the local artistic community

Targets:

The Recipient will:

20. Develop and deliver a pilot project to support and collaborate with a minimum of one associate artistic company. This may include (but is not limited to): sharing the expertise of Capital Theatres staff, giving space in kind to develop new work, delivering Learning & Participation activities in partnership. Success will be measured by peer and user feedback.
21. Act as parent company, offering support in kind through offices and administrative facilities, and participate in the delivery of the aims of the Edinburgh Performing Arts Development project (EPAD), including its Action Plan. This project aims to support smaller arts organisations and individual practitioners and build capacity in the sector.
22. Support industry colleagues by continuing to participate in EPAD's Pool of Expertise.
23. Continue to provide financial and management services to 3 small Edinburgh arts organisations (one free and two fixed fee).

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

Edinburgh International Conference Centre – Annual Update – referral from the Housing, Homelessness and Fair Work Committee

Executive/routine
Wards All
Council Commitments

1. For Decision/Action

- 1.1 The Housing, Homelessness and Fair Work Committee has referred an annual update report on the Edinburgh International Conference Centre (EICC) to the Governance, Risk and Best Value Committee for information.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Edinburgh International Conference Centre – Annual Update

2. Terms of Referral

- 2.1 On 5 November 2020, the Housing, Homelessness and Fair Work Committee considered a report which provided an update on the performance of the EICC in the year ending 31 December 2019 and identified key areas of performance to be embedded as Key Performance Indicators (KPIs) in the Strategic Delivery Agreement (SDA) that was now under development.
- 2.2 The Housing, Homelessness and Fair Work Committee agreed:
 - 2.2.1 To note the annual performance update provided by the EICC as detailed in Appendix 1 of the report by the Executive Director of Place.
 - 2.2.2 To note the EICC Statement of Accounts for 2018 as reported to CEC Holdings Ltd and the Auditor's Report for EICC as detailed in Appendices 2 and 3 of the report respectively.
 - 2.2.3 To note the update on progress with the development of a Strategic Delivery Agreement and the proposed areas identified as KPIs.
 - 2.2.4 To refer this report to Governance Risk and Best Value Committee for information.

3. Background Reading/ External References

Minute of the Housing, Homelessness and Fair Work Committee of 5 November 2020

4. Appendices

Appendix 1 – report by the Executive Director of Place

Housing, Homeless and Fair Work Committee

10.00am, Thursday, 5 November 2020

Edinburgh International Conference Centre – annual update

Executive/routine Wards Council Commitments	Executive Citywide 2, 31
---	--

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 notes the annual performance update provided by Edinburgh International Conference Centre (EICC) as detailed in Appendix 1;
 - 1.1.2 notes the EICC Statement of Accounts for 2018 as reported to CEC Holdings Ltd and the Auditor's Report for EICC as detailed in Appendices 2 and 3 respectively;
 - 1.1.3 notes the update on progress with the development of a Strategic Delivery Agreement and the proposed areas identified as Key Performance Indicators (KPIs); and
 - 1.1.4 refers this report to Governance Risk and Best Value Committee for information.

Paul Lawrence

Executive Director – Place

Contact: David Cooper, Commercial Development and Investment Manager

E-mail: david.cooper@edinburgh.gov.uk | Tel: 0131 529 6233

Edinburgh International Conference Centre – annual update

2. Executive Summary

- 2.1 This report provides an update on the performance of the EICC in the year ending 31 December 2019 and identifies key areas of performance to be embedded as KPIs in the Strategic Delivery Agreement (SDA) that is now underdevelopment.

3. Background

- 3.1 On 13 December 2012 the Council approved arrangements for the governance of arms-length companies. The responsibility for overseeing the performance of EICC lies with the Housing, Homelessness and Fair Work Committee.
- 3.2 The principal remit of EICC, as detailed in the Shareholders' Agreement with the City of Edinburgh Council, is to:
- 3.2.1 procure the successful and continued operation of the Centre as a venue for conferences, exhibitions, trade shows, annual general meetings, cultural and sporting events, award ceremonies and other such events in a global market place with international and national customers so as to maximise the economic benefit to the City of Edinburgh;
 - 3.2.2 insure, maintain and upgrade the Centre from time to time as necessary to carry on its business; and
 - 3.2.3 operate on a prudent commercial basis in accordance with the Business Plan.
- 3.3 The Centre opened on Morrison Street in 1995 as a joint undertaking between Edinburgh District Council and Lothian and Edinburgh Enterprise. It is now owned by the City of Edinburgh Council. A £30m expansion of the Centre completed in 2013, enabling it to accommodate conferences of up to 2,000 delegates.
- 3.4 EICC occupies the Conference Centre on a peppercorn rent. Loan stock of £61.6m is due to the Council/CEC Holdings, representing money and assets paid into the company since its inception (for example the cost of constructing and extending the

Centre) but no call is being made on this at the current time. Since 2014, EICC has been charged by the Council with being financially self-sufficient.

- 3.5 On [7 June 2018](#), the Housing and Economy Committee agreed a motion calling for a report into the future capital expenditure requirements of EICC.
- 3.6 On [12 March 2020](#), the City of Edinburgh Council was presented with a business case proposing that the Council enter into a 25-year lease on a 365-bedroom hotel at The Haymarket Edinburgh, which would in turn be sub-let to EICC to operate as a hotel and hotel school under a franchise agreement with an international hotel brand, generating sufficient income to meet all EICC capital expenditure requirements over the duration of the lease along with surpluses for redistribution to the Council in later years. The Council agreed the business case and granted delegated authority to the Chief Executive to proceed with all agreements and actions required to commence the project. Subsequently, officers began detailed negotiations with the hotel developer around the lease terms.

4. Main report

EICC performance

- 4.1 Appendix 1 provides a summary of EICC's activities in financial year 2019 (1 January 2019 to 31 December 2019).
- 4.2 The paper summarises:
 - 4.2.1 the company's Key Performance Indicators (KPIs) set against previous years' performance;
 - 4.2.2 the key business developments achieved in the year;
 - 4.2.3 EICC's corporate and social responsibility, activity and its environmental focus; and
 - 4.2.4 the challenges the EICC is facing and its focus and key objectives moving forward.
- 4.3 Appendix 2 sets out the financial position of the company for 2019. The performance is positive and broadly consistent with the previous year, with a slight fall in total comprehensive profits attributable to increased finance costs. The headline figure is £623,483 of profit after tax, compared to £756,135 in the prior year. This performance taken alongside the awards and accreditations that have been achieved, show the company to have had a successful year.
- 4.4 Appendix 3 provides the Auditor's report for the 2019 year. The report concludes that the financial statements give a true and fair view and accord with applicable law; that no material issues affecting the company's ability to continue as a going concern have been identified (albeit Covid-19 is identified as an ongoing area of

material uncertainty); and that no subsequent events necessitating amendments or disclosures to be made to the financial statements had been identified.

- 4.5 This performance update should be referred to Governance Risk and Best Value Committee, in line with the Council's governance arrangements for arms-length companies.
- 4.6 It should also be noted that in accordance with Council policy on arms-length external organisations (ALEOs) that a service level agreement (SLA) needs to be agreed between the Council and the EICC. This work has been delayed due to the need to revise the document to reflect the hotel and hotel school project but a draft document (referred to as the Strategic Delivery Agreement) is scheduled to be brought to Committee on 14 January 2021.

Strategic Delivery Agreement (SDA)

- 4.7 In agreeing to enter into a lease to allow a hotel for the EICC to be established, the Council requested that additional governance arrangements be put in place to reflect the greater span of operations.
- 4.8 Heads of Terms for a Strategic Delivery Agreement are now in draft form and are being discussed between Council officers and the EICC Executive. The purpose of this document will be to sit alongside the Shareholder Agreement and to set out requirements in terms of performance, risk management and operating arrangements between the Council and EICC. This will cover the core business and the hotel and hotel school. More detail on the content of the SDA was set out in the above-mentioned report to the Council of 12 March 2020.
- 4.9 The areas identified for development into key performance indicators (KPIs) are as follows:
 - 4.9.1 Turnover – This is an existing KPI and will continue to be monitored.
 - 4.9.2 Economic Impact – As above.
 - 4.9.3 Customer Satisfaction – As above.
 - 4.9.4 Carbon Footprint – The EICC has already set out its commitment to carbon reduction. The intention is to report on the EICC targets and performance monitoring through a KPI.
 - 4.9.5 Fair Work – The Council has recently agreed the Poverty Commission's call to action and adopt the recommendations set out by the Commission. The EICC already has a range of policies in place to support and develop its staff. The purpose of a KPI will be to ensure that performance is tracked and reported. Discussions with the EICC Executive will explore whether there any additional or wider benefits that can be delivered. Training will most likely be covered within the Fair Work KPI although this may also be looked at separately in relation to the EICC Hotel School so as to capture benefits being realised by that initiative.

- 4.9.6 Community Benefits – The EICC already report this but not as a KPI. Officers will explore whether this can be developed into a metric as well as a qualitative assessment.
- 4.9.7 Accreditation and Awards – As above.
- 4.10 Committee are asked to note these KPI headings as the key areas that officers will discuss with the EICC Executive in developing the detail of the SDA. A further report will be provided once the Strategic Delivery Agreement is fully drafted. This is programmed for January 2021 and will seek final approval of the new governance arrangements.

5. Next Steps

- 5.1 A draft Strategic Delivery Agreement will be provided to Committee in 14 January 2021.
- 5.2 The next annual update on EICC's performance will be in Quarter 3 2021.

6. Financial impact

- 6.1 There are no financial impacts for the Council arising from this report. The costs associated with the development of the Strategic Development Agreement are being met from existing budgets.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 ["Edinburgh International Conference Centre Annual Update" – report to the Housing, Homelessness and Fair Work Committee, 31 October 2019](#)
- 8.2 ["Edinburgh International Conference Centre Hotel and Hotel School – Business Case" – report to the City of Edinburgh Council, 12 March 2020](#)

9. Appendices

- 9.1 Appendix 1 - EICC Performance Review 2019.
- 9.2 Appendix 2 - EICC Statement of Accounts 2019.
- 9.3 Appendix 3 – EICC audit management report 2019.

Appendix 1: EICC Performance Review 2019

INTRODUCTION

The purpose of this paper is to update and inform the Board on the performance of the Edinburgh International Conference Centre during the year to 31 December 2019 and to highlight some of the successes and achievements realised by the Company in the period under review.

PERFORMANCE

The Executive had forecast an operating surplus of £721,000 for the year to 31 December 2019. This was based on, amongst other things: the level of contracted bookings that had been secured for the year; an assessment of the conference market, which had been undertaken in the latter part of 2018; and the revenue shortfall that still had to be achieved to make the sales target for 2019.

The Executive believed that achieving this target would constitute a significant challenge as the Company faced a gross profit shortfall for the year of £1.625m as at 1 January. Due to the booking lead times of the various market segments it was recognised that this shortfall would have to be secured largely from short lead corporate business.

This was the highest value of business that the sales team had been required to contract, in the year - for the year, in the Company's history. The task of achieving target was made more difficult given the: relatively low levels of short lead business achieved historically; limited amount of space available for hire; difficulties faced by clients in securing hotel accommodation; and general levels of business uncertainty.

These challenges were compounded by an uncertain economic outlook, a relatively pessimistic corporate market and significant levels of competition from other venues.

In an effort to mitigate these factors the Sales Team's approach was to develop and build on the activities that they had introduced over the previous two years. These included: increasing the number of sales visits undertaken in the year; increasing the level of engagement with booking agents; increasing the reach of the EICC's campaigns; making more flexible offerings to clients and; increasing the overall appeal of the EICC to clients.

During the year the Sales Team also continued to adopt a much more focussed approach to securing corporate business by: offering commission to booking agents; promoting Day Delegate Rate business; securing increased levels of filler business and; broadening the breadth of the Company's sales base through increasing the diversity of events held at the EICC.

The combined effect of these initiatives had a significant impact on gross revenues for the year which amounted to £12.582m. This was an increase of £757k, compared to the previous year's figure of £11.825m, equivalent to an increase of 6.40.

These gross revenues generated a gross profit of £7.721m in 2019 compared to £7.346m for the previous year, which represents an increase of 5.10%. The gross

profit from operating activities amounted to £7.628m while other income and bank interest received generated a gross profit of £93k.

Operating activities for the year were made up of: room rentals amounting to £4.590m; additional event services, minus agents commission, which generated £1.454m; and £1.584m which was received in respect of catering commission.

The Company enjoyed a reasonable start to the year, given that it always faces a number of difficult trading months at the onset of its annual business operations. At the half year stage, the Conference Centre had generated gross profits of £3.473m which was £149k ahead of budget. The gross profit recorded in March, June and July was the highest level of gross profit recorded for those calendar months since the Company commenced trading.

The second half of the year saw a significant increase in business activity and operating performance generating gross profits of £4.248m. Whilst all six months performed well, in relative terms, the results for August and December generated the highest gross profit for their respective calendar month since the EICC opened in 1995.

The gross profit generated during 2019 from events was made up from the following market segments: international associations - £2.118m; national associations - £2.544m; corporates - £2.015m; exhibitions - £116k; stand-alone banqueting functions £627k; and venue 150 shows £208k.

The number of revenue generating events held during the year increased from 198 in the previous year to 209 in 2019. These events varied hugely in their size, duration, content, diversity and profitability.

However, 6 of the association events that were held in 2019 recorded a gross profit of over £170,000. Included in these numbers were 2 events which generated exceptional revenues, these were: TED Summit - £476k and; 31st FIRST annual conference - £312k. Indeed, the top 10 standard events by value generated £2.162m in cumulative gross profit during the year. This was an increase of £118k on the revenues generated by the top 10 standard events in 2018.

Day Delegate Rate business continued to grow during 2019. Of the £7.628m gross profit generated from operating activities, noted above, £5.932m was generated from standard/traditional events, whilst £1.696m was in respect of Day Delegate Rate events.

Until a few years ago these Day Delegate Rate events were regarded by the EICC as low value, unprofitable events. However, 85 events of this type were held during 2019. The top 10 Day Delegate Rate events by value generated £747k in cumulative gross profit during the year and 26 Day Delegate Rate events produced gross profits in excess of £20k per event.

Board Members should note that, following on from the success of the previous two years, an operating surplus was again recorded in 2019 for the month of August – this was only the third time that this has been achieved. The net operating profit of £61k for the month, was an increase on the figure achieved in the two previous years.

As an example of the increased volumes and diversity of business held in August the Conference Centre hosted 2 standard conferences, 3 Day Delegate Rate events and 24 Festival Fringe shows during the month.

Attendance at Fringe Festival shows has seen a steady increase over recent years. There were 75,860 attendees at festival events in 2017, this increased to 99,535 in 2018 and increased further to 102,700 in 2019. As an indicator of the growth of the EICC's festival business there were only 34,405 attendees at festival shows at the EICC in 2014.

The 24 festival shows that were held generated a cumulative gross profit of £169,113. Included within this total were 5 events showcasing Chinese music and culture which generated a combined gross profit of £52,984.

The Sales Team continued to broaden the diversification of events held at the EICC in the course of the year. During this period the Conference Centre hosted, amongst other things: celebrity dinners; a number of dance competitions; ballet performances; comedy shows; comic book and horror movie exhibitions; food and drink fairs; and university examinations.

Many of these types of events were held outwith normal event days and times and this, as well as the increase in the number of events, increased the occupancy levels of the Centre marginally to 60.41% for the year.

Events held at the EICC were attended by 89,505 delegates during the year, excluding festival performances. This equated to 287,714 delegate days which was a reduction of 12,738 delegate days compared to the previous year. This reduction was due to a change in the business mix.

These delegates generated an economic impact of £56.7m last year. Due to a change in the business mix, referred to above, this was a reduction of £1.4m on the figure generated in 2018. This reduction in economic impact for the year had been anticipated, however, and the resultant figure was £4.7m above budget for the year.

The Executive continued to place great focus on containing the levels of expenditure incurred during the year and as a result of; a stringent focus on cost controls; the achievement of a number of operating efficiencies; and deferring expenditure where appropriate, outgoings for the year were significantly below budget.

In overall terms the EICC generated an operating surplus of £1,446,046, for the year to 31 December 2019 compared to an operating surplus of £1,363,838 for the previous year. The operating surplus for 2019 represents a positive variance of £725,046 compared to the budget for the year.

It is worth noting that 2019 saw the EICC generate its highest ever levels of: gross revenues; gross profits; operating surplus and; average gross revenue per employee.

Some of the notable achievements and statistics, relating to the operation of the Conference Centre, for the year to 31 December 2019, with comparatives for the previous 4 years, are noted below. A number of these key indicators and statistics are also shown graphically in Appendix 1.

SALES

- Gross revenues for the year amounted to £12,582,918 for the year to 31 December 2019, (2018 - £11,824,652; 2017 - £11,409,704; 2016 - £10,089,647; 2015 - £9,310,360).
- Gross Profits, excluding other income and bank interest, were £7,627,865 for the year to 31 December 2019, (2018 – 7,291,315; 2017 - £7,033,668; 2016 - £6,382,623; 2015 - £5,480,216) and were made up of:-
 - Room rental revenues of £4,589,527 (2018 - £4,277,383; 2017 - £4,173,231; 2016 - £3,888,528; 2015 - £3,337,179).
 - Additional event charges amounting to £1,454,334 (2018 – £1,602,577; 2017 - £1,313,276; 2016 - £1,312,916; 2015 - £1,126,057).
 - Catering commission of £1,584,004 (2018 - £1,411,355; 2017 - £1,547,161; 2016 - £1,181,179; 2015 - £1,016,980).
- Average gross revenue generated per event in the year to 31 December 2019 was £60,205 (2018 - £59,720; 2017 - £64,099; 2016 - £58,322; 2015 - £66,981).
- Average gross profit generated per event during the year was £36,497 (2018 - £36,825; 2017 - £39,515; 2016 - £36,894; 2015 - £39,426).
- The TED Summit 2019 Conference was the largest event held during the year and generated a gross profit of £418,258, (2018 – The British Association of Dermatology Conference - £304,507; 2017 - 13th International Neuromodulation Society World Congress - £274,703; 2016 - SPIE Astronomical Telescopes & Instrumentation Conference - £260,220; 2015 - 15th IWRA World Water Congress - £240,642).
- During the year 33 events generated gross profits in excess of £70,000 per event, (2018 – 35 events; 2017 – 25 events; 2016 – 30 events; 2015 – 26 events). Of these events 23 generated gross profits in excess of £100,000 per event (2018 – 21 events; 2017 – 19 events; 2016 – 21 events; 2015 – 17 events)
- The EICC hosted 209 events in 2019, (2018 – 198; 2017 – 184 events; 2016 – 173 events; 2015 – 139 events).
- In 2019 the EICC held 14 International Association (IA) events and 3 International Corporate (IC) events, generating gross profits of £2,386,163 (2018 – 17 IA and 1 IC, profits of £2,402,310; 2017 – 17 IA and 3 IC, profits of £2,488,771; 2016 – 14 IA and 1 IC, profits of £2,428,522; 2015 – 8 IA and 0 IC, profits of £1,030,601).
- The Company achieved a business mix ratio during the year of 59% association, 28% corporate and 13% other - emanating from stand-alone catering events and festival business, (2018 – 65% association, 25% corporate and 10% other; 2017 – 63% association, 25% corporate and 12% other; 2016 – 71% association, 17% corporate and 12% other; 2015 – 58% association, 29% corporate and 13% other).

