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Notice of meeting and agenda

Governance, Risk and Best Value Committee

10:00am, Tuesday 23 August 2022

Dean of Guild Court Room - City Chambers

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

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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

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1. Order of Business

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

2. Declaration of Interests

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

3. Deputations

3.1 If any.

4. Minutes

4.1	Minute of Governance, Risk and Best Value Committee of 14 June 2022 – submitted for approval as a correct record	7 - 10

5. Outstanding Actions

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6. Work Programme

6.1	Work Programme	35 - 44

7. Business Bulletin

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8. Reports

8.1	Internal Audit Annual Opinion 2021/22 – Report by the Chief Internal Auditor, City of Edinburgh Council	51 - 74
8.2	Annual Governance Statement – Report by the Interim Executive Director of Corporate Services	75 - 102

8.3	Corporate Governance Code – Report by the Interim Executive Director of Corporate Services	103 - 138
8.4	Annual Assurance Schedule – Edinburgh Health and Social Care Partnership – Report by the Chief Officer, Edinburgh Health and Social Care Partnership	139 - 172
8.5	Gas Service Improvement Plan Closure Report – Report by the Executive Director of Place	173 - 186
8.6	Revenue Budget 2022/27 - progress update - referral from the Finance and Resources Committee	187 - 202
8.7	Edinburgh Living Annual Update 2020 and 2021 - referral from the Housing, Homelessness and Fair Work Committee	203 - 228
8.8	Whistleblowing update – Report by Chief Executive	229 - 232

9. Motions

9.1 If any.

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 & 15 of Part 1 of Schedule 7A of the Act.

11. Private Reports

11.1	Whistleblowing Monitoring Report – Report by Chief Executive	233 - 276
11.2	Whistleblowing - Major Investigation Outcome Report (MCEC-19-19) – Report by the Service Director – Legal & Assurance and Council Monitoring Officer	277 - 410

Nick Smith

Service Director, Legal and Assurance

Committee Members

Councillor Kate Campbell (Convener), Councillor Jule Bandel, Councillor Denis Dixon, Councillor Katrina Faccenda, Councillor Stephen Jenkinson, Councillor Claire Miller, Councillor Joanna Mowat, Councillor Vicky Nicolson, Councillor Jason Rust, Councillor Edward Thornley and Councillor Lewis Younie.

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.

This meeting of the Governance, Risk and Best Value Committee is being held in the City Chambers, High Street, Edinburgh and virtually by Microsoft Teams.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Rachel Gentleman, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4107, email rachel.gentleman@edinburgh.gov.uk / emily.traynor@edinburgh.gov.uk.

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to the Council's online Committee Library.

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Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 14 June 2022

Present

Councillor Campbell, Councillor Dixon, Councillor Faccenda, Councillor Griffiths (substituting for Councillor Jenkinson), Councillor Miller, Councillor Mowat, Councillor Nicolson, Councillor Parker, Councillor Neil Ross (substituting for Councillor Thornley), Councillor Whyte (substituting for Councillor Rust), and Councillor Younie.

1. Appointment of Convener

In the absence of a Convener being appointed by the City of Edinburgh Council, Councillor Kate Campbell was appointed to chair this meeting of the Committee.

2. Minutes

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 8 March 2022 as a correct record.

3. Outstanding Actions

Details were provided of the Outstanding Actions arising from decisions taken by the Committee.

Decision

1) To agree to close the following actions:

- Action 11 (1&2) – Internal Audit: Overdue Findings and Key Performance Indicators as at 26 January 2022
- Action 12 (1&2) – Internal Audit: Internal Audit Charter Annual Update
- Action 14 (1&2) – Collaborative Working with Community Councils
- Action 17 (1&2) – Whistleblowing Major Investigation Outcome Report (Edinburgh Secure Services) (private report)

2) To note that a review of the Outstanding Actions was needed, due to information being incorrect including expected completion dates.

3) To note that once the review had taken place, an updated version of the Outstanding Actions would be circulated to members.

4) To otherwise note the remaining outstanding actions.

(Reference – Outstanding Actions June 2022, submitted.)

4. Work Programme

The Work Programme for 14 June 2022 was presented.

Decision

1) To note that quarterly reports that were due in June would be reported Committee in August.

2) To otherwise note the Work Programme.

(Reference – Work Programme June 2022, submitted.)

5. Business Bulletin

The Committee Business Bulletin for 14 June 2022 was presented.

Decision

1) To note that members of the committee would discuss with the Corporate Governance Manager the presentation format of the Best Value Assurance Audit Status Update in the Business Bulletin and in the GRBV Teams Channel.

2) To note that the Interim Executive Director of Corporate Services would circulate the Budget template to all members and that discussion with political groups would follow on submitting budget proposals.

3) To request that a note be circulated to Committee summarising the closure of outstanding Internal Audit actions.

4) To otherwise note the Business Bulletin.

(Reference – Business Bulletin June 2022, submitted.)

6. Whistleblowing update

Details were provided on an overview of the operation of the Council's whistleblowing service for the quarter 1 January – 31 March 2022.

Decision

To note the report.

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

7. Whistleblowing Monitoring Report

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

Details were provided on a high-level overview of the operation of the Council's whistleblowing service for the quarter 1 January – 31 March 2022.

Decision

1) To approve the report recommendations.

2) To agree that a Whistleblowing workshop would be arranged for members.

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

8. Whistleblowing - Major Investigation Outcome Report

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

A major investigation outcome report in relation to Housing Property Services was submitted to the Committee for consideration.

Decision

To agree to continue the report.

(Reference – report by the Service Director – Legal & Assurance and Council Monitoring Officer, submitted.)

9. Whistleblowing - Major Investigation Outcome Report

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

A major investigation outcome report in relation to Offender Management was submitted to the Committee for consideration.

Decision

1) To note the report.

2) To close the investigation.

(Reference – report by the Service Director – Legal & Assurance and Council Monitoring Officer, submitted.)

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Outstanding Actions

Governance, Risk and Best Value Committee

23 August