- 89,505 delegates attended events at the Conference Centre during the year, (2018 – 96,851; 2017 – 94,480 delegates; 2016 – 91,009 delegates; 2015 – 70,934 delegates).
- Business activity at the Conference Centre in the course of the year equated to 287,714 delegate days, (2018 – 300,452; 2017 – 275,517 delegate days; 2016 – 234,302 delegate days; 2015 – 208,251 delegate days).

FINANCE

- Expenditure in respect of the operational activities of the EICC amounted to £6,274,733 for the year to 31 December 2019 (2018 – expenditure of £5,982,619; 2017 – expenditure of £5,858,395; 2016 expenditure of £5,880,582; 2015 – expenditure of £5,690,705).
- The overall positive variance, in respect of the operating activities of the Conference Centre, during the year was £725,046 (2018 – positive £656,838; 2017 – positive £1,016,727; 2016 – positive £560,362; 2015 – positive £1,224,233).
- Gross revenues generated per full time equivalent team member for the year to 31 December 2019 was £267,721 (2018 - £262,770; 2017 - £259,311; 2016 - £240,230; 2015 - £221,675)
- The economic benefit to the City of Edinburgh, based on formulae calculated by DTZ Piedad, generated in the year to 31 December 2019 was £56.7m, (2018 - £58.1m; 2017 - £56.7m; 2016 - £51.6m; 2015 - £45.8m).

HUMAN RESOURCES

- The overall level of customer delight relating to events held in the Conference Centre during the year was 89%, as at 31 December 2019, (2018 – 89%; 2017 – 90%; 2016 – 89%; 2015 – 89%).
- Absenteeism levels for the year were only 2.1%, which is well below the national average, (2018 - 2.6%; 2017 – 2.9%; 2016 – 2.3%; 2015 – 1.9%).
- During the year to 31 December 2019 staff turnover was 7.41 (2018 – 12.2%; 2017 – 7.8%; 2016 – 10.2%; 2015 – 11.5%).
- The Company employed the equivalent of 47 full time personnel in respect of its conference centre operations during the year, (2018 – 45 personnel; 2017 – 44 personnel; 2016 - 42 personnel; 2015 – 42 personnel).

FUTURE BUSINESS

- As at 31 December 2019 the EICC had 179 confirmed future bookings, covering the period January 2020 to December 2028, (2018 – 155 confirmed bookings; 2017 – 160 confirmed bookings; 2016 – 148 confirmed bookings; 2015 – 123 confirmed bookings).

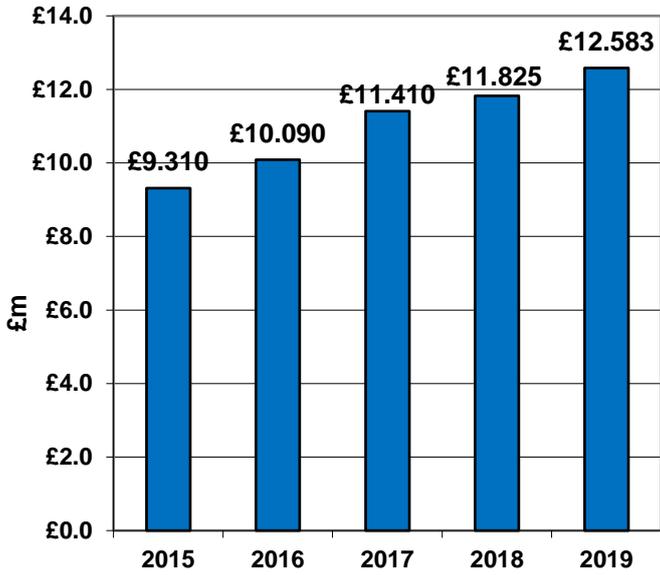
- The estimated economic benefit of all future confirmed events to be held at the EICC was £106.8m at 31 December 2019, (2018 - £103.3m; 2017 - £111.9m; 2016 - £81.1m; 2015 - £95.0m). This data is based on updated formulae provided by DTZ Peda.

RECOMMENDATION

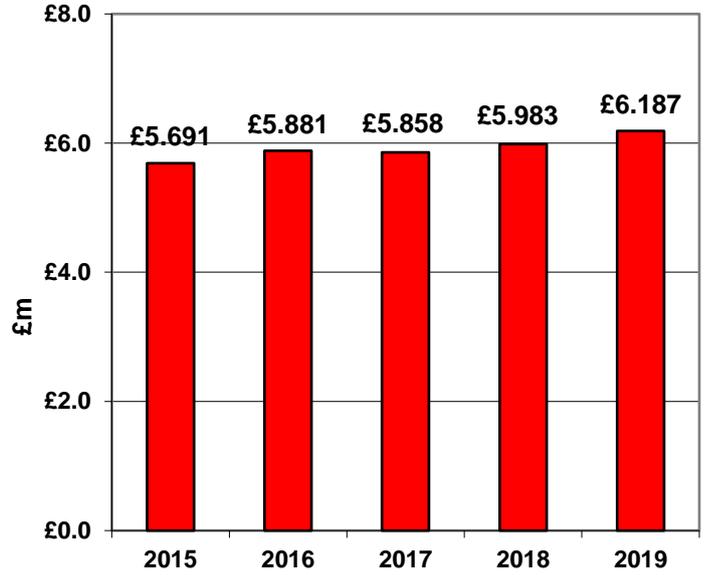
The Board is asked to note the report.

MARSHALL DALLAS
Chief Executive

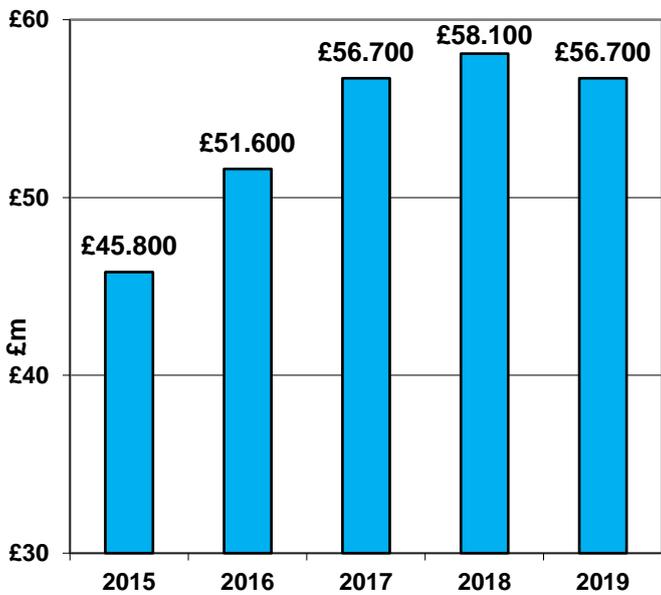
EICC Gross Revenues



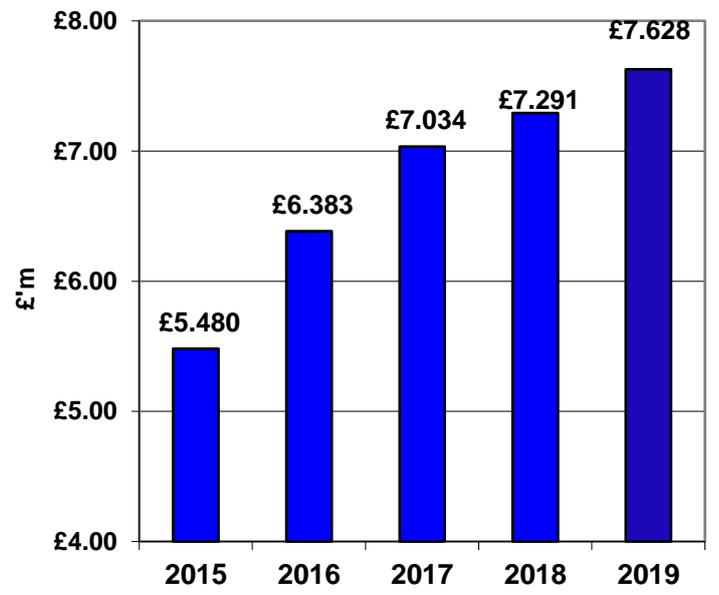
EICC Operational Expenditure



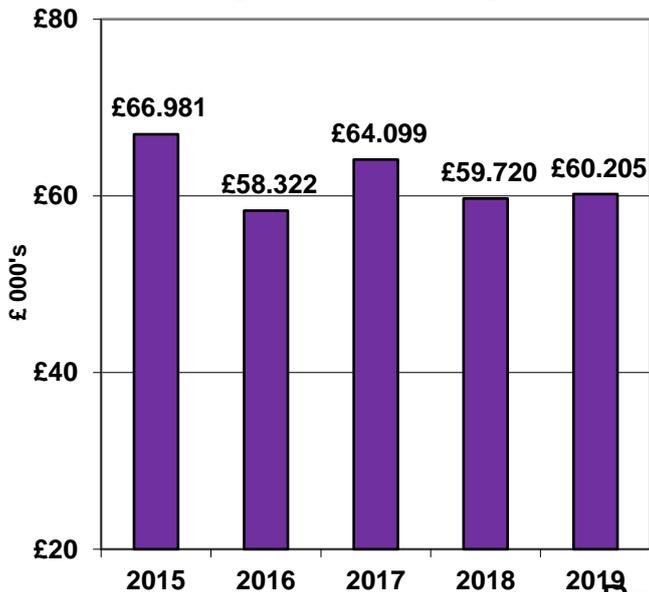
Economic Impact of Events during Year



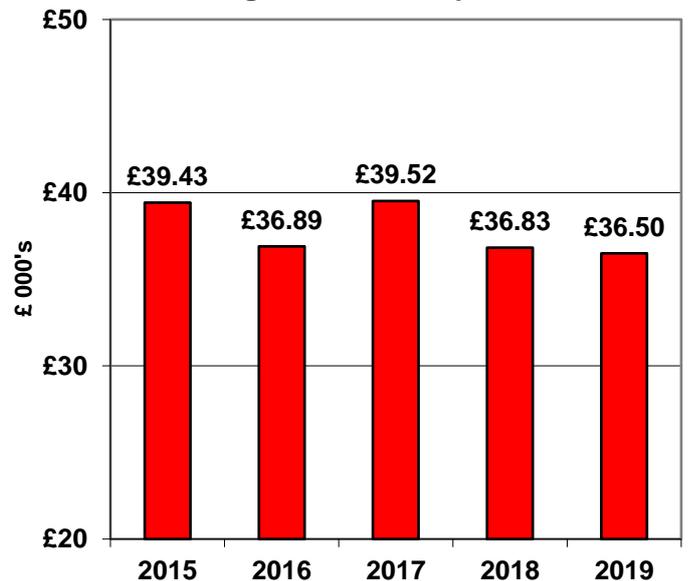
EICC Events Gross Profit



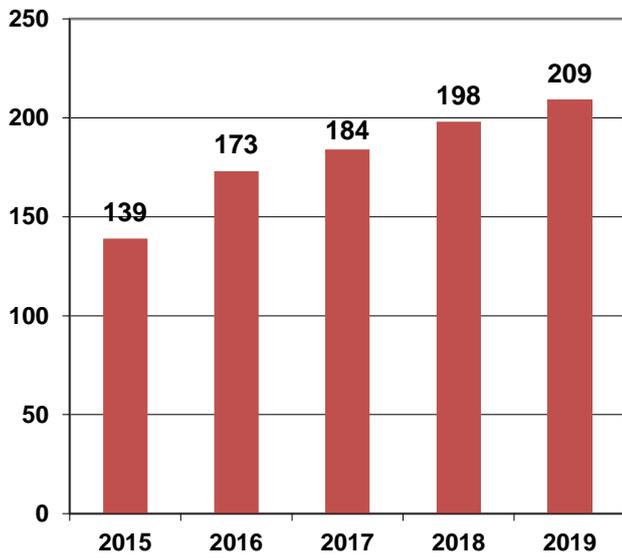
Average Gross Revenue per Event



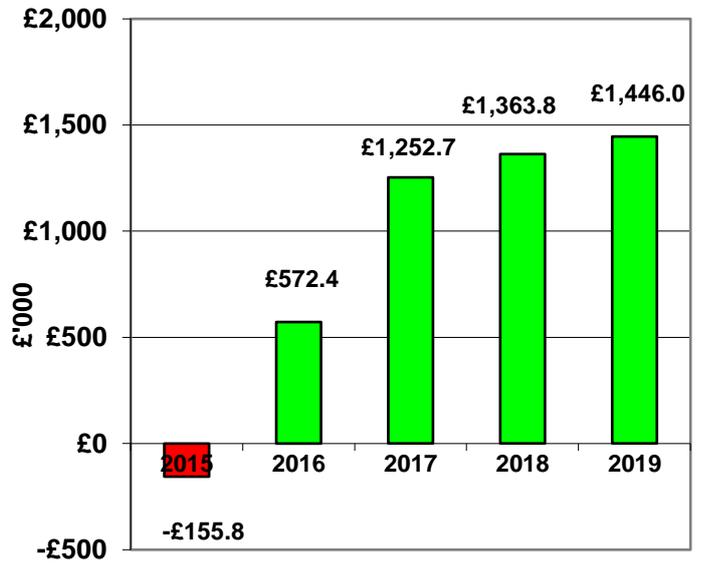
Average Gross Profit per Event



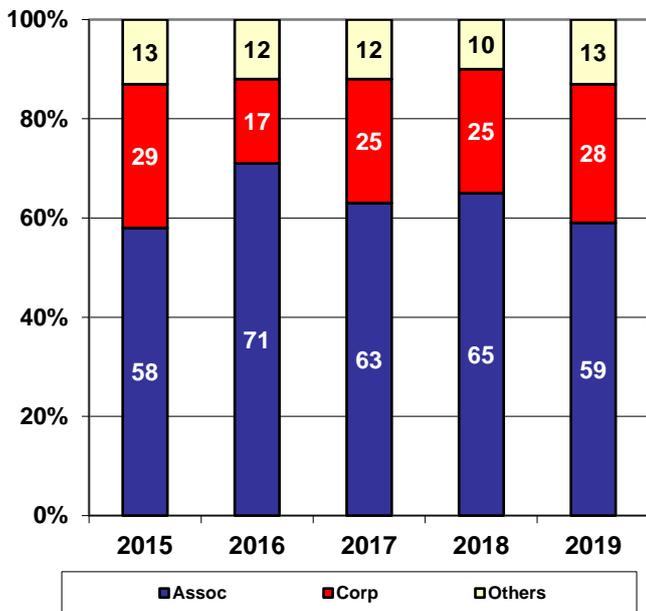
No of Events



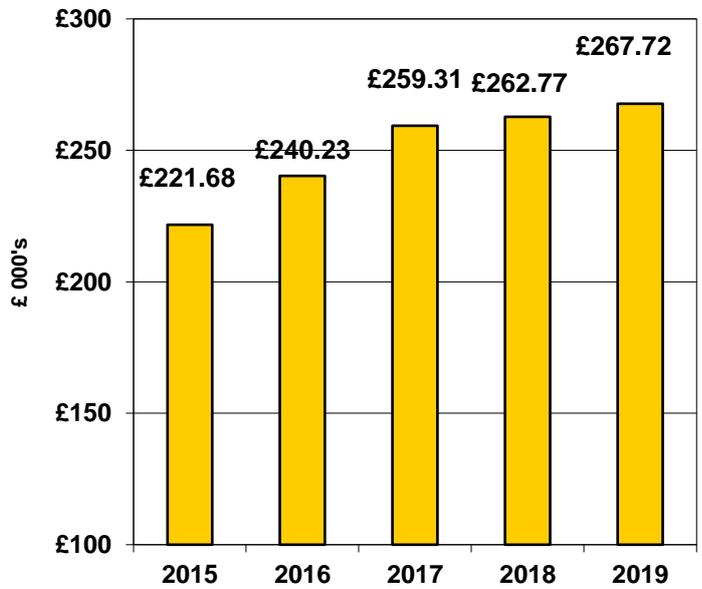
Operating Surplus/(Deficit)



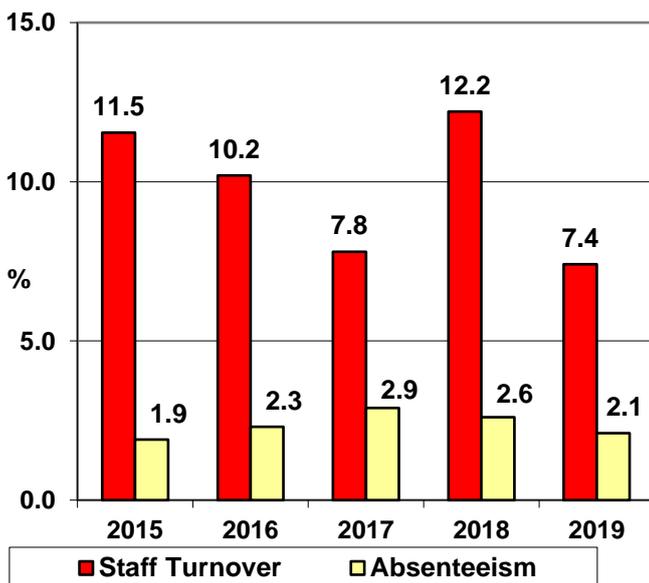
Business Mix ratio



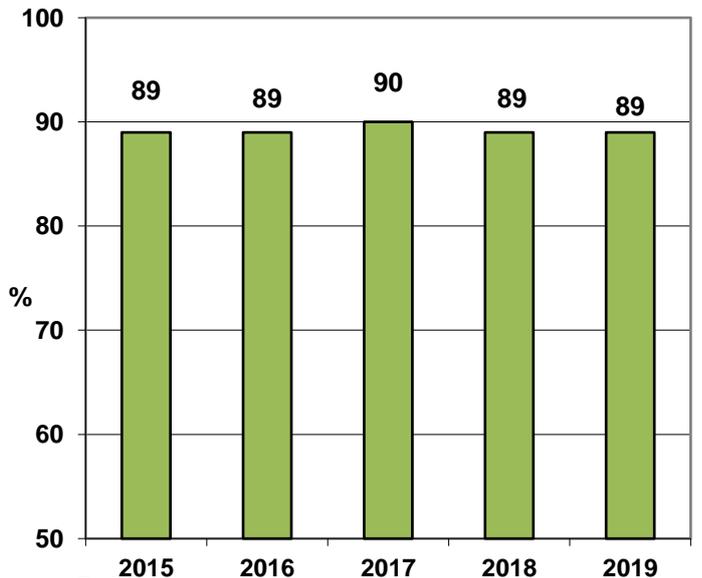
Average Gross Revenue per employee



Staff Turnover and Absenteeism



EICC Customer Delight



APPENDIX 2 - EICC STATEMENT OF ACCOUNTS 2019

EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2019

COMPANY NUMBER SC131773

GENERAL INFORMATION

Company number

SC131773

Present Company Directors

L.M. Cameron
M.C. Dallas
L.M. Florence
G.A. Gordon
J.Mc.H. McFarlane
S. Smith

Company Secretary

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Registered Office

Edinburgh International Conference Centre Limited
150 Morrison Street
Edinburgh
EH3 8EB

Auditor

Scott-Moncrieff Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

Bank of Scotland plc
3 Earl Grey Street
Edinburgh
EH3 9BN

Solicitors

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

STRATEGIC REPORT

Principal activities

The principal activities that the Company undertook during the year were in respect of the operation of an international conference centre.

Results and review of the business

The results for the year are shown on the statement of profit or loss and other comprehensive income on page 10.

The profit from continuing operations before tax for the year amounted to £630,202 (2018 – £760,180). The Company has, after taxation adjustments, a total comprehensive profit for the year of £623,483 (2018 – £756,135). The Directors do not recommend the payment of a dividend for the year ended 31 December 2019.

The year to December 2019 saw the Company produce its best ever operating profits, before adjustments for depreciation and the release of capital grants, and in what was another very successful year it improved its operating and financial performance for the fifth successive year.

This was achieved against a continuing backdrop of: a depressed economic outlook; increased levels of competition within the UK and from across the world; aggressive price competition; and a number of local problems including the difficulties encountered trying to secure sufficient hotel room allocations for clients.

In the course of the year the sales team secured the highest value of business contracted in the year - for the year, since the Company commenced its operations 25 years ago. This was as a result of a number of initiatives that had been introduced by the Company in the preceding three to four years which led to a marked increase in the number of enquiries and consequently the value of short lead bookings contracted during the period, compared to previous years.

The Company grew its turnover and gross profit, before adjusting for depreciation and the release of capital grants, through an increase in both volume and value of the Conference Centre's association, corporate, banqueting and other business. In addition to this there was year on year growth across all elements of the Company's operation, namely room rental charges, charges for additional services and catering commission. Turnover and gross profits were also significantly ahead of budget for the year.

The sales team continued to employ the initiatives that they have put in place in recent years and this enabled them to exceed the sales target for the year as well as lay down a solid platform for future years by reaching the desired revenue position, at the end of 2019, for each of the 4 succeeding years.

The cumulative effect of the sales team's activities had a significant impact on the Company's revenues for the year which amounted to £9.359m. This was an increase of £0.596m, on the previous year's figure of £8.763m, which is equivalent to an increase of 6.8%. These revenues generated a gross profit of £1.336m in 2019 compared to a gross profit of £1.360m for the previous year.

It should be noted that in 2019 the EICC recorded its highest levels of gross profit for the months of March, June, July, August and December since it commenced trading. August has historically been a very difficult month for the Conference Centre, however, a new strategy devised in 2017 has seen the Company record increased levels of operating surplus for that month for the last three years.

The Conference Centre held 209 events in 2019, which was an increase of 11 on the 198 events that were held in the previous year. These events varied enormously in their size, duration, diversity and profitability. Of the association events that were held during the year 6 recorded an event gross profit of over £170,000 each and the top 10 conference and meeting events by value generated £2.162m in cumulative event gross profit during the year.

Day Delegate Rate business continued to perform strongly during the year under review and 85 events of this type were held at the EICC during 2019. The top 10 Day Delegate Rate events by value generated £747,000 in cumulative event gross profit during the year.

The Company continued to broaden the diversification of events held at the EICC and in the course of the year, as well as holding conferences, meetings and exhibitions, the Conference Centre hosted, amongst other things: celebrity dinners; a variety of award ceremonies; dance competitions; ballet performances; comedy shows; comic book and horror movie exhibitions; theatre-circus performances; food and drink fairs; a Christmas food market; and university examinations.

Occupancy levels for the year increased to 61.02% and the Company experienced year on year growth in respect of: the number of booking enquiries received; the level of bookings contracted for future years; and the room rental charges, charges for additional services and catering commission derived from the Company's operations.

Expenditure in respect of cost of sales and administration expenses totalled £8.417m in 2019, which was an increase of £486,000 on the previous year's expenditure which had amounted to £7.931m. This represented an increase of 6.13% compared to the expenditure recorded during the previous year which was well within the budgeted expenditure levels. This was achieved as a result of the continuing stringent focus on cost controls and operating efficiencies.

The operating profit generated by the activities of the Conference Centre, which is the Company's internal measure of performance, was well ahead of target for the year. This measure of performance is based on the operating profit generated before adjustments in respect of depreciation and the recognition of capital grant income. 2019 saw the Company generate its highest ever levels of revenue, gross profits, and operating profit.

During the year 89,505 delegates attended events at the Conference Centre which was a decrease of 7,346 on the previous year. The number of delegate days generated by these delegates amounted to 287,714 for the year compared with 300,452 in 2018. This reduction in delegate numbers was anticipated as it was due to a change in the mix of business compared to the previous year.

The delegates who attended events at the EICC during the year generated an economic impact of £56.7m in 2019 compared to £58.1m during the previous year. It had been anticipated that the economic impact generated for the year would be lower than that achieved in 2018 due to a change in the mix of the Company's business. The economic impact that is produced as a result of the EICC's activities helps to create and sustain employment within Edinburgh and further afield.

The Company continues to align its operations with the business excellence model, and it is accredited to a number of quality standards. These standards cover systems management, human resources and environmental practices and the EICC continues to achieve very positive results from assessments in respect of its re-accreditation to these standards.

The Company made significant progress towards its aim of operating an hotel, in close proximity to the Conference Centre, during the year. It is believed that this is essential in order to provide the necessary funding for the Conference Centre's long term capital expenditure programme.

In the course of the year the Company: undertook a number of independent consultancy studies in respect of the project; entered into discussions with a developer regarding the lease of a suitable property for the hotel; and selected an appropriate hotel franchise operation, under whose branding the hotel would be operated.

The City of Edinburgh Council, the Company's parent organisation, approved the project on 12 March 2020. Activities aimed at securing an agreement for lease with the developer and a franchise agreement with the hotel brand have been taking place since then and at this point in time these negotiations are still in progress.

Future business on the books was at its highest ever level coming into 2020, both for the current year and for each of the succeeding years until 2024. The coronavirus pandemic has however had a significant impact on event bookings for the period from mid-March until the end of August. Though, at this point in time it is difficult to ascertain how great the effect of the crisis will be on the Company from September until the end of the year.

The principal risk to the business from the pandemic is the cancellation of business, or the rescheduling of events to subsequent years, resulting in a significant loss of revenues with a corresponding reduction in operating profits for 2020. This is compounded by: the uncertainty surrounding the medium term impact of the current restrictions; when they will be eased with specific reference to the Company's operations; and what mitigating reliefs will be available and for how long.

The Company has held the view for many years that its team members are its principal asset, and this remains to be the case. It is therefore keen to protect them and retain the experience and expertise that they have with regard to the operation of the Conference Centre. Whilst a significant number of these team members are currently on furlough leave the Company will use its best efforts to retain them through the current crisis.

The sales team have negotiated the retention and rescheduling of a significant amount of client business since the crisis began and this has been aided by the client relationships that have been developed over many years and by the loyalty of many of the Company's customers. It is believed that many of these customer relationships have been strengthened further as a result of the flexible approach that the Company has adopted during the crisis.

The Company had budgeted an operating surplus of £0.9m for 2020, however, as a result of the current crisis this has been significantly downgraded and the Company is now forecasting producing an operating loss of £0.8m for the year. This will, however, be affected by: how long the crisis lasts; when the easing of restrictions will apply to the Conference Centre's business; and the social distancing measures that will need to be put in place and how these will affect the Conference Centre's operations.

Notwithstanding the above the Conference Centre has an extensive list of bookings for future years and the Company's business outlook for the medium and long term remains very positive.

This is reinforced by the fact that even in the midst of the current crisis the sales team has continued to receive a steady stream of enquiries for 2021 and subsequent years. Indeed since the current lockdown period commenced: 2 large corporate bookings have been contracted for January 2021; a large association event has been contracted for September of the same year; and a further enquiry has recently been received from a large international corporation for an event scheduled for May 2021.

Key performance indicators

The Company's performance with regard to its key financial and other performance indicators during the year was as follows:-

	2019 £'000	2018 £'000	% Change
Turnover	9,359	8,763	6.80%
Cost of sales and administration expenses	8,417	7,931	(6.13)%
Customer delight	89%	89%	0%
Economic impact	56,713	58,118	(2.42)%

Risks and uncertainties

In common with many other businesses the Company is exposed to a range of risks. The principal risks and uncertainties facing the Company are associated with market forces and the behaviour of competition as well as the risks associated with catastrophic events.

As noted above, the coronavirus pandemic will undoubtedly have a significant impact on the Company's business results for 2021. Whilst the extent of the risk posed by the crisis remains uncertain, the Directors believe that the business outlook for the medium and long term remains very positive.

The Directors recognise that the Company has lost business, and will lose business in the future, as a result of Brexit and the uncertainty surrounding its implementation. However, they believe that such losses will be compensated for by securing increased levels of business from the UK, America and the Far East.

Future developments

The Directors intend to maintain the objectives and aims of the Company, which have resulted in many notable achievements and successes to date.

Director
14 August 2020

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and financial statements, in respect of Edinburgh International Conference Centre Limited (the Company), for the year ended 31 December 2019.

Directors

The Directors who served during the period were as follows:

L.M. Cameron	
K.R. Campbell (Chair)	resigned 14 February 2019
M.C. Dallas	
L.M. Florence	
G.A. Gordon (Chair)	appointed 27 March 2019
J.Mc.H. McFarlane	
S. Smith	

None of the Directors had any interest in the shares of the company during the period.

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit and liquidity risk are described in note 22 to the financial statements.

The Company's ultimate parent entity, the City of Edinburgh Council, has committed to providing continued funding, sufficient to meet all liabilities as and when they fall due.

After making suitable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements, as described in note 2 to the financial statements.

Directors' responsibilities for the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the company financial statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS's, as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company auditor is unaware and each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Scott-Moncrieff Audit Services as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board

Pinsent Masons Secretarial Limited
14 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH INTERNATIONAL CONFERENCE CENTRE LTD

Opinion

We have audited the financial statements of Edinburgh International Conference Centre Limited (the 'company') for the year ended 31 December 2019 which comprises the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainty related to going concern

We draw attention to the Directors Report and note 2 in the financial statements, which indicate that Edinburgh International Conference Centre Ltd is reliant on the continued support of the City of Edinburgh Council to continue as a going concern. As stated in note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, *Senior Statutory Auditor*
For and on behalf of
Scott-Moncrieff Audit Services, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the year ended 31 December 2019

	Notes	£	2019 £	2018 £
Revenue	3		9,359,444	8,763,365
Cost of sales			<u>(8,023,259)</u>	<u>(7,403,240)</u>
Gross profit			1,336,185	1,360,125
Other income	4	-		21,819
Development expenses		(115,022)		(21,819)
Administration expenses		<u>(393,690)</u>		<u>(528,096)</u>
			<u>(508,712)</u>	<u>(528,096)</u>
Operating profit from continuing operations	6		827,473	832,029
Finance revenue	8		35,362	21,289
Finance costs	9		<u>(232,633)</u>	<u>(93,138)</u>
Profit from continuing operations before tax			630,202	760,180
Tax charge	10		<u>(6,719)</u>	<u>(4,045)</u>
Total comprehensive profit for the year			<u>623,483</u>	<u>756,135</u>

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share Capital £	Other Reserves £	Retained Earnings £	Shareholder's Funds £
At 31 December 2017	63	60,970,805	(54,230,046)	6,740,822
Total comprehensive profit for period	-	-	756,135	756,135
Increase in loan stock	-	<u>595,438</u>	<u>-</u>	<u>595,438</u>
At 31 December 2018	63	61,566,243	(53,473,911)	8,092,395
Total comprehensive profit for period	-	-	623,483	623,483
Increase in loan stock	-	<u>716,826</u>	<u>-</u>	<u>716,826</u>
At 31 December 2019	<u>63</u>	<u>62,283,069</u>	<u>(52,850,428)</u>	<u>9,432,704</u>

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	£	2019 £	2018 £
Non-current assets				
Property, plant and equipment	11		6,592,904	6,597,860
Right of use assets	12		<u>1,035,583</u>	-
			7,628,487	6,597,860
Current assets				
Trade and other receivables	13	3,500,353		3,407,272
Cash and cash equivalents	14	<u>5,655,883</u>		<u>4,751,620</u>
			<u>9,156,236</u>	<u>8,158,892</u>
Total assets			<u>16,784,723</u>	<u>14,756,752</u>
Current liabilities				
Trade and other payables	15	1,798,589		2,274,364
Financial liabilities	16	93,508		-
Capital grants	17	216,024		281,811
Deferred revenue	17	<u>2,193,232</u>		<u>1,943,969</u>
			4,301,353	4,500,144
Non-current liabilities				
Financial liabilities	16	1,350,124		217,380
Capital grants	17	1,304,852		1,520,876
Deferred revenue	17	<u>395,690</u>		<u>425,957</u>
			3,050,666	2,164,213
Capital & reserves				
Issued share capital	18	63		63
Other reserves	19	62,283,069		61,566,243
Accumulated losses		<u>(52,850,428)</u>		<u>(53,473,911)</u>
			<u>9,432,704</u>	<u>8,092,395</u>
Total equity & liabilities			<u>16,784,723</u>	<u>14,756,752</u>

The financial statements were authorised for issue by the Board of Directors on 14 August 2020 and were signed on its behalf, on that date, by:

Councillor George Gordon
 Director:

Councillor Stephanie Smith
 Director:

CASHFLOW STATEMENT
For the year ended 31 December 2019

	£	2019 £	2018 £
Operating activities			
Profit before tax	630,202		760,180
Finance revenue	(35,362)		(21,289)
Finance costs	<u>232,633</u>		<u>93,138</u>
Operating profit for the year	827,473		832,029
Net finance revenues	35,362		21,289
Depreciation on property, plant and equipment	716,454		817,425
Depreciation on right-of-use assets	125,236		-
Capital grants released	(281,811)		(459,807)
(Increase) in trade and other receivables	(93,081)		(977,025)
(Decrease)/increase in trade and other payables	(475,775)		493,229
Increase in deferred income	<u>218,996</u>		<u>47,703</u>
Cash generated from operations	1,072,854		774,843
Tax on continuing operations	<u>(6,719)</u>		<u>(4,045)</u>
Cash flow from operating activities		1,066,135	770,798
Investing activities			
Proceeds from sale of property, plant and equipment	-		-
Payments to acquire property, plant and equipment	<u>(711,498)</u>		<u>(595,438)</u>
Cash flow from investing activities		(711,498)	(595,438)
Financing activities			
Receipt of loan stock	716,826		595,438
Repayment of lease liability	<u>(167,200)</u>		<u>-</u>
Cash flow from financing activities		<u>549,626</u>	<u>595,438</u>
Net increase in cash and cash equivalents		904,263	770,798
Cash and cash equivalents at 1 January 2019		<u>4,751,620</u>	<u>3,980,822</u>
Cash and cash equivalents at 31 December 2019		<u>5,655,883</u>	<u>4,751,620</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Authorisation of financial statements and statement of compliance with IFRS's

The financial statements of Edinburgh International Conference Centre Limited for the year ended 31 December 2019 were approved by the Board of Directors on 28 July 2020 and signed on its behalf by the Directors noted on the Statement of Financial Position. Edinburgh International Conference Centre Limited is a company incorporated and domiciled in Scotland. The principal activities of the Company are described in Note 3 and information regarding its ultimate parent company is presented in Note 21.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2019 and applied in accordance with the Companies Act 2006.

The accounting policies which follow set out those policies which apply, in preparing the financial statements for the year ended 31 December 2019. The Company has used the "cost of sales" method of presenting income and expenditure and the Company's financial statements are presented in Sterling.

New accounting standards adopted during the year

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2019 and have been adopted by the company:

- Leases (IFRS 16)
- Income taxes: treatment of tax consequences of dividends and other distributions (Amendments to IAS 12)
- Uncertainty over income tax treatments (IFRIC 23)

The introduction of IFRS 16 has not had any significant impact on the operating profits generated by the Company during the year. Its principal effect has, however, been to introduce approximately £1m of right-of-use assets onto the Statement of Financial Position. These assets have been offset by a corresponding increase in financial liabilities.

The above amendments are not considered to have materially impacted the financial statements of the company.

New standards and interpretations issued not applied

The International Accounting Standards Board and IFRIC have issued the following standards and interpretations, which may have an impact on the company, with an effective date for financial years beginning on or after the dates disclosed below and therefore after the date of these financial statements:

<i>International Accounting Standards and Interpretations</i>		<i>Effective for annual periods beginning on or after</i>
IFRS 3 *	Definition of a business	1 January 2020
Amendments to IAS 1/IAS 8 *	Definition of material	1 January 2020
IFRS 17 *	Insurance contracts	1 January 2021

* not yet adopted for use in the European Union

The directors have reviewed the requirements of the new standards and interpretations listed above and are satisfied that they are not expected to have a material impact on the company's financial statements in the period of initial application.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the Company's ultimate parent undertaking, The City of Edinburgh Council. It should be noted that COVID 19 has had a significant negative affect on the Company's operations during 2020, and the impact of this is outlined in Note 23. Notwithstanding this, however, having taken into account the Company's cash balances at the year end it is the directors' opinion that the financial statements should be prepared on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year. Uncertainty about these assumptions and estimates could, however, result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas impacted by such judgements and estimation uncertainties, within these accounts, relate primarily to the depreciation policy used, assumptions used in undertaking impairment reviews and the basis of determining whether or not to capitalise equipment purchases in respect of fixed assets and the recoverability of items contained within trade and other receivables.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows: Infrastructural works - 20 years; Leasehold Land and Buildings - 10 to 50 years; Office Equipment and Furniture - 3 to 10 years.

Management use judgement in arriving at the Company's depreciation policy by taking account of the residual value of the assets concerned and their useful economic life. The Company expects that items of property, plant and equipment will be used for their entire life and as a result it is expected that these items will have no residual value. An assets useful economic life is based on past experience and general expectations.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

The capitalisation of infrastructural works and assets under construction is based on management's judgement of when a projects future economic benefit can be determined. Initial project development costs in respect of feasibility studies, design team fees and pre construction activities are expensed via the statement of comprehensive income. However, once a project's feasibility has been determined and a future benefit is expected to arise from it the costs of that project are capitalised.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Capital grants

Grants in respect of capital expenditure are credited to deferred income and are released to income in equal amounts over the expected useful lives of the relevant assets by equal annual instalments.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the statement of financial position.

The interest elements of the rental obligations are charged in the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

The lease of the Conference Centre was treated as a finance lease until 8 December 1999 when the option to enter into a new lease was exercised. From this date the assets have been depreciated over their useful lives, rather than the period of the lease, as the substance of the transaction is effectively that of financing. The leaseholders hold no rights to impose restrictions on or reclaim the title of the Conference Centre.

Leased assets

For all contracts in existence on 1 January 2019 and any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

Where it is determined that: the contract contains an identified asset; the Company has the right to obtain substantially all of the economic benefits from the use of that asset throughout the period of use; and it has the right to direct the use of that asset throughout the period of use, the contract will be deemed to include a right-of-use-asset.

At lease commencement date, a right-of-use asset and a lease liability are recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and an estimate of any costs required to dismantle and remove the asset at the end of the lease.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

Within the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in financial liabilities.

In adopting IFRS 16 the Company has used the modified retrospective approach of initially applying the standard as an adjustment to opening equity at the date of initial application. In keeping with this approach comparative figures have not been restated.

Trade and other receivables

Trade receivables which generally have 30 day terms are recognised and carried at their original invoiced value, less an allowance for impairment of doubtful debt. An allowance for doubtful debt is estimated by management, taking into account future cashflows, based on past experience and an assessment of the current economic climate in which the company operates.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

Trade and other payables

Trade and other payables are recognised at fair value and subsequently held at amortised cost.

Loans

Loans are initially recognised at fair value and then held at amortised cost using the effective interest rate method of calculation. The effective interest rate charge for the year is included in finance costs in the statement of comprehensive income.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantially enacted at the reporting date.

The Company does not recognise amounts which may be recoverable under group relief until the tax computations for the companies in the tax group have been agreed.

Revenue recognition

EICC contracts with a range of customers to provide meeting and conference facilities for the events that they wish to hold. Under the terms of these contracts the Company usually receives a number of stage payments from clients prior to and post their event taking place. The Company however does not finish performing its obligations until the end point of the contract and that is when revenue is recognised.

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2019 £	2018 £
Revenue recognised from contracts with customers	9,300,766	8,720,830
Rendering of other services	<u>58,678</u>	<u>42,535</u>
	<u>9,359,444</u>	<u>8,763,365</u>

4. Other Income

Other income recognised in the statement of comprehensive income is analysed as follows:

	2019 £	2018 £
Reimbursement of development expenditure	=	<u>21,819</u>

5. Segment information

For management purposes the Company operates as a single business unit.

All revenues are derived from external customers who are based in the United Kingdom. No single customer accounted for 10 per cent or more of the Company's revenues.

6. Operating profit

This is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of fixed assets	841,690	817,425
Auditor's remuneration - audit services	10,800	10,250
Auditor's remuneration – taxation services	1,680	1,600
Other income	-	(21,819)
Capital grants released	<u>(281,811)</u>	<u>(459,807)</u>

7. Staff costs and directors' emoluments

(a) Staff costs

	2019 £	2018 £
Salaries	2,403,368	2,289,985
Social security costs	210,753	196,590
Pension costs	<u>133,630</u>	<u>124,759</u>
	<u>2,747,751</u>	<u>2,611,334</u>

The monthly average number of staff employed during the year was:

	2019	2018
Sales and Marketing	15	11
Operations	43	41
Administration	7	7

(b) Directors' emoluments

	2019 £	2018 £
Directors' remuneration	313,907	296,855
Directors' pension	<u>20,788</u>	<u>28,402</u>
	<u>334,695</u>	<u>325,257</u>

7. Staff costs and directors' emoluments (cont.)

The remuneration of the highest paid director included:

	2019 £	2018 £
Directors' remuneration	184,644	171,980
Directors' pension	<u>8,415</u>	<u>16,461</u>
	<u>193,059</u>	<u>188,441</u>

8. Finance revenue

	2019 £	2018 £
Interest receivable on bank deposits	<u>35,362</u>	<u>21,289</u>

9. Finance costs

	2019 £	2018 £
Effective interest on loan stock	(162,984)	(93,138)
Effective interest on right-of-use-assets	<u>(69,649)</u>	<u>-</u>
	<u>(232,633)</u>	<u>(93,138)</u>

10. Tax charge

	2019 £	2018 £
UK Corporation Tax	<u>6,719</u>	<u>4,045</u>

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 19.00% (2018: 19.25%). A number of factors affect the tax charge, and these are shown/reconciled below:

	2019 £	2018 £
Profit from continuing operations before tax	<u>630,202</u>	<u>760,180</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.25%)	119,738	144,434
Expenses not deductible for tax purposes	6,153	6,432
Fixed asset differences	60,686	87,417
Adjust deferred tax to average rate	(17,635)	(24,656)
Deferred tax not recognised	<u>(162,223)</u>	<u>(209,582)</u>
Tax charge for the period	<u>6,719</u>	<u>4,045</u>

As at 31 December 2019 there was an unrecognised deferred tax asset amounting to £(1,399,094) (2018: £1,561,373) of which £290,780 (2018: £331,984) was in respect of accelerated capital allowances and other timing differences and £1,108,314 (2018: £1,229,389) was in respect of trading losses. The directors have elected not to recognise a deferred

tax asset due to uncertainty surrounding future profitability from which any reversal of timing differences could be deducted.

No other factors that may affect future tax charges have been identified.

11. Property, plant and equipment

	Infrastructure Works £	Long Leasehold Buildings £	Office Equipment & Furniture £	Total £
Cost or valuation				
At 1 January 2019	6,669,993	35,264,791	6,141,833	48,076,617
Additions	-	337,943	373,555	711,498
Disposals	-	-	-	-
At 31 December 2019	<u>6,669,993</u>	<u>35,602,734</u>	<u>6,515,388</u>	<u>48,788,115</u>
Depreciation				
At 1 January 2019	6,482,867	30,194,285	4,801,605	41,478,757
Charge for the period	112,338	185,931	418,185	716,454
Released on disposal	-	-	-	-
At 31 December 2019	<u>6,595,205</u>	<u>30,380,216</u>	<u>5,219,790</u>	<u>42,195,211</u>
Net book value				
At 31 December 2018	<u>187,126</u>	<u>5,070,506</u>	<u>1,340,228</u>	<u>6,597,860</u>
At 31 December 2019	<u>74,788</u>	<u>5,222,518</u>	<u>1,295,598</u>	<u>6,592,904</u>
Cost or valuation				
At 1 January 2018	6,669,993	35,264,791	5,546,395	47,481,179
Additions	-	-	595,438	595,438
Disposals	-	-	-	-
At 31 December 2018	<u>6,669,993</u>	<u>35,264,791</u>	<u>6,141,833</u>	<u>48,076,617</u>
Depreciation				
At 1 January 2018	6,202,838	29,999,292	4,459,202	40,661,332
Charge for the period	280,029	194,993	342,403	817,425
Released on disposal	-	-	-	-
At 31 December 2018	<u>6,482,867</u>	<u>30,194,285</u>	<u>4,801,605</u>	<u>41,478,757</u>
Net book value				
At 31 December 2017	<u>467,155</u>	<u>5,265,499</u>	<u>1,087,193</u>	<u>6,819,847</u>
At 31 December 2018	<u>187,126</u>	<u>5,070,506</u>	<u>1,340,228</u>	<u>6,597,860</u>

Long leasehold buildings consist of freehold buildings constructed on land that is leased to the company until 2117.

12. Right-of-use-assets

	Long Leasehold Buildings £	Office Equipment & Furniture £	Motor Vehicles £	Total £
Cost or valuation				
At 1 January 2019	-	-	-	-
Recognition of right-of-use assets on initial application of IFRS 16	1,143,059	9,336	8,424	1,160,819
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>1,143,059</u>	<u>9,336</u>	<u>8,424</u>	<u>1,160,819</u>
Depreciation				
At 1 January 2019	-	-	-	-
Charge for the period	112,639	9,336	3,261	125,236
Released on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>112,639</u>	<u>9,336</u>	<u>3,261</u>	<u>125,236</u>
Net book value				
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>1,030,420</u>	<u>-</u>	<u>5,163</u>	<u>1,035,583</u>

The right-of-use assets are included under the same fixed asset categories as they would be if they were owned.

13. Trade and other receivables

	2019	2018
	£	£
Trade receivables	1,459,520	1,815,500
Amount owed by CEC Holdings Limited and the City of Edinburgh Council	1,794,704	1,421,149
Other receivables	1	1
Prepayments	<u>246,128</u>	<u>170,622</u>
	<u>3,500,353</u>	<u>3,407,272</u>

Trade receivables are non-interest bearing and are generally on 30 days' terms. As at 31 December 2019 no trade receivables were determined to be impaired (31 December 2018: nil).

13. Trade and other receivables (cont.)

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Total £	Neither past due nor impaired £	Past due but not impaired		
			< 30 days £	30-60 days £	> 90 days £
At 31 December 2018	1,815,500	1,533,716	183,110	45,571	53,103
At 31 December 2019	1,459,520	1,329,016	108,389	22,272	(157)

The credit rating of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings, where available, historical information in respect of repeat business and payment history with regard to current business.

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>5,655,883</u>	<u>4,751,620</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £5,655,883 (31 December 2018: £4,751,620).

15. Trade and other payables

	2019 £	2018 £
Trade payables	813,111	1,152,125
Value Added Tax	59,751	142,304
Other taxes and social security costs	55,985	56,139
Other payables	455,478	428,780
Accruals	<u>414,264</u>	<u>495,016</u>
	<u>1,798,589</u>	<u>2,274,364</u>

Trade payables are non-interest bearing and are normally settled on 30-60 days' terms. Other payables are non-interest bearing.

16. Financial liabilities

Loans and borrowings

	2019 £	2018 £
Fair value - Right-of-use-assets	1,063,268	-
Fair value - Loan stock	<u>380,364</u>	<u>217,380</u>

	<u>1,443,632</u>	<u>217,380</u>
16. Financial liabilities (cont.)		
	2019	2018
	£	£
This is made up as:		
Current obligations	93,508	-
Non-current obligations	<u>1,350,124</u>	<u>217,380</u>
	<u>1,443,632</u>	<u>217,380</u>
Non-current obligations are made up as:		
	2019	2018
	£	£
Due within one year	97,608	-
Due within two to five years	823,369	214,700
Due after five years	<u>429,147</u>	<u>2,680</u>
	<u>1,350,124</u>	<u>217,380</u>
Financial liabilities are made up of:		
Right-of use-assets		
	2019	2018
	£	£
Current obligations	93,508	-
Non-current obligations	<u>969,760</u>	-
	<u>1,063,268</u>	-
Non-current obligations are made up as:		
	2019	2018
	£	£
Due within one year	97,608	-
Due within two to five years	443,362	-
Due after five years	<u>428,790</u>	-
	<u>969,760</u>	-

The Company has entered into a number of leases in relation to office accommodation, office equipment and motor vehicles. These leases have a duration of between 2 and 14 years. The leases are in respect of identified assets and under the terms of the agreements the Company has the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of their use. It also has the right to direct the use of the assets throughout their period of use.

The lease liability, in respect of these assets, is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

16. Financial liabilities (cont.)

Loan stock	2019 £	2018 £
Current obligations	-	-
Non-current obligations	<u>380,364</u>	<u>217,380</u>
	<u>380,364</u>	<u>217,380</u>

Non-current obligations are made up as:

	2019 £	2018 £
Due within one year	-	-
Due within two to five years	380,007	214,700
Due after five years	<u>357</u>	<u>2,680</u>
	<u>380,364</u>	<u>217,380</u>

The company has issued convertible and non-convertible loan stock to the City of Edinburgh Council and CEC Holdings Limited, as shown below. These loan stocks, which amount to a face value of £62,283,069 (31 December 2018: £61,566,243) either bear no interest or the interest on them has been waived by the stockholder.

The loans have been recognised at fair value by discounting the future cash flows using market interest rates. Loan stocks are then held at amortised cost by applying an effective interest rate, to increase the loan stock to its face value over the term of the loan stock's issue. These loans have been received from the parent company and the Company relies on these loans as an ongoing source of funding.

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2019 £	Aggregate Interest £
Convertible Unsecured Loan Stock 2117	15	45,297,609	51	50
Non-Convertible Unsecured Loan Stock 2117	13	7,229,264	45	44
Non-Convertible Unsecured Loan Stock 2022	75	1,339,365	249,911	249,913
Non-Convertible Unsecured Loan Stock 2023	75	868,000	92,548	92,548
Non-Convertible Unsecured Loan Stock 2024	70	546,000	33,266	33,266
Non-Convertible Unsecured Loan Stock 2025	75	123,000	4,282	4,282
Non-Convertible Unsecured Loan Stock 2034	75	154,299	36	36
Non-Convertible Unsecured Loan Stock 2035	75	799,000	103	103
Non-Convertible Unsecured Loan Stock 2036	75	709,141	52	50

Non-Convertible Unsecured Loan Stock 2037	75	461,069	19	20
Non-Convertible Unsecured Loan Stock 2038	75	1,278,074	31	29
Non-Convertible Unsecured Loan Stock 2039	75	841,099	12	12

16. Financial liabilities (cont.)

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2019 £	Aggregate Interest £
Non-Convertible Unsecured Loan Stock 2040	75	718,922	6	4
Non-Convertible Unsecured Loan Stock 2041	75	123,525	1	0
Non-Convertible Unsecured Loan Stock 2042	75	482,438	1	1
Non-Convertible Unsecured Loan Stock 2043	75	595,438	0	0
Non-Convertible Unsecured Loan Stock 2044	75	<u>716,826</u>	<u>0</u>	<u>0</u>
		<u>62,283,069</u>	<u>380,364</u>	<u>380,358</u>

The face value of loan stock issued by the company is as follows:

	2019 £	2018 £
Convertible unsecured loan stock	45,297,609	45,297,609
Non-convertible unsecured loan stock	<u>16,985,460</u>	<u>16,268,634</u>
	<u>62,283,069</u>	<u>61,566,243</u>
Non-convertible unsecured loan stock		
Issued to The City of Edinburgh Council and CEC Holding Ltd	4,675,316	4,675,316
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	<u>12,310,144</u>	<u>11,593,318</u>
	<u>16,985,460</u>	<u>16,268,634</u>

The convertible unsecured loan stock, which is all held by CEC Holdings Ltd, bears no interest and is repayable on 31 March 2117 at par. CEC Holdings Ltd have the right to convert loan stock into fully paid preferred ordinary shares at the rate of one preferred ordinary share per £1 nominal of loan stock.

A further £8,598,961 of non-convertible unsecured loan stock 2117 (31 December 2018: £7,882,135) has been issued or is due to be issued to the City of Edinburgh Council and is repayable at par.

CEC Holdings Ltd hold £8,386,499 (31 December 2018: £8,386,499) of the remaining issued or due to be issued non-convertible unsecured loan stock. This non-convertible unsecured loan stock bears no interest and is repayable within 25 years of issue.

17. Deferred revenue and capital grants

2019 £	2018 £
-----------	-----------

Deferred revenue	2,588,922	2,369,926
Capital grants	<u>1,520,876</u>	<u>1,802,687</u>
	<u>4,109,798</u>	<u>4,172,613</u>

17. Deferred revenue and capital grants (cont.)

Deferred revenue relates to the advance deposits received in respect of events which are due to take place after the year end.

	2019 £	2018 £
At 1 January	2,369,926	2,322,223
Deferred during the year	2,162,965	1,959,215
Released to the income statement	<u>(1,943,969)</u>	<u>(1,911,512)</u>
At 31 December	<u>2,588,922</u>	<u>2,369,926</u>

Deferred revenue is analysed as follows:

	2019 £	2018 £
Current obligations	2,193,232	1,943,969
Non-current obligations	<u>395,690</u>	<u>425,957</u>
	<u>2,588,922</u>	<u>2,369,926</u>

Capital grants have been received in respect of building construction and roadworks as follows:

	2019 £	2018 £
At 1 January	1,802,687	2,262,494
Receivable during the year	-	-
Released to the income statement	<u>(281,811)</u>	<u>(459,807)</u>
At 31 December	<u>1,520,876</u>	<u>1,802,687</u>

Capital grants are analysed as follows:

	2019 £	2018 £
Current obligations	216,024	281,811
Non-current obligations	<u>1,304,852</u>	<u>1,520,876</u>
	<u>1,520,876</u>	<u>1,802,687</u>

18. Share capital

	2019 No.	2018 No.	2019 £	2018 £
Allotted, called up and fully paid:				
Preferred Ordinary shares	40	40	40	40
Ordinary shares	2	2	2	2
RBL Ordinary shares	10	10	10	10
Preference shares	10	10	10	10
Special share	1	1	<u>1</u>	<u>1</u>
			<u>63</u>	<u>63</u>

The 10 preference shares, 2 ordinary shares and 40 preferred ordinary shares were all issued to The City of Edinburgh Council and subsequently gifted to CEC Holdings Ltd (wholly owned subsidiary of the Council) in 1996. The special share was issued to Scottish Enterprise Edinburgh and Lothian Ltd on 18 December 1996. The City of Edinburgh Council is the ultimate holding organisation of the Company.

The special share has a nominal value of £1. The share can only be transferred to a body nominated by Scottish Enterprise Edinburgh and Lothian Ltd and approved by the City of Edinburgh Council. The special shareholder is entitled to receive notice of general meetings, and to attend and speak at such meetings but has no other rights. Specifically, the special shareholder has no right to vote at such a meeting. The special shareholder is however entitled to receive a copy of each resolution passed at a general meeting, to receive any resolution proposed as a written resolution and each circular sent by the Company to holders of any class of shares in the Company.

The special shareholder ranks after all other members of the Company in respect of distribution of capital on the winding up of the Company. The special share confers no right to participate in the profits of the Company.

The Articles of Association entitle the holder of the special share to appoint one person as a Director of the Company. This right is effected by a notice in writing either being lodged at the Company's registered office or delivered to a meeting of the directors.

The preference shares carry no voting rights, but have the right to a fixed cumulative preferential dividend at the rate of 6% (net of associated tax credit) per annum, on the amount paid up, to be paid annually on 31 December each year.

The RBL ordinary shares, which were issued on 29 November 1995, carry no voting rights and are entitled to a dividend of £0.01 for every full amount of £100 worth of assets paid. This is payable after payment of the fixed dividend to holders of the preference shares.

The ordinary and preferred ordinary shares carry one vote per share and participate in profits available for dividend pro rata.

In the event of a capital distribution the shares rank in the following order: £1 for each Preference Share; £1 for each Preferred Ordinary Share; £1 for each Ordinary Share; £1 for each RBL Ordinary Share; £1 for each Special Share. Thereafter pro rata.

19. Other reserves

Other reserves arise from the fair valuing of loan stock where the difference between the fair value and face value of the loan has been recognised as a capital contribution where the loan has been issued at below market rate from a parent company.

	£
At 1 January 2019	61,566,243
Net movement on recognition of loans	<u>716,826</u>
At 31 December 2019	<u>62,283,069</u>

20. Pension commitments

The Company operates a defined contribution scheme for its employees. The assets of this scheme are held separately from those of the Company in an independently administered fund.

The total amount paid to the scheme during the year totals £133,630 (31 December 2018: £124,759).

The unpaid contributions outstanding at the year end, included in other creditors, amount to £26,828 (31 December 2018: £3,238).

21. Related party transactions

The transactions that have been entered into with related parties, which have a significant influence over the Company, for the financial year, are as follows:

	Net funding received £
The City of Edinburgh Council	
2019	-
2018	-
CEC Holdings Limited	
2019	-
2018	-

Loans received from or made to related parties, which have a significant influence over the Company, are as follows:

	Owed by related parties £	Owed to related parties £
The City of Edinburgh Council		
2019	1,794,704	8,598,961
2018	1,421,149	7,882,135
CEC Holdings Limited		
2019	-	53,684,108
2018	-	53,684,108

The Company's immediate parent undertaking is CEC Holdings Limited. It has included the Company in its group financial statements. The ultimate parent undertaking is The City of Edinburgh Council. Copies of the accounts of both

companies are available from the Head of Finance, The City of Edinburgh Council, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.

22. Financial instruments and risk management

The company has the following categories of financial instruments at the balance sheet date:

	2019 £	2018 £
Financial assets		
Loans and receivables:		
Trade and other receivables	3,500,353	3,407,272
Cash and cash equivalents	<u>5,655,883</u>	<u>4,751,620</u>
	<u>9,156,236</u>	<u>8,158,892</u>
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	1,798,589	2,274,364
Loan stock	<u>1,443,632</u>	<u>217,380</u>
	<u>3,242,221</u>	<u>2,491,744</u>

Capital management and risk management objectives

The company aims to manage its overall capital structure to ensure it continues to operate as a going concern. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents.

The Board is charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

The main risks that the company is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income. The company monitors this risk but it is very unlikely to affect the company's overall liquidity. The company's debt is primarily non-interest bearing.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company. It arises from exposure to customers and amounts owed

by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

22. Financial instruments and risk management (cont.)

- Only banks and institutions with an acceptable credit rating are utilised;
- All customers are rated for credit worthiness, where practical, taking into account their size, market position and financial standing;

Over 85% of the company's gross profits are derived from room hire fees which are paid in advance and from catering commission which is paid by the catering concessionaire.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Managing cash generated by its operations and retaining surplus cash in readily accessible bank deposit accounts.

Fair values

The directors consider that the carrying values of all the company's financial assets and liabilities approximate to their fair values at the balance sheet date.

23. Post Balance Sheet Event

A new transmittable disease, coronavirus, which was first recognised in China at the end of 2019, began affecting countries in Europe and the rest of the world in the early part of 2020. As a result of this and due to increasing concerns about the impact of the virus on people's health and wellbeing many businesses began to alter their modus operandi during February and March of this year.

The UK Government introduced a raft of lockdown restrictions on 23 March which meant that all non-essential business operations had to close. A number of events that had been scheduled to be held at EICC prior to this date had previously been cancelled and the government restrictions resulted in a huge number of clients contacting the Company to advise that they wished to cancel or postpone their forthcoming events.

As a result of this no events have been held at the ECC since the middle of March. Many of the clients with events that had been due to take place between then and the end of August have subsequently either cancelled their event and agreed a cancellation charge or have rescheduled their event to later in the year or into subsequent years.

This has had a significant impact on the Company's revenues which are currently approximately £8.6m down on budget for the year with cost of sales showing a reduction of nearly £4.0m against budget. These figures have been offset by a reduction in operating expenses of approximately £2.9m resulting in an estimated overall reduction in operating profit for 2020 of £1.7m.

The Company is now forecasting an operating loss of £0.8m for the year to 31 December 2020 but it has sufficient cash reserves to be able to cover this projected loss.

At this point in time the Scottish Government has not given any indication of when conference and exhibition venues will be able to reopen. However, the Company has a full order book from early September to the end of the year and given the current progress with regard to the easing of lockdown restrictions it remains confident that it will be able to service these events.

It should also be noted that the Company already had a very healthy events diary for 2021 and that this has been

significantly enhanced with the business that has been rescheduled from 2020. It is therefore anticipated, at this point in time, that the Company will return to its pre 2020 levels of operating profit next year.

The figures, shown in the accounts, for the year to 31 December 2019 have not had to be adjusted in any way as the impact of the coronavirus pandemic had no impact on the Company's business for the year under review.



Edinburgh International Conference Centre Limited

Audit management report for the year ended 31 December 2019

1	Purpose of this report	1
2	Audit Conclusion	2
3	Audit risk areas identified at the planning stage	3
4	Significant audit and accounting matters	5
5	Accounting systems and controls	8
6	Future developments	11
	Appendix 1 – Your audit team	12

1 Purpose of this report

International Standards on Auditing (UK) 260, “Communication with those charged with governance” and 265 “Communicating deficiencies in internal control to those charged with governance and management” require Scott-Moncrieff to report the significant findings from our audit to you.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of the Board of Edinburgh International Conference Centre Limited;
- It must not be disclosed to any third party without our written consent; and
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

The report has been discussed and agreed with the Les Florence and Raymond Blaikie.

We would like to thank the Les Florence and Raymond Blaikie and their colleagues for their kind co-operation and assistance during our audit.

2 Audit Conclusion

In our opinion the financial statements give a true and fair view and have been prepared in accordance with applicable law including the International Financial Reporting Standards as adopted by the European Union (IFRSs).

Other than as described in our audit report, we confirm that our audit testing did not identify any material issues affecting the company's ability to continue as a going concern. The letter of comfort received from City of Edinburgh Council (the Council) confirms that the Council will continue to provide financial support to EICC Limited, directly or via CEC Holdings, until at least December 2021. We are therefore satisfied with the disclosure in the financial statements.

We did not identify any subsequent events which require amendments or disclosures to be made to the financial statements.

Auditor Independence

International Standard on Auditing (UK) 260, "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence. In addition to the audit of the financial statements, Baldwins Holdings Limited, a company in the same group as Scott-Moncrieff Audit Services, provides corporation tax services to the company. All tax services are provided by an independent tax partner and staff who have no involvement in the audit of the financial statements.

We can confirm that we have complied with the Financial Reporting Council's Ethical Standard for Auditors. In our professional judgement the audit process has been independent and our objectivity has not been compromised.

3 Audit risk areas identified at the planning stage

Identified audit risk areas

As noted in our audit planning letter submitted to the board of directors we identified the audit risk areas, noted in the table below, as significant matters. We considered these matters in detail during our audit fieldwork.

Audit risk areas	Audit findings
<p>Risk 1 – Management override of controls</p> <p>In any organisation, there is a risk that management and directors have the ability to process transactions or make adjustments to the financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements. We treat this as a presumed risk area in accordance with International Standard on Auditing (UK) 240: “The auditor’s responsibilities relating to fraud in an audit of financial statements.”</p> <p>Whilst we do not suspect any incidences of management override, we will review the accounting records for significant transactions that are outside the normal course of business and obtain evidence to ensure that these are valid and accounted for correctly.</p>	<p>We have not identified any indications of management override in the year. We have reviewed EICC Limited’s accounting records and obtained evidence that transactions outside the normal course of business were valid and accounted for correctly. We have also reviewed management estimates and the journal entries processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.</p> <p>Conclusion: We have gained satisfactory assurance in respect of the mitigation of this risk.</p>
<p>Risk 2 – Revenue recognition</p> <p>Under International Standard on Auditing (UK) 240, “The auditor’s responsibilities relating to fraud in an audit of financial statements” there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.</p> <p>Whilst we do not suspect any incidences of fraud or error, we will evaluate each type of revenue transaction and document our conclusions.</p>	<p>We evaluated each material revenue stream, considered the company’s revenue recognition policy and carried out testing to ensure this is appropriate and has been applied.</p> <p>Conclusion: We have gained satisfactory assurance in respect of the completeness and occurrence of revenue transactions in the year.</p>

Risk 3 – Going Concern

We will consider the company's ability to continue to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are expected to be approved. In doing so we will consider whether the company can continue to rely on the Council's support.

Given that COVID-19 has had a significant impact on the business we will also consider the going concern impacts this has had on the business.

We have obtained evidence which provides adequate assurance regarding the Council's intention to continue to support the company its ability to do so. We have also reviewed the going concern disclosures within financial statements to ensure these are adequate.

Conclusion: We have gained satisfactory assurance in respect of the mitigation of this risk, however we have deemed it appropriate to highlight the ongoing material uncertainty related to going concern in our audit report.

Risk 4 – Debtors recoverability

Due to the impact of COVID-19 outbreak many companies will struggle to continue to trade. This creates additional risk regarding the recoverability of debtor balances at the year end.

We reviewed the recoverability of debtors through post year end cash testing.

Conclusion: We have gained satisfactory assurance in respect of the mitigation of this risk.

4 Significant audit and accounting matters

Significant issues identified during our audit fieldwork

We did not identify any further significant issues during the course of our audit work.

Audit adjustments

We did not identify any audit adjustments during our audit other than the incorporation of the year end corporation tax charge and amendments to the disclosure notes.

Unadjusted items

We did not identify any unadjusted items.

Qualitative aspects of accounting practices and financial reporting

During the course of an audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. Our observations are as follows:-

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	We have reviewed the significant accounting policies, which are disclosed in the financial statements, and we consider these to be appropriate to the company.
The timing of the transactions and the year in which they are recorded.	We did not identify any significant transactions where we had concerns over the timing or the year in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	We are satisfied with the appropriateness of accounting estimates or judgements used in the preparation of the financial statements.
The potential effect on the financial statements of any uncertainties including significant risks and disclosures such as pending litigation that is required to be disclosed in the financial statements.	We did not identify any uncertainties including any significant risk or required disclosures that should be included in the financial statements.
The extent to which the financial statements have been affected by unusual transactions during the year and the extent that these transactions are separately disclosed in the financial statements.	We did not identify any unusual transactions in the year from our testing.
Apparent misstatements in the Strategic Report, the Directors' Report or material inconsistencies with the financial statements.	There has been no misstatement or material inconsistency with the financial statements included in the Strategic Report or the Directors' Report.
Any significant financial statement disclosures to bring to your attention.	There are no significant financial statement disclosures that we consider should be brought to your attention. All disclosures made are required by relevant legislation and applicable accounting standards.
Disagreement over any accounting treatment or financial statement disclosure.	There was no disagreement during the course of the audit with regards to any accounting treatment or disclosure.

Qualitative aspect considered	Audit conclusion
Difficulties encountered in the audit.	Our audit field work commenced in June 2020. The biggest challenge of the audit was the impact of Covid 19 and not being on-site for the duration of the audit. However, this was overcome by the finance team providing all documentation in an efficient manner.

Fraud and irregularity

Responsibility for preventing and detecting fraud and other irregularities lies with the directors of the company. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations.

We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

Legality

We planned and performed our audit recognising that non-compliance with statute or regulations may materially affect the financial statements.

We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

5 Accounting systems and controls

During the course of our audit of the financial statements, we examined the principal internal controls which the directors have established to enable them to ensure, as far as possible, the accuracy and reliability of the company's accounting records and to safeguard the company's assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

The significant weaknesses noted from our work are detailed in the action plan below.

Action plan – audit recommendations

We identified a number of observations which we consider require management action. Recommendations to address the observations are detailed in the action plan below, together with management responses.

Grade	Definition	No of audit observations	
		Current year	Prior year
5	Very high risk exposure - Major concerns requiring immediate attention	-	-
4	High risk exposure - Absence / failure of significant key controls	-	-
3	Moderate risk exposure - Not all key control procedures are working effectively	1	4
2	Limited risk exposure - Minor control procedures are not in place / not working effectively	-	1
1	Efficiency / housekeeping point	-	-

Follow up on prior year Action plan

1	Related parties - EICC Registers of Interest
Observation	<p>Conflicts of interests are typically disclosed by Board members at Board meetings, with a standing agenda item dedicated to "Declaration of Interests". However our review identified that there are no formal registers of interests held for the EICC's executive directors or key management.</p> <p>Whilst Registers of interests of Councillors who are members of the EICC board are recorded directly by the City of Edinburgh Council (CEC) and disclosed on the Council's website, it is the responsibility of the Council to ensure that these Registers of Interests (ROI) are kept accurate and up to date. An independent ROI relevant to EICC for Councillors is not maintained.</p>

Risk and recommendation

There is a risk that, as related parties are not formally documented for key members of the Board or management at EICC, transactions with those related parties are not identified. This may result in inaccurate disclosure of both related parties and related party transactions within the financial statements.

Formal Registers of Interests should be prepared for all key members of the EICC management team, ensuring that conflicts of interests are fully identified and disclosed at the year end.

Grade 3

Audit observation

We noted that EICC have compiled a formal register that is to be updated twice yearly in January and July. Point cleared.

2

Related parties - identifying related party transactions

Observation

Our review identified that reliance is placed on board members disclosing material transactions with related parties at the beginning of board meetings, prior to the company entering into the transaction or arrangement.

However, there is no further review of transactions with related parties identified in their declarations at the year end.

Risk and recommendation

There is a risk that related party transactions which have not been disclosed by members at board meetings are not identified by the EICC, potentially resulting in inaccurate disclosure of related party transactions within the annual accounts.

A formal review of transactions should be performed by the Finance team at the year end to identify any related party transactions which have not been disclosed by members.

Grade 3

Audit observation

We noted that a review process is now in place. Point cleared.

3

Governance arrangements

Observation

EICC is governed by a Board of Directors and the Board is responsible for the overall strategic direction and fulfilment of the legislative duties of the organisation. We have noted that the scale of operations of EICC has been expanding in recent years but the governance structure has remained the same with the Board supported by the senior leadership team.

Risk and recommendation

There is a risk that the Board is not adequately supported by appropriate governance structure and there is insufficient capacity within the current governance structure for appropriate scrutiny and challenge.

We recommend EICC reviews the current governance structure and considers whether supporting committees (e.g. audit committee) would offer benefits to the Board.

Grade 3

Audit observation	We noted that EICC will look to make potential changes once the Company's corporate structure has been revised. This point is still applicable in the current year.
--------------------------	---

Management response	The Company is currently involved with a major development project regarding the operation of a hotel and hotel school. A business case for the project was approved by the Council in March 2020 and it is anticipated that the advancement of the project will lead to significant changes in the Company's corporate and governance structure. Whilst the EICC Board has considered these matters it does not believe that it is appropriate to look at them on a piecemeal basis as the project progresses and they will therefore be examined further and the necessary changes made in due course when the project is completed, or when the Board believes that the time is right to do so.
----------------------------	--

4	Authorisation of Journals
----------	----------------------------------

Observation	Manual journals are prepared by the Finance Manager and reviewed and authorised by the Finance Director. However our review identified that this authorisation is informal and is not formally documented. As such, we have been unable to evidence that journals have been appropriately reviewed and authorised prior to posting.
--------------------	---

Risk and recommendation	<p>There is a risk that inaccurate and/or fraudulent journals are posted to the ledger as secondary review and authorisation of manual journals cannot be evidenced and may not be performed.</p> <p>EICC should ensure that authorisation of manual journals is formally documented to provide a clear audit trail of staff members preparing and authorising journals.</p> <p>Grade 3</p>
--------------------------------	--

Audit observation	We noted that EICC have built on the journal review process. Point cleared.
--------------------------	---

5	Control Account Reconciliations
----------	--

Observation	Reconciliations for the control accounts are performed monthly by the Finance Team. However our review identified that this is an informal check and as such, not formally recorded.
--------------------	--

Risk and recommendation	<p>There is a risk that control account reconciliations are not performed and/or reviewed in a timely manner, resulting in failure to identify potential errors and resultant misstatement of the financial statements.</p> <p>EICC should ensure that control accounts reconciliations are reviewed by a secondary member of staff and that both the preparation and review of reconciliations are formally documented, providing a clear audit trail.</p> <p>Grade 2</p>
--------------------------------	---

Audit observation	We noted that during the course of the audit the control accounts were reconciled. Point cleared.
--------------------------	---

6 Future developments

As part of our service to you and to help you keep up to date with the latest accounting, audit and tax developments relative to your organisation, we publish regular e-bulletins. We would encourage you to sign up to receive information on topics and events which are of interest to you via our website:

<http://www.scott-moncrieff.com/news/e-bulletin-signup>.

Appendix 1 – Your audit team



Nick Bennet
Engagement Partner
nick.bennett@scott-moncrieff.com



Andrew James
Audit Manager
andrew.james@scott-moncrieff.com

Calum Forrester
Audit Senior
calum.forrester@campbelldallas.com

© Scott-Moncrieff Audit Services, 2020. All rights reserved.

Scott-Moncrieff Audit Services is a trading name of Group Audit Services Limited. Registered in England & Wales. Registered No. 9652677.

Scott-Moncrieff Audit Services is registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England & Wales.

This page is intentionally left blank

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

The EDI Group – Update Report – referral from the Housing, Homelessness and Fair Work Committee

Executive/routine
Wards All
Council Commitments

1. For Decision/Action

- 1.1 The Housing, Homelessness and Fair Work Committee has referred an update report on the EDI Group to the Governance, Risk and Best Value Committee for information.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

The EDI Group – Update Report

2. Terms of Referral

- 2.1 On 5 November 2020, the Housing, Homelessness and Fair Work Committee considered a report which provided an update on the progress of the transition strategy for The EDI Group Limited. The EDI Group aimed to close it and its subsidiary companies and bring their projects and assets into the Council.
- 2.2 The Housing, Homelessness and Fair Work Committee agreed:
 - 2.2.1 To note the report.
 - 2.2.2 To refer the report to the Governance, Risk and Best Value Committee.
 - 2.2.3 To agree that any report on the sale price of the Craigmillar project should be reported to this committee in the first instance to comment on the strategy approach before being referred to the Finance and Resources Committee.

3. Background Reading/ External References

Minute of the Housing, Homelessness and Fair Work Committee of 5 November 2020

4. Appendices

Appendix 1 – report by the Executive Director of Place

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 5 November 2020

The EDI Group – update report

Executive/routine	Executive
Wards	All
Council Commitments	1, 2, 10, 50

1. Recommendations

- 1.1 It is recommended that Committee;
 - 1.1.1 notes the report; and
 - 1.1.2 refers the report to the Governance, Risk and Best Value Committee.

Paul Lawrence

Executive Director of Place

Contact: David Cooper, Commercial Development and Investment Senior Manager

E-mail: david.cooper@edinburgh.gov.uk | Tel: 0131 529 6233

The EDI Group – update report

2. Executive Summary

- 2.1 This report updates members on the progress of the transition strategy for The EDI Group Limited which aims to close it and its subsidiary companies and bring their projects and assets into the Council.

3. Background

- 3.1 The EDI Group Limited (“EDI”) is an arm’s length company of the City of Edinburgh Council. On [7 February 2017](#) and [23 February 2017](#), the Economy Committee and the Finance and Resources Committee respectively agreed to close EDI and its subsidiaries and bring certain activities and assets in-house. On [2 November 2017](#), the Housing and Economy Committee agreed a transition strategy for the closure.

4. Main report

- 4.1 The transition strategy continues to be implemented. All ongoing projects are now being delivered by Council officers and most EDI assets have transferred to the Council or otherwise been disposed of.
- 4.2 The EDI Board, which as previously noted now comprises only elected members, continues to meet quarterly. A scheme of delegation has been agreed which enables minor and routine decisions to be taken by Council officers.
- 4.3 The programme in terms of projects transferring into the Council and estimated corporate closure dates is set out in Appendix 1. Appendix 2 provides updates on each project.
- 4.4 The audited consolidated financial statements for The EDI Group Limited for the year ended 31 December 2019 were approved by the EDI Board on 8 September 2020. The overall financial performance was a net profit of £1.96m (compared to a loss of £0.46m in 2018) and retained earnings of £2.4m (compared to £1.4m in 2017). This is in line with transition strategy assumptions. The independent auditor opined that the statements gave a true and fair view of the state of the company and were properly prepared in line with International Financial Reporting Standards

and the requirements of the Companies Act 2006. The directors' report and consolidated financial statements (including the independent auditor's report) are attached as Appendix 3.

5. Next Steps

- 5.1 The company activities will continue through to full corporate closure and update reports will continue to be provided to the Committee.

6. Financial impact

- 6.1 The projected special dividend to the Council from closing EDI is currently £7.525m. This is a further reduction on the original figure of £8.5m, reflecting the loss sustained by EDI on the Market Street hotel development coupled with write-downs on property valuations associated with Covid-19.

7. Stakeholder/Community Impact

- 7.1 Consultation and engagement with local communities and delivery partners is ongoing as part of individual projects.

8. Background reading/external references

- 8.1 "The EDI Group Ltd – Transition Strategy" – report to the Housing and Economy Committee, [2 November 2017](#) (B agenda)
- 8.2 ["The EDI Group – Update Report – report to the Housing and Economy Committee, 6 June 2019"](#)

9. Appendices

- 9.1 Appendix 1 – Original project timeline.
- 9.2 Appendix 2 – Updated project timeline.
- 9.3 Appendix 3 – Project updates.
- 9.4 Appendix 4 – The EDI Group Limited: Directors' report and consolidated financial statements for the year ended 31 December 2019.

Appendix 1 – Original project timeline

Timeline	2017			2018				2019				2020				2021				2022		
Project/Company	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Market Street	EDI Lead			EDI Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
Granton / Waterfront Edinburgh Ltd	EDI Lead			CEC Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
Parc Craigmillar Ltd	EDI Lead			CEC Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
Brunstane / The EDI Group Ltd	EDI Lead			EDI Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
India Quay / EDI Fountainbridge Ltd	EDI Lead			CEC Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
EDI Central Ltd	EDI Lead			CEC Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
Shawfair Land Ltd	EDI Lead			CEC Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
EDI Joint ventures (Buredi, New Laurieston)	EDI Lead			Company inactive/closed				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed
The EDI Group Ltd (remainder of company)	EDI Lead			CEC Lead				CEC Lead				CEC Lead				CEC Lead				CEC Lead		Company inactive/closed

Appendix 2 – Updated project timeline

Timeline	2017				2018				2019				2020				2021				2022					
Project	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Market Street (EDI Market Street)	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	
Granton (Waterfront Edinburgh)	EDI staff lead on projects								Council staff lead on projects																Asset transfer from EDI to the Council	Company inactive/closed
Craigmillar (PARC Craigmillar)	EDI staff lead on projects								Council staff lead on projects																Asset transfer from EDI to the Council	Company inactive/closed
Brunstane	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	
Fountainbridge (EDI Fountainbridge)	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	
Castle Terrace car park (EDI Central)	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	
Shawfair (Shawfair Land)	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	
Joint ventures (Buredi and New Laurieston)	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	
The EDI Group (remainder of company)	EDI staff lead on projects								Council staff lead on projects																Company inactive/closed	



Appendix 3 – Project updates

Please note RAG Status is in relation to performance against programme.

Market Street (EDI Market Street)	
Description Subsidiary company of EDI set up to take forward a hotel development on Market Street.	
Position as of November 2020 The Market Street hotel achieved practical completion in November 2018, nine months behind the originally envisaged completion date. Council officers acting on behalf of EDI have now settled financial claims with the client and the contractor. The dissolution of EDI Market Street remains scheduled for 2021.	
RAG status	Amber
Granton (Waterfront Edinburgh)	
Description Land and buildings at Granton along with shares in a joint venture with land in Granton.	
Position as of November 2020 The land and buildings wholly owned by Waterfront Edinburgh have been transferred to the Council and now form part of the wider Granton Waterfront regeneration project led by the Housing and Regeneration service. The two WEL subsidiary companies are in the process of being transferred up to The EDI Group to allow closure of WEL. The projected company closure date remains 2022.	
RAG status	Green
Craigmillar (PARC Craigmillar)	
Description Land and buildings at Craigmillar.	
Position as of November 2020 The transfer of assets from PARC Craigmillar to the Council (including the loan book for shared equity properties) has been completed other than The White House and the South Park. The transfer of these assets has been delayed and is now expected to take place in early 2021. The sale of plots K and L has also been delayed and there is a risk that the sale price will be lower than previously reported. The options agreement will be renounced once final transfers have taken place. The projected company closure date remains 2022.	
RAG status	Amber
Brunstane (The EDI Group)	
Description Housing development site with planning permission in place on land owned by EDI and option agreement in place with adjoining land owner. The Council also has an entitlement for profit share in relation to access rights.	
Position as of November 2020 The sale of the land is underway. This has been delayed due to COVID-19 but is expected to be completed in Q4 2020. At present there is no expectation that the sale price will be lower than forecast.	
RAG status	Amber
Fountainbridge (EDI Fountainbridge)	
Description Brownfield development site owned by the Council.	
Position as of November 2020 The Council is in the process of appointing a development partner to take forward the development of the site on behalf of the Council. This process has been delayed and it is now anticipated that the partner will be appointed in Q4 2020/Q1 2021. There is work	

in progress within EDI Fountainbridge from which it is anticipated value can be realised via the development partner, so the dissolution of the company has been postponed until after the partner is appointed and final accounts have been submitted.	
RAG status	Amber
Castle Terrace car park (EDI Central)	
Description EDI Central is entitled to payments from NCP as settlement following a court case regarding a lease arrangement at the Castle Terrace car park.	
Position as of November 2020 All payments due to EDI Central have been received and paid up to The EDI Group. Officers are now progressing the dissolution of the company which is projected to be completed in 2021.	
RAG status	Green
Shawfair (Shawfair Land)	
Description Shawfair Land formerly held a security over land at the South East Wedge.	
Position as of November 2020 Shawfair Land has released the security in return for a cash payment. Final accounts for the company have been audited and submitted to Companies House and officers are beginning to wind-up the company.	
RAG status	Green
Joint ventures (Buredi and New Laurieston (Glasgow))	
Description Inactive joint venture companies that previously carried out private housing developments.	
Position as of November 2020 Agreement has been reached with joint venture partners to close the two companies. The Buredi joint venture has been wound-up. The winding-up of the New Laurieston (Glasgow) joint venture, which is being taken forward by The Miller Group, is expected to be completed during 2020.	
RAG status	Green
The EDI Group (remainder of company)	
Description The parent company of all subsidiaries.	
Position as of November 2020 Other than Brunstane, no projects sit directly within the parent company. The Council will oversee the repayment of loans and capital up to 2021 as PARC Craigmillar and EDI Central receive payments and pay these up to the parent company. The projected company closure date remains 2022.	
RAG status	Green

Financial Statements

31 December 2019



EDIGROUP

THE EDI GROUP LIMITED

Directors' report and consolidated financial statements

For the year ended 31 December 2019

Contents	Page
Company information	1
Strategic report	2
Directors' report	3 - 4
Independent auditor's report to the members of The EDI Group Limited	5 - 7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated and Company Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes	13 - 36

THE EDI GROUP LIMITED

Company information

For the year ended 31 December 2019

Board of directors	K Campbell L Cameron I Whyte	
Company registration	<i>Registered office:</i>	Waverley Court 4 East Market Street Edinburgh EH8 8BG
	<i>Registered number:</i>	SC110956
Bankers	The Royal Bank of Scotland plc Bank of Scotland plc	
Auditor	Azets Audit Services Statutory Auditor Exchange Place 3 Semple Street Edinburgh EH3 8BL	

THE EDI GROUP LIMITED

Strategic report

For the year ended 31 December 2019

The Directors present their strategic report and audited financial statements for 2019 financial year.

Principal activities, business review and future developments

The EDI Group Limited (EDI) is a company limited by shares which is incorporated and domiciled in Scotland. It is a wholly owned subsidiary of the City of Edinburgh Council and run as an arm's length operation with the role of investing in the development of land and buildings which are surplus to the Council's operational requirements and leading on the property aspects of regeneration in specific areas of the City.

In February 2017 the Council conducted a review of its approach to the use of surplus land and its interactions with the property market. The Council concluded that the group will have no future pipeline of projects and therefore took the decision that the group and this company should begin a process of managed closure. The Council as shareholder has instructed the directors to begin this process.

The company has now ceased development activities other than the Market Street and Brunstane projects and the majority of the remaining land and buildings transferred to the Council in May 2018. There will be a reduced level of development and property related activity as the companies move towards closure. Non-property assets will be realised in accordance with their contractual terms and external liabilities and obligations will be settled in full. Financial projections for the closure process show that the group and each company will have sufficient funds to meet all external liabilities and obligations and to repay share capital in full. The intention is that each company will become dormant with a timespan covering 2 to 10 years.

Current development activity:

The Market Street hotel construction reached practical completion in November 2018 and negotiations on financial claims were finalised in spring 2020. The transfer of assets from PARC Craigmillar to the City of Edinburgh Council has been completed other than plots K and L, The Whitehouse and two park developments. The sale of land at Brunstane is expected to complete in 2020.

Our performance

The financial performance of the group in 2019 was a net profit of £1.962m compared to a loss of £0.46m in 2018. Retained earnings increased to £2.4m from £1.4m. As anticipated, while the year's results have been influenced by the implementation of the closure strategy described above, the longer-term position remains in line with transition strategy assumptions.

The group had a cash balance of £5.3m (2018: £2.3m) and the sales expected in 2020 will be profitable. A dividend of £1.047m was declared in 2019 and it is envisaged that further dividends will be paid in 2020.

Risks and environment

Although the scope of our activity has reduced significantly, the risk factors influencing the remaining assets are a combination of the general economy of Edinburgh and the national housing market, including the impact of COVID-19. The Shareholder and the directors recognise that the process of managing the completion of our current activities and transition of the remaining projects to Council control and management has brought specific financial, legal, administration and people risks, and these have been managed.

This report was approved by the board on 8 September 2020 and signed on its behalf by:

L M Cameron
Director
4 East Market Street
Edinburgh
EH8 8BG

THE EDI GROUP LIMITED

Directors' report

For the year ended 31 December 2019

The directors present their annual report and audited financial statements for the year ended 31 December 2019.

Principal activities and business review

Details of principal activities, market circumstances and risk and performance indicator are included in the Strategic Report. The directors recommend payment of a dividend at the year-end of £1,046,788 (2018: £nil).

Directors

The directors who held office during the year, and subsequently, were as follows:

K Campbell
L Cameron
I Whyte

Political and charitable contributions

The company made no political or charitable contributions during the year.

Going concern

As described in the Strategic Report, the group's ultimate shareholder, The City of Edinburgh Council, has concluded that the group should begin a process of closure. The company has now ceased development activities other than the Market Street and Brunstane projects.

The opinion of the directors is that the decision of the shareholder and the active implementation of the decision will lead to the company ceasing to trade in the future and it is therefore not appropriate to prepare the accounts on a going concern basis.

The closure strategy approved by both the shareholder and the directors is that all land and buildings which are not actively in development will transfer to the Council at book value and all liabilities due to the Council will be settled at book value. Much of this activity has now concluded or is in the process of concluding. Third party financial assets will be realised and third party liabilities will be settled according to their contractual terms.

In these accounts each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described in the notes.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full.

Responsibilities of the directors

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

THE EDI GROUP LIMITED

Directors' report (continued)

For the year ended 31 December 2019

Responsibilities of the directors (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

On 7 September 2020, Group Audit Services Limited trading as Scott Moncrieff Audit Services changed its name to Azets Audit Services Limited. The name they practice under is Azets Audit Services and accordingly they have signed their report in their new name.

Azets Audit Services are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 8 September 2020 and signed on its behalf by:

L M Cameron
Director
4 East Market Street
Edinburgh
EH8 8BG

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited

For the year ended 31 December 2019

Opinion

We have audited the financial statements of The EDI Group Limited for the year ended 31 December 2019 which comprise consolidated statement of profit or loss and other comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group and company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – Basis of preparation

We draw attention to notes 2 and 2b in the financial statements, which describe the basis of preparation. The directors have prepared the financial statements using a non-going concern basis of accounting as they consider that the company is not a going concern. Our opinion is not modified in respect of this matter.

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited (continued)

For the year ended 31 December 2019

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited (continued)

For the year ended 31 December 2019

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, *Senior Statutory Auditor*

For and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 8 September 2020

THE EDI GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Continuing Operations			
Revenue	3	5,020	3,350
Cost of sales		(2,627)	(2,527)
Gross profit		<u>2,393</u>	<u>823</u>
Government grant release	18	-	138
Administrative expenses		(666)	(1,280)
Work in progress written off		(733)	60
Profit/(loss) from operations	4	<u>994</u>	<u>(259)</u>
Loss on disposal		(1)	(82)
Finance income	6	44	54
Finance costs	7	(156)	(152)
Other income	5	1,499	4
Loss on settlement	21	-	(152)
Movement in fair value of investment property	11	28	-
Profit/(loss) before income tax expense		<u>2,408</u>	<u>(587)</u>
Income tax (charge)/credit	8	(446)	128
Profit/ (loss) for the year from continuing operations		<u>1,962</u>	<u>(459)</u>
Net profit/(loss) for the year		<u><u>1,962</u></u>	<u><u>(459)</u></u>
Attributable to:			
Equity holders of the parent		<u><u>1,962</u></u>	<u><u>(459)</u></u>

There are no other items of comprehensive income or expense in the current year or prior year and therefore no Statement of Comprehensive Income is shown.

THE EDI GROUP LIMITED

Consolidated Statement of Financial Position

As at 31 December 2019

		Consolidated Group	
	Note	2019 £'000	2018 £'000
Non-current assets			
Investment property	11	248	220
Investments in joint ventures and associates	12	269	269
Total non-current assets		<u>517</u>	<u>489</u>
Current assets			
Cash and cash equivalents	19	5,326	2,333
Trade and other receivables	14	5,219	5,167
Inventories	13	9,244	9,595
Total current assets		<u>19,789</u>	<u>17,095</u>
TOTAL ASSETS		<u><u>20,306</u></u>	<u><u>17,584</u></u>
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Contributed equity	20	8,500	8,500
Retained earnings		2,357	1,442
Capital contribution reserve		-	-
Total equity		<u>10,857</u>	<u>9,942</u>
Liabilities			
Current liabilities			
Trade and other payables	15	3,542	2,382
Current tax payable	15	-	-
Other financial liabilities	16	4,799	3,971
Provisions	17	1,108	1,289
Total current liabilities		<u>9,449</u>	<u>7,642</u>
Total liabilities		<u>20,306</u>	<u>7,642</u>
TOTAL EQUITY AND LIABILITIES		<u><u>20,306</u></u>	<u><u>17,584</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8 September 2020 and are signed on its behalf by:

Lezley Marion Cameron, Director

K Campbell, Director

Company number: SC110956

THE EDI GROUP LIMITED

Company Statement of Financial Position

As at 31 December 2019

		Parent Entity	
	Note	2019 £'000	2018 £'000
Non-current assets			
Investments in subsidiaries, joint ventures and associates	12	7,416	7,592
Total non-current assets		<u>7,416</u>	<u>7,592</u>
Current assets			
Cash and cash equivalents	19	1,874	243
Trade and other receivables	14	3,391	4,557
Inventories	13	4,139	4,119
Total current assets		<u>9,404</u>	<u>8,919</u>
TOTAL ASSETS		<u><u>16,820</u></u>	<u><u>16,511</u></u>
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Contributed equity	20	8,500	8,500
Retained earnings		2,704	2,573
Capital contribution reserve		30	30
Total equity		<u>11,234</u>	<u>11,103</u>
Liabilities			
Current liabilities			
Trade and other payables	15	3,346	3,168
Current tax payable	15	-	-
Other financial liabilities	16	2,240	2,240
Total current liabilities		<u>5,586</u>	<u>5,408</u>
Total liabilities		<u>5,586</u>	<u>5,408</u>
TOTAL EQUITY AND LIABILITIES		<u><u>16,820</u></u>	<u><u>16,511</u></u>

The financial statements were approved by the board of directors and authorised for issue on 8 September 2020 and are signed on its behalf by:

Lezley Marion Cameron, Director

K Campbell, Director

Company number: SC110956

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED

Consolidated and Company Statement of Changes in Equity

As at 31 December 2019

Group

	Capital contribution reserve £'000	Contributed equity £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018	-	8,500	1,901	10,401
(Loss) from continuing operations	-	-	(459)	(459)
Balance at 31 December 2018	-	8,500	1,442	9,942
Balance at 1 January 2019	-	8,500	1,442	9,942
Profit from continuing operations	-	-	1,962	1,962
Dividends declared	-	-	(1,047)	(1,047)
Balance at 31 December 2019	-	8,500	2,357	10,857

Company

	Capital contribution reserve £'000	Contributed equity £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018	30	8,500	4,111	12,641
Profit from continuing operations	-	-	(1,538)	(1,538)
Balance at 31 December 2018	30	8,500	2,573	11,103
Balance at 1 January 2019	30	8,500	2,573	11,103
Profit from continuing operations	-	-	1,178	1,178
Dividends declared	-	-	(1,047)	(1,047)
Balance at 31 December 2019	30	8,500	2,704	11,234

The capital contribution reserve represents the excess of fair value over the amount paid for the shareholdings either gifted or sold to the group.

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Cash flow from operating activities			
Total comprehensive profit/(loss) for year		1,962	(459)
<i>Adjustments for:</i>			
Taxation charge/(credit)		446	(128)
Depreciation		-	27
Interest received		(44)	(54)
Interest paid		156	152
Loss on disposal of available for sale assets		1	82
Net revaluations of non-current assets		(28)	-
Release of deferred grant income		-	(138)
Decrease in inventories		351	1,108
(Increase)/Decrease in receivables		(52)	3,028
Increase/(decrease) in payables		979	(1,962)
Decrease in defined benefit obligation		-	(415)
Taxation paid		(446)	(26)
Net cash flows from operating activities		<u>3,325</u>	<u>1,215</u>
Cash flow from investing activities			
Proceeds from sale of available for sale assets		(1)	747
Interest received		44	54
Net cash flows from investing activities		<u>43</u>	<u>801</u>
Cash flow from financing activities			
Dividends paid		(1,047)	-
Increase/(decrease) in loan stock borrowings		828	(2,220)
Interest paid		(156)	(152)
Net cash flows used in financing activities		<u>(375)</u>	<u>(2,372)</u>
Net decrease in cash and cash equivalents		2,993	(356)
Cash and cash equivalents at beginning of year		2,333	2,689
Cash and cash equivalents at end of year	19	<u><u>5,326</u></u>	<u><u>2,333</u></u>

The accompanying notes form part of these financial statements

1. Presentation of financial statements

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 from presenting a Company Statement of Profit or Loss and Other Comprehensive Income.

New accounting standards adopted during the year

The following standards and interpretations are mandatory for the first time for the year ended 31 December 2019 but are either not applicable or have no material impact on the Group financial statements; IFRS 16 – Lease, IFRIC 23 – Uncertainty over income tax treatments, Amendments to IFRS 9 Financial Instruments – on prepayment features with negative compensation, Amendments to IAS 28 Investments in Associates – on long term interests in associates and joint ventures, Amendments to IAS 19 Employee Benefits – on plan amendment, curtailment or settlement, Annual improvements 2015-2017.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2019, and with potential effect.

International Accounting Standards and Interpretations	Effective for periods beginning on or after
IFRS 3, Amendments to IFRS 3 – definition of a business	1 January 2020
IAS 1 and IAS 8, Amendments to IAS 1 and IAS 8 on the definition of material	1 January 2020
Conceptual Framework, Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17, Insurance Contracts	1 January 2021

The Directors have reviewed the requirements of the new standards and interpretations listed above and they are either not applicable or not expected to have a material impact on the financial statements in the period of initial application.

2. Statement of significant accounting policies

The consolidated financial statements of The EDI Group Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

a. Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in accounting standard IAS 27 "Consolidated and Separate Financial Statements". A list of controlled entities appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has left the economic entity during the year its operating results have been included until the date control ceased.

b. Going concern

The opinion of the directors is that the decision of the shareholder to cease development activities and the active implementation of that decision will lead to the company ceasing to trade in the future and it is therefore not appropriate to prepare the accounts on a going concern basis.

The closure strategy approved by both the shareholder and the directors is that all land and buildings which are not actively in development will transfer to the Council at book value and all liabilities due to the Council will be settled at book value. Most of these transfers have now taken place, with the Whitehouse expected to transfer within the next 12 months. Third party financial assets will be realised and third party liabilities will be settled according to their contractual terms

In these accounts each remaining asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described in the notes.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full.

2. Statement of significant accounting policies (cont'd)**c. Investments in associates and joint ventures**

The group's share of its associates' / joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate / joint venture equals or exceeds its interest in the associate / joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate / joint venture.

Unrealised gains on transactions between the group and its associates / joint ventures are eliminated to the extent of the group's interest in the associates / joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

d. Income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

2. Statement of significant accounting policies (cont'd)**e. Property, plant and equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

Given the closure strategy outlined in Note 2b, the useful life of all classes of fixed assets was reassessed and adjusted in the prior year. The remaining life of all asset classes was assessed as being to 30 June 2018, to coincide with the vacation of the company's offices.

All fixed assets were therefore fully depreciated in the year.

Derecognition and disposal

An item of furniture or equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of comprehensive income in the year the asset is derecognised.

f. Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

g. Inventories

Inventory is stated at the lower of cost and net realisable value. Cost relates to purchase costs and direct labour costs incurred in bringing the inventories up to a saleable state.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. Statement of significant accounting policies (cont'd)**i. Impairment**

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

j. Employee entitlements and benefits

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to the balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at an amount that is considered to approximate the present value of the estimated future cash outflows to be made for those entitlements.

The group contributes to a variety of money purchase schemes for employees and to a defined benefits scheme operated on behalf of local council employees. Contributions to the schemes are charged to the profit and loss account as they arise. The assets of the scheme are held separately from those of the company in independently administered funds. The group has fully adopted the accounting principles as required by International Accounting Standard 19 – Employee Benefits.

k. Financial instruments

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The company has the following categories of financial assets and liabilities:

Trade and other receivables

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement. Bad debts are written off when they are identified as being irrecoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect would not be material.

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

2. Statement of significant accounting policies (cont'd)

l. Investment property

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is initially measured at fair value and subsequently revalued annually to its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

m. Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for permanent impairment.

n. Revenue

Revenue is measured at the fair value of consideration received from income from the group's ordinary activities. Revenue is stated received net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectively probable.

Rentals receivable under operating leases are recognised in the income statement over the term of the lease on a straight line basis.

Revenue from dividend income is recognised when the rights of the shareholder to receive the payment are determined.

o. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the group.

Revenue recognition

Under IFRS 15 there is a requirement to recognise revenue as and when a performance obligation is satisfied. The primary activity of the company is project management in relation to the construction of a hotel. Upon completion of this they will receive a fixed sum of £1.5m. As the performance obligation in relation to this is satisfied over time the attributable revenue should therefore be recognised in line with this. The directors have taken the view that the best estimation of attributable revenue is based on an output method measured by the stage of completion of the hotel at the year-end date, as this amounts to services rendered in completion of their performance obligation.

The output method is based on invoices received by independent contractors at the year-end which detail the value of completion to date. The amount of revenue to be recognised is then measured as a percentage of actual completion to date against the expected total cost of completion.

Given the company's experience in the sector, reliance can be placed on the budgeted cost of the project, therefore using this as a benchmark is deemed to be a faithful depiction of the stage of completion of the contract.

Transaction price allocated to the remaining performance obligations

	2019
	£
Project management of Market Street Hotel	-

2. Statement of significant accounting policies (cont'd)

p. Key estimates – impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

q. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Further details of the provisions recognised in the year can be found at note 17.

r. Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

- i. Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

s. Grants receivable

Grants are accounted for by the company when receivable.

Grants receivable in respect of contributions to fixed assets in course of construction and property development work in progress costs are credited to deferred income.

Where grants are given for a specific purpose they are released to the profit and loss account to match the cost of completed project

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3. Revenue

An analysis of revenue is as follows:

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Rental income	-	5	-	-
Rendering of services	-	798	-	-
Property sales	5,020	2,547	-	1,050
	<u>5,020</u>	<u>3,350</u>	<u>-</u>	<u>1,050</u>

4. Profit from operations

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
After charging				
Auditor's remuneration:				
Audit	42	35	12	5
Non-Audit	9	7	4	2
Operating lease rentals:				
Plant and machinery	-	75	-	75
Depreciation and other amounts written off tangible fixed assets:				
Owned	-	27	-	27
	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

5. Other income

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Overage receipt	1,000	-	-	-
Compensation for option renunciation	499	-	-	-
Rental income	-	4	-	-
	<u>1,499</u>	<u>4</u>	<u>-</u>	<u>-</u>

Rental income is from investment properties in relation to property development in Parc Craigmillar Limited.

6. Finance income

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Other interest received	44	54	1,772	3
Transfer pricing interest on group balances	-	-	-	16
	<u>44</u>	<u>54</u>	<u>1,772</u>	<u>19</u>

7. Finance costs

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
On secured loan stock held by the City of Edinburgh Council	156	152	156	179
	<u>156</u>	<u>152</u>	<u>156</u>	<u>179</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

8. Income tax expense

	2019 £'000	2018 £'000
Current tax:		
- Adjustments in respect of prior periods	(87)	-
- Group relief receivable	-	(128)
- Current tax on income for the period	533	-
	<u>446</u>	<u>(128)</u>
Current tax credit for year attributable to the company and its subsidiaries	446	(128)
Total deferred tax	-	-
	<u>446</u>	<u>(128)</u>
The tax (credit)/charge is allocated in the financial statements as follows:		
Profit and loss account	446	(128)
Statement of comprehensive income	-	-

Domestic income tax is calculated at 19.00% (2018: 19.00%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before taxation	2,408	(587)
	<u>458</u>	<u>(111)</u>
Tax on (loss)/profit at the effective rate of corporation tax of 19% (2018 – 19%)	458	(111)
Effects of:		
Expenses that are not taxable for tax purposes	-	36
Non-taxable income	(5)	-
Exempt ABGH Transfers	-	-
Deferred tax asset not recognised	5	(24)
Fixed asset differences	-	-
Accounting adjustments and transfers	-	(2)
Adjustments in respect of prior periods	1	-
Adjust deferred tax to average rate	(13)	(27)
Group relief surrendered	(177)	(118)
Group relief claimed	177	118
	<u>446</u>	<u>(128)</u>
Current tax charge/(credit) for year attributable to the company and its subsidiaries	446	(128)

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9. Employee benefits expense

The group had no employees during the year (average number of persons employed in 2018: 7). The aggregate payroll costs incurred in the prior year, included within administrative expenses, were as follows:

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Wages and salaries	-	421	-	421
Social security costs*	-	40	-	40
Other pension costs*	-	87	-	87
Other staff costs	-	7	-	7
Redundancy salary costs*	-	4	-	4
	<u>-</u>	<u>559</u>	<u>-</u>	<u>559</u>

* As noted in note 2b, the group is ceasing to trade and redundancy costs were incurred in 2018 as a consequence. Due to the requirements of IAS 19 – Employee Benefits, the group determined that the conditions were met for the provision of redundancy costs in the 2017 financial statements. The total redundancy costs were estimated at £804,000 (see note 17). Pension strain costs of £281,000 were included in 'Other pension costs' however only £186,000 of such costs were incurred during the prior year, with the remaining unused provision credited against administrative expenses. Employer's national insurance costs associated with the redundancy costs of £29,000 were included in 'Social security costs', with an additional £6,000 of national insurance payments incurred when the costs crystallised in the prior year. An additional £4,000 of redundancy salary costs were incurred when the costs crystallised in the prior year. As all redundancy costs crystallised in the prior year, no further costs were recognised in the current year.

Directors' remuneration
Group and company

	2019 £'000	2018 £'000
Directors' emoluments	-	55
Pension contributions**	-	13
Redundancy salary costs**	-	1
	<u>-</u>	<u>69</u>
Highest paid director:		
Directors' emoluments	-	55
Pension contributions**	-	13
Redundancy salary costs**	-	1
	<u>-</u>	<u>69</u>

No remuneration is paid to non-executive directors.

Retirement benefits are accruing to no directors (2018: one) under a defined benefit scheme.

Directors' remuneration costs disclosed above exclude employer's national insurance costs of £nil (2018: £15,000).

** As outlined above a provision was made for redundancy costs due to directors in 2017 which was incurred in 2018 because of the closure process

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

10. Property, plant and equipment

	Furniture and equipment £'000	Computer equipment £'000	Leasehold equipment £'000	Total £'000
Group				
<i>Cost or valuation</i>				
At beginning of year	58	82	64	204
At end of year	58	82	64	204
<i>Depreciation</i>				
At beginning of year	58	82	64	204
At end of year	58	82	64	204
<i>Net book value</i>				
At 31 December 2019	-	-	-	-
At 31 December 2018	-	-	-	-
Company				
<i>Cost or valuation</i>				
At beginning of year	58	82	64	204
Additions	-	-	-	-
At end of year	58	82	64	204
<i>Depreciation</i>				
At beginning of year	58	82	64	204
Charge for year	-	-	-	-
At end of year	58	82	64	204
<i>Net book value</i>				
At 31 December 2019	-	-	-	-
At 31 December 2018	-	-	-	-

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

11. Investment property

	Investment property £'000
Group	
<i>Valuation</i>	
At 1 January 2019	220
Increase in fair value	28
	<hr/>
At 31 December 2019	248
	<hr/>
Net book value	
At 31 December 2019	248
	<hr/> <hr/>
At 31 December 2018	220
	<hr/> <hr/>

An investment property owned by the company was valued at £247,934 at 31 December 2019 by an internal Chartered Surveyor on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in RICS Appraisal and Valuation Manual. The related rental income recognised in the Statement of Profit or Loss and Other Comprehensive Income was £nil (2018: £nil) along with direct operating expenses of £nil (2018: £nil).

The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the company. The carrying value of this at the year-end is £nil. (2018: £nil)

Under the fair value hierarchy in IFRS 13 – Fair Value Measurement, investment property is deemed a level 2. Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

12. Fixed asset investments

Group

	Joint Ventures & Associated Undertakings 2019 £'000	Joint Ventures & Associated Undertakings 2018 £'000
<i>Post-acquisition reserves</i>		
At 1 January and 31 December	269	269
	<u>269</u>	<u>269</u>
<i>Net book value</i>		
Loans to and share of net assets in joint ventures and associated undertakings	269	269
	<u>269</u>	<u>269</u>

Company

	Subsidiary undertakings £'000
<i>Cost</i>	
At 1 January 2019	7,592
Impairment charge	(176)
At 31 December 2019	7,416
	<u>7,416</u>
<i>Net book value</i>	
At 31 December 2019	7,416
	<u>7,416</u>
At 31 December 2018	7,592
	<u>7,592</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

12. Fixed asset investments (continued)

The directors assessed the recoverability of the investments in subsidiary undertakings and considered an impairment charge of £176,000 (2018: £359,000) was appropriate to write down the value of the investments in subsidiary undertakings.

The principal companies in which the company's interest is more than 10% are as follows:

	Principal Activity	Country of Registration	Percentage of Ordinary Share Capital Held
EDI (Industrial) Limited	Non-trading	Scotland	100%
Edinburgh Retails Investments Limited	Non-trading	Scotland	100%
EDI Central Limited	Property development	Scotland	100%
Shawfair Land Limited	Property development	Scotland	100%
Parc Craigmillar Limited	Regeneration	Scotland	100%
Parc Craigmillar Developments Limited (Subsidiary of Parc Craigmillar Limited)	Property development	Scotland	100%
Waterfront Edinburgh Limited	Property development and regeneration	Scotland	100%
Waterfront Edinburgh (Management) Limited (subsidiary of Waterfront Edinburgh Limited)	Non-trading	Scotland	100%
Caledonia Waterfront (Harbour Road) Limited (associate of Waterfront Edinburgh Limited)	Property development and letting of properties	Scotland	42.5%
New Laurieston (Glasgow) Limited	Property development	Scotland	45%
EDI Market Street Limited	Property development	Scotland	100%
EDI Fountainbridge Limited	Property development	Scotland	100%

All companies where greater than 50% of the share capital is held have been consolidated.

Where 50% or less of the share capital is held these companies have been consolidated using the equity accounting method. In the case of New Laurieston (Glasgow) Limited, The EDI Group's share of losses exceed the value of its interest in the company, and therefore no further losses have been recognised.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

13. Inventories

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Development properties and associated costs	9,244	9,595	4,139	4,119

14. Trade and other receivables

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Current				
Trade receivables	85	1,217	-	-
Amounts owed by group & associated undertakings	522	150	3,299	4,463
Other debtors	1,960	2,018	-	11
Prepayments and accrued income	89	478	89	83
VAT recoverable	3	-	3	-
	<u>2,659</u>	<u>3,863</u>	<u>3,391</u>	<u>4,557</u>
Non-current				
Other debtors	2,560	1,304	-	-
	<u>5,219</u>	<u>5,167</u>	<u>3,391</u>	<u>4,557</u>

15. Trade and other payables

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade and other payables	206	304	1	39
Amounts due to group & associated undertakings	1,759	1,255	1,990	2,588
Corporation tax	-	-	-	-
Other taxation and social security	-	229	-	-
Accruals and deferred income	1,577	233	1,355	180
Retired benefit obligation	-	361	-	361
	<u>3,542</u>	<u>2,382</u>	<u>3,346</u>	<u>3,168</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

16. Convertible unsecured loan stock

The non-interest bearing loan stock is held by The City of Edinburgh Council, the company's ultimate parent undertaking. It bears no interest and is repayable on sale of associated land assets or cancellable on provision of community assets. Agreement has been reached with the Council that this loan stock will be settled as part of the closure process against the transfer of land and buildings to the Council.

The convertible unsecured loan stock is held by The City of Edinburgh Council, the company's parent undertaking. It bears interest at a variable rate and was originally due to be repaid on 31 March 2019. However, the Council has agreed to the repayment being delayed and settled as part of the closure process against the transfer of land and buildings to the Council or in cash as assets are realised.

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Unsecured loan stock- non-interest bearing	2,599	1,731	-	-
Unsecured convertible loan stock 2019	2,240	2,240	2,240	2,240
	<u>4,799</u>	<u>3,971</u>	<u>2,240</u>	<u>2,240</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

17. Provisions

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Infrastructure expenditure</i>				
Balance brought forward	464	736	-	-
Increase in provision for the year	644	-	-	-
Decrease in provision for the year	-	(272)	-	-
	<u>1,108</u>	<u>464</u>	<u>-</u>	<u>-</u>
<i>Consultancy expenditure</i>				
Balance brought forward	-	640	-	-
Decrease in provision for the year	-	(640)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Overspend on Market Street Project</i>				
Balance brought forward	825	401	-	-
Decrease in provision for the year	(825)	424	-	-
	<u>-</u>	<u>825</u>	<u>-</u>	<u>-</u>
<i>Redundancy costs</i>				
Balance brought forward	-	804	-	804
Decrease in provision for the year	-	(804)	-	(804)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,108</u>	<u>1,289</u>	<u>-</u>	<u>-</u>

Provisions for infrastructure expenditure required additional works to be provided for due to land sold in the year.

Provisions for consultancy expenditure utilised in the prior year related to advisory and agency fees relating to the India Quay development. The actual cost crystallised during 2018 at £580k with the remainder of the provision written back as it was no longer required.

Provisions for overspend on Market Street Projects recognised in the prior year related to potential cost overruns on the project which were unlikely to be recoverable. As final negotiations were reached in the current year, the total provision was released against the cost of sales in the current year.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

18. Deferred income

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Balance brought forward	-	138	-	-
Grants released to profit and loss	-	(138)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

19. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2019.

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and in hand	5,326	2,333	1,874	243
	<u>5,326</u>	<u>2,333</u>	<u>1,874</u>	<u>243</u>

20. Contributed equity

	Consolidated Group		Parent Entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<i>Allotted, called up and fully paid</i> Ordinary shares of £1 each	8,500	8,500	8,500	8,500
	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>	<u>8,500</u>

The ordinary shares of £1 each carry one vote per share and participate in profits available for dividend pro rata.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

21. Employee benefits

The EDI Group Limited (“the Employer”) ceased as an employer in the Lothian Pension Fund (“the Fund”) on 31 October 2018.

The employees of the company were eligible for membership of the Local Government Pension Scheme administered by Lothian Pension Fund. This is a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss so as to spread the cost of pensions over employees’ working lives with the company.

Pension costs

As noted in note 2b, the group had begun a process of closure. A redundancy programme occurred in 2018 and the group had no employees by the end of 2018, and the company’s admission to the Lothian Pension Scheme ceased on 31 October 2018.

The difference of £235,000 between the 2017 liability of £567,000, the total of amounts paid to the scheme during the prior year and the final cessation valuation, was recorded as a ‘Loss on settlement of the pension scheme’ through the Statement of Profit or Loss and Other Comprehensive Income in the prior year:

	2018
	£’000
Payments made during 2018	441
Cessation valuation deficit	361
	<hr/>
Total amount paid to scheme	802
Release of unrequired provision	(83)
2017 Net pension liability	(567)
	<hr/>
Loss on settlement of scheme	152
	<hr/> <hr/>

As all liabilities relating to the pension fund were accounted for in the prior year, no further costs were incurred in the current year.

The cessation deficit, valued at 31 October 2018, of £361,000 was payable to the Fund at the end of the prior year. This amount was paid over during 2019.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

22. Related party transactions

The key management personnel of the company are considered to be the directors. See note 9 for details of directors' emoluments. During the year group companies carried out the following transactions with related parties:

Related Party	Relationship	Group Company	Nature of Transaction	Value of transactions during year £	Amount owed from/(to) at year end £
City of Edinburgh Council	Ultimate holding organization	The EDI Group Ltd	Loan stock	-	(2,240,000)
			Interest on loan	(155,786)	(124,544)
City of Edinburgh Council	Ultimate holding organisation	EDI Central Ltd	Rent and loan account	535,000	420,000
City of Edinburgh Council	Ultimate holding organisation	EDI Market Street Ltd	Profit element of construction contract	(31,834)	-
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan for infrastructure works	-	(1,219,764)
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan stock	827,876	(2,558,899)

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

23. Ultimate parent undertaking

The parent company is CEC Holdings Limited, a company registered in Scotland. The financial statements of the parent undertaking are available at their registered offices. The ultimate holding organisation is The City of Edinburgh Council.

24. Financial Risk Management

The group has the following categories of financial instruments at the balance sheet date:

	Consolidated group		Parent entity	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<u>Financial assets</u>				
Financial assets measured at amortised cost	7,371	6,886	1,874	254
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2019 £	2018 £	2019 £	2018 £
<u>Financial liabilities</u>				
Financial liabilities measured at amortised cost	7,690	4,015	3,596	2,505
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade receivables, accrued income, and other receivables (excluding VAT receivable balances, tax receivables and prepayments).

Financial liabilities measured at amortised cost comprise trade payables, accruals, provisions, other payables (excluding VAT payable balances, tax payables and deferred income).

Capital risk management

The company aims to manage its overall capital structure to ensure it continues to operate on an ongoing basis within the broad timescales set out in the transition strategy. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents. The Directors are closely involved in the running of the company and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the group's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by group. The group does not enter into or trade financial instruments for speculative purposes.

The main risks that the group is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Market risk

Market risk is the risk that the value of the company's properties and sites under development may fall resulting in further write-offs to the income statement. The company manages this risk by carrying out sensitivity analysis for fluctuations in the property market. Included in market risk is interest rate risk, which is the risk that the expected receipts from deposits may fluctuate due to market conditions. The company monitors this risk but it is very unlikely to affect the company's overall liquidity.

24. Financial Risk Management (continued)

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group. It arises from exposure to customers and for the parent company, also from amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the Board of Directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

- Only banks and institutions with an acceptable credit rating are utilised;
- All potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- Customers that do not meet the groups credit policies may only purchase in cash or using recognised credit cards.

Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Ensuring that adequate unutilised borrowing facilities are maintained.

Fair values

The directors consider that the carrying values of all the group's financial assets and liabilities approximate their fair values at the balance sheet date.

The only financial instruments measured at fair value are available for sale financial assets. These are valued annually in accordance with the Practice Statement in the RICS Appraisal and Valuation Manual.

The Directors therefore consider that the risk in relation to financial instruments at fair value is low.

25. Post Balance Sheet Events

Agreement has been reached to sell Greendykes plots K and L with the price currently under negotiation but expected to be in the region of £1.8-£1.9m. The transaction is expected to conclude by summer 2020.

Agreement has also been reached to sell land at New Brunstane, with the transaction expected to complete in September 2020.

The group carries out annual revaluations that ensures of all property, including investment property. All valuations were carried out internally, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of The Royal Institution of Chartered Surveyors.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020 has impacted global financial markets.

Market activity is being impacted in many sectors. As at the valuation date, we consider that

we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

25. Post Balance Sheet Events (continued)

Our post year-end sales valuation is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we will keep the valuation of this property under review.

Governance, Risk and Best Value Committee

10.00am, Tuesday 8 December 2020

Marketing Edinburgh Annual Report 2019/20 – referral from the Housing, Homelessness and Fair Work Committee

Executive/routine	
Wards	All
Council Commitments	

1. For Decision/Action

- 1.1 The Housing, Homelessness and Fair Work Committee has referred an annual update report on Marketing Edinburgh to the Governance, Risk and Best Value Committee for scrutiny.

Andrew Kerr

Chief Executive

Contact: Sarah Stirling, Committee Services

Email: sarah.stirling@edinburgh.gov.uk | Tel: 0131 529 3009

Referral Report

Marketing Edinburgh Annual Report 2019/20

2. Terms of Referral

- 2.1 On 5 November 2020, the Housing, Homelessness and Fair Work Committee considered a report which provided an update on the annual performance of Marketing Edinburgh Limited for the financial year 2019/20.
- 2.2 The Housing, Homelessness and Fair Work Committee agreed:
 - 2.2.1 To note the annual report provided by Marketing Edinburgh Limited for 2019/20.
 - 2.2.2 To refer the report to the Governance, Risk and Best Value Committee for scrutiny.

3. Background Reading/ External References

Minute of the Housing, Homelessness and Fair Work Committee of 5 November 2020

4. Appendices

Appendix 1 – report by the Executive Director of Place

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 5 November 2020

Marketing Edinburgh Annual Report 2019/20

Executive/routine Wards Council Commitments	Executive ALL
---	------------------

1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Notes the annual report provided by Marketing Edinburgh Limited for 2019/20; and
 - 1.1.2 Refers this report to Governance, Risk and Best Value Committee for scrutiny.

Paul Lawrence

Executive Director of Place

Contact: Paul Lawrence, Executive Director of Place

E-mail: paul.lawrence@edinburgh.gov.uk | Tel: 0131 529 7325

Marketing Edinburgh Annual Report 2019/20

2. Executive Summary

- 2.1 This report provides an update on the annual performance of Marketing Edinburgh Limited (Marketing Edinburgh) for the financial year 2019/20.

3. Background

- 3.1 City of Edinburgh Council agreed to set up a new destination promotion body for the Council – Marketing Edinburgh – on [18 November 2010](#).
- 3.2 The business case supporting the creation of this new body was also approved by the City of Edinburgh Council on [18 November 2010](#). Fundamental to the business case was integration of the Destination Edinburgh Marketing Alliance, Edinburgh Convention Bureau, and Edinburgh Film Focus, into a single official, promotional body for Edinburgh - to be known as *Marketing Edinburgh* - with a remit to promote the city to visitors, tourists and investors.
- 3.3 Since being established, Marketing Edinburgh has operated under an SLA with reducing annual funding from the Council. In 2018/19 Marketing Edinburgh received £0.890m of grant funding from the City of Edinburgh Council. On [21 February 2019](#) the Council approved an allocation of £0.590m funding for Marketing Edinburgh in 2019/20.
- 3.4 In 2019/20, Marketing Edinburgh had four core service areas:
- 3.4.1 Business Tourism;
 - 3.4.2 Commercial and Memberships;
 - 3.4.3 Film Edinburgh; and
 - 3.4.4 Marketing and Commercial.
- 3.5 A Service Level Agreement (SLA) for 2019/20 between the Council and Marketing Edinburgh was approved by the Housing and Economy Committee on [21 March 2019](#).
- 3.6 There have been a number of update reports to Committees since March 2020 in respect of the future of Marketing Edinburgh. The most recent report to Policy and

Sustainability Committee was on [9 July 2020](#) and includes a summary of the Council decisions taken on Marketing Edinburgh.

4. Main report

- 4.1 Appendix 1 provides a summary of Marketing Edinburgh's activities in the financial year 1 April 2019 – 30 March 2020.
- 4.2 The Council decision in February 2019 on funding for Marketing Edinburgh led to a reduction in funding of £0.3m in 2019/20, with a further reduction of £0.490m to be applied in 2020/21.
- 4.3 In 2019/20 Marketing Edinburgh went through a period of significant change within the organisation. This report provides an update on the performance of the organisation against the Strategic Objectives which were outlined in the approved SLA.
- 4.4 Appendix 2 links to the Marketing Edinburgh accounts for 2018/19 as submitted to Companies House.

Marketing Edinburgh – Future Business Planning

- 4.5 A business plan for the future operation of the company was considered by Housing, Homelessness and Fair Work Committee on 31 October 2019 (B agenda). However, this approach was not agreed.
- 4.6 In advance of the October Committee meeting, the Board of Marketing Edinburgh resigned and therefore a new Board was appointed through November 2019, and a new business plan was developed in line with the funding available.
- 4.7 On 31 October 2019, Committee agreed to transfer responsibility for film from Marketing Edinburgh to the Council with effect from 1 April 2020.
- 4.8 However, towards the end of the financial year, the outbreak of COVID-19 immediately affected the operations of Marketing Edinburgh and led to a further review of the future service operations of the company.
- 4.9 This led the Council to decide to hibernate the company, and to subsequently decide to transfer the staff, assets and liabilities into the Council.

5. Next Steps

- 5.1 This performance update together with Appendix 1 should be referred to Governance Risk and Best Value Committee, in line with the Council's governance arrangements for arm's length companies.
- 5.2 The staff of Marketing Edinburgh transferred to the Council on 14 September. At the time of writing the arrangements to transfer the current Marketing Edinburgh assets and liabilities into the Council is on-going.

6. Financial impact

- 6.1 The Council provided grant funding of £0.590m to Marketing Edinburgh in 2019/20 for delivery of the Strategic Objectives set out in the SLA. The outcomes delivered are summarised in this report and reported in more detail in Appendix 1.
- 6.2 Marketing Edinburgh's annual audited accounts for the year 2019 have recently been submitted to Companies House and are linked in Appendix 2.
- 6.3 The Council agreed additional financial support to Marketing Edinburgh to enable the company to meet its ring-fenced liabilities and to deliver operational activities in 2020/21.

7. Stakeholder/Community Impact

- 7.1 The Boards of Marketing Edinburgh carried out significant stakeholder engagement in 2019/20 to develop the business plans for future service operations.
- 7.2 Council officers will continue to work closely with the Board of Marketing Edinburgh and with stakeholders to conclude the transfer of staff, assets and liabilities to the Council.

8. Background reading/external references

- 8.1 Previous annual reports on Marketing Edinburgh's performance were reported to the appropriate Committee. The last annual report was considered by Housing and Economy Committee on [6 June 2019](#) and Governance Risk and Best Value Committee on [13 August 2019](#).

9. Appendices

- 9.1 Appendix 1 - Marketing Edinburgh Annual Report 2019/20
- 9.2 Appendix 2 – [Marketing Edinburgh Accounts for 2019](#)
- 9.3 Appendix 3 – Auditor Report

Appendix 1 – Marketing Edinburgh Annual Review 2019/20

Introduction

The purpose of this report is to provide City of Edinburgh Council with information on the performance and activities of Marketing Edinburgh Limited (Marketing Edinburgh) during the financial year 2019/20 (1 April 2019 – 31 March 2020).

Marketing Edinburgh Performance

In 2019/20 Marketing Edinburgh's activities were delivered in four distinct areas:

- Business Tourism;
- Commercial and Membership;
- Film; and
- Marketing and Partnerships.

The Business Tourism team sourced and facilitated conventions and conferences into the city, working closely with conference centre venues and hotels across the city.

The Commercial and Memberships team delivered a range of benefits for Marketing Edinburgh members, including providing information on upcoming conferences and events, promoting member activities and campaigns, facilitating the sharing of ideas and views, and booking accommodation for delegates visiting Edinburgh for conferences and conventions.

Film Edinburgh acts as the film office for the city, providing film office services for Edinburgh, East Lothian and the Scottish Borders. On 1 April 2020 responsibility for the film office transferred to City of Edinburgh Council.

Marketing and Partnerships were responsible for raising awareness of Edinburgh as a destination for visitors and residents, maintaining the city's digital media channels. A summary of the digital channels and campaigns during the year is provided at the end of this report.

The table below summarises Marketing Edinburgh's performance against the Service Level Agreement (SLA) targets agreed with the Council for the period 1 April 2019 to 31 December 2019. The Marketing Edinburgh team reported being on target to achieve all of the SLA targets prior to a period of significant change for the organisation.

Activity	2018/19 Actual	2019/20 Target	2019/20 Actual 1 April 2019 – 31 December 2019
Membership			
Income	£388,000	£335,000	£311,454
Digital Advertising	£53,185	£60,000	£42,968
Accommodation Service Commission	£108,610 Commission	£85,000	£116,619
Total Sales	£549,795	£480,000	£471,041
Business Tourism			
Economic Impact of conferences to the city in 2019/20	£72.4m	£65m	£41.8m
Partnership			
Revenue	£0.643m	£25,000	£20,275
City Pass Revenue	N/A	£6,900	£16,480

Film Activities	2018 Actual	2019 target	2019 (1 January 2019 – 31 December 2019)
Enquiries	481	450	480
Conversions	66%	60%	71%
City Economic Impact	£5.7m	£5m	£14.4m
Locations	51	40	32
Revenue	£0.0115m	£0.012m	£0.017m
Industry Workshops	N/A	2	4

Marketing Edinburgh – Digital Summary for Marketing and Subvention

In 2019/20, the results for www.edinburgh.org were:

- 3m website page views;
- 1.5m website sessions;
- 1.2m website users;
- 15.8m social media reach;
- 0.753m social media engagements; and
- 0.470m social media followers.

In 2019/20, the results for Convention Edinburgh were:

- 0.026m web page views;
- 0.018m website sessions
- 0.016m website users;
- 0.005m social media followers;
- 0.363m social media reach; and
- 0.05m social media engagements.

Marketing Edinburgh – Future Plans

Through financial year 2019/20 plans were made for the future of Marketing Edinburgh, taking account of the Council decision to reduce grant funding to the organisation over a two year period.

In early 2020 a redundancy consultation commenced. An initial business plan was developed which retained the three business areas, with reduced staffing capacity. At the same time the global coronavirus pandemic (COVID-19) was identified in the United Kingdom and began immediately impacting on Marketing Edinburgh's core business activities. This led to a revised business plan and a significant reduction in the number of members of staff employed by Marketing Edinburgh.

The Board of Marketing Edinburgh worked closely with the remaining team and with Council officers to maintain the digital channels, to support the Ambassador programme and to maintain support for Marketing Edinburgh members.

In July 2019, the Council's Policy and Sustainability Committee agreed to transfer the staff, assets and liabilities of Marketing Edinburgh into the Council.

Our Ref: NML / MA0721

133 FINNIESTON STREET
GLASGOW G3 8HB

PRIVATE AND CONFIDENTIAL

The Board of Directors
Marketing Edinburgh Limited
Ardmore House
40 George Street
Edinburgh
EH2 2LE

T: 0141 221 2984
F: 0141 221 2980
enquiries@frenchduncan.co.uk
www.frenchduncan.co.uk

27 August 2020

Dear Madams

MARKETING EDINBURGH LIMITED LETTER TO THOSE CHARGED WITH GOVERNANCE

We have completed our audit of the above named company for the year ended 31 March 2019 and present the key findings of our audit below:

SCOPE OF WORK

The scope of our work has already been communicated to you in our audit planning letter dated 4 July 2019. There were no changes to the scope of our work during the course of our audit.

2. AUDIT AND ACCOUNTING ISSUES IDENTIFIED

The following audit and accounting issues were identified during the planning of your audit:

(i) All Companies

<u>RISK IDENTIFIED</u>	<u>AUDIT APPROACH</u>
Management override	Intrinsically there is always a risk of material misstatement due to fraud (and hence a significant risk to most companies) as a result of potential management override. A review of large and unusual journals and material bank transactions was undertaken and no incidences of management override were identified that required further investigation. All items tested had a commercial substance.
Revenue recognition – completeness and cut off	Revenue recognition is generally accepted to give rise to a risk of material misstatement due to the risk of fraud. In order to test revenue, we completed walk through testing in order to confirm the operation of the system and verification of key controls as we understood them. Furthermore, detailed testing in the form of proof in totals

	<p>of specific revenue streams was carried out where appropriate, and additional substantive testing on a sample basis for the remaining income streams.</p> <p>Sales cut off testing was also completed on a sample basis.</p> <p>From the testing carried out, no material adjustments were carried out and revenue recognition was assessed as being appropriate and in accordance with FRS102.</p>
<p>Going concern</p>	<p>Going concern was noted as a significant area of audit focus at the planning stage of the audit as the company was aware that the City of Edinburgh Council ('the Council') would be reducing their future funding.</p> <p>Going concern was therefore critical to the future of the business, with the support from the Council and the intentions of the Board of Directors key to determining the future direction of the entity.</p> <p>The Council met and determined in July 2020 that all trading and associated assets and liabilities of the company would transfer over to the Council post year end. From discussions with the current board of directors, we also understand that they intend to make appropriate arrangements in order to bring about the orderly wind-down of the company.</p> <p>As a result of these decisions, the financial statements have been prepared on a break-up basis which requires the carrying value of assets to be at the amounts they are expected to realise, and liabilities include any amounts which have crystallised as a result of the decision to wind-down the company. An emphasis of matter detailing this departure from the going concern basis of accounting has been incorporated within the audit report in the year end financial statements.</p>

The following audit and accounting issue was identified during the course of our audit work:

<p>Subvention accrual</p>	<p>During the audit it was noted that in the situation whereby Marketing Edinburgh Limited agreed to make a contribution to events or conferences being hosted in Edinburgh, no accrual was currently provided in the financial statements.</p> <p>From discussion with management it was clear that there was a contractual obligation to make these</p>
---------------------------	---

	<p>payments, the amounts could be estimated reliably and it was probable that the amounts would be paid.</p> <p>As the adjustment to correct the accounting treatment was material, a prior period adjustment was processed in the 2019 financial statements to account for this appropriately.</p>
--	---

3. SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS

There were no significant deficiencies in internal controls identified during the course of our audit.

Further details of our findings are detailed in section 10 below, which includes our recommendations to the Board in respect of addressing the deficiencies noted during the audit.

Please note that the above only includes those deficiencies which were highlighted during the course of our audit work and it should be noted that these may not represent all of the deficiencies that may exist within your accounting and internal control systems.

4. SIGNIFICANT ACCOUNTING POLICIES, DISCLOSURES AND ESTIMATES

During the course of our audit we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both the relevant accounting standards and Companies Act 2006.

There were no issues to note with regards to the disclosures within the financial statements.

5. UNADJUSTED / ADJUSTED MISSTATEMENTS

A summary of our unadjusted misstatements is recorded per the letter of representation. These were identified during the course of our work and discussed with management during our completion meeting.

We have not disclosed those items which we consider to be clearly trifling in the context of our audit.

6. INDEPENDENCE

In accordance with International Standards on Auditing (UK and Ireland) 260 "Communication with those charged with governance", there have been no changes to the relationships between French Duncan LLP and Marketing Edinburgh Limited that may reasonably be thought to impact the independence and objectivity of the audit partner, the audit staff and the related safeguards from those detailed in our audit planning letter dated 4 July 2019.

7. FRAUD

There have been no instances of fraud or theft identified during the course of our audit work.

8. COMPLIANCE WITH SIGNIFICANT LAWS AND REGULATIONS

There have been no instances of non compliance with significant laws and regulations identified during the course of our audit work.

9. AUDIT REPORT

The audit report included an emphasis of matter due to the departure from the going concern basis of accounting.

10. MANAGEMENT LETTER POINTS

As required by International Standards on Auditing, we are required to bring to your attention items noted by ourselves during the audit which we consider require to be brought to your attention. Attached is a list of these points at Appendix A. We are aware that a number of the issues have already been discussed; however we are still required to formally include them in this letter.

It should be noted that this letter is not a comprehensive statement of all weaknesses that exist or of all improvements that may be made. We have only documented those matters that have come to our attention as a result of the audit procedures performed, and which we consider to be of sufficient importance that they should be brought to your notice.

If you have any queries on any of the matters raised in this letter please do not hesitate to contact us to discuss these.

May we take this opportunity of thanking you for your assistance during the course of the audit.

11. OTHER AUDIT ISSUES

There were no other issues identified during the audit which should be brought to the attention of the Board of Directors.

This report has been prepared for the sole use of the Board of Directors of Marketing Edinburgh Limited. It must not be disclosed to any third party without our written consent. No responsibility is assumed to any other person in respect of this report.

Yours sincerely



Nicola MacLennan
Partner

APPENDIX A

Prioritisation of Recommendation:

- High** Significant findings which requires urgent attention
- Medium** Important findings which requires imminent attention
- Low** Findings which requires non urgent attention

OBSERVATION	PRIORITY	RISK	RECOMMENDATION	COMPANY RESPONSE
VAT – Sales to EU countries Sales to EU countries have not been accounted for correctly with respect to VAT.	Low	The accounting team correctly charged no VAT on these sales, however coded to T0 rather than T24 within the system. In addition, we noted one invoice that did not state the customer VAT number.	VAT in relation to sales to EU countries should be posted to T24 rather than T0 going forward.	
VAT – Business entertainment There are some transactions noted in the year that could be considered business entertainment, and if this is the case, then VAT should not have been reclaimed.	Low	If hospitality such as food or drink, or other entertainment is provided free of charge to individuals who are not employees, then this could constitute business entertainment.	If provided as part of the taxable membership fee, then this may fall outside the business entertainment classification, however, to ensure the accounting is appropriate, additional VAT advice should be sought.	
VAT - In kind transactions It was noted that no VAT is recorded in respect of memberships in kind.	Low	There is a risk that you are under accounting for output VAT and input VAT on in kind transactions, although there would be no impact upon the net VAT figure.	VAT in relation to in kind transactions should be accounted on the value of the goods or services provided or bought.	
VAT – Partnerships It was noted during the fieldwork that there is a risk on certain projects that VAT may not be reclaimable on expenditure incurred for the partnership project.	Low	Although not considered a material risk this year, input VAT could be claimed on projects when it was not appropriate to do so.	If the entity is involved in projects that are reclaiming VAT on supply costs, it is recommended that the organization confirms that this is the appropriate VAT treatment with a VAT expert.	

This page is intentionally left blank

Governance, Risk and Best Value Committee

10am, Tuesday 8 December 2020

Whistleblowing update

Item number
Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note whistleblowing activity for the quarter 1 July – 30 September 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 July – 30 September 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) notes that quarterly summary reports on whistleblowing activity will be presented to the Governance, Risk and Best Value Committee.

4. Main report

4.1 Disclosures

During the reporting period Safecall received seven new disclosures:

Category	Number of disclosures
Major/significant disclosures	1
Minor/operational disclosures	5
Category still to be determined	0
Non-qualifying disclosures	1

- 4.2 This reporting period covers months four-six of coronavirus pandemic measures, with national lockdown restrictions lifting but most Council staff still working remotely, many of those from home.

- 4.3 The number of disclosures received this quarter has returned to being within the usual range, which is likely attributable to staff adjusting to new working arrangements and returning to using the whistleblowing service.
- 4.4 The annual review of the whistleblowing policy, which was delayed due to the impacts of Coronavirus, has recommenced with the opportunity being taken to incorporate additional requested amendments.
- 4.5 It is hoped that Trade Union consultation can be commenced by the end of this year, with presentation to the Policy and Sustainability Committee for approval in early 2021.

5. Next Steps

- 5.1 Trade Union consultation at 4.5 will take place as soon as possible.

6. Financial impact

- 6.1 Costs incurred for the whistleblowing service during the three-month period 1 July – 30 September 2020 totalled £8,915.40 (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.

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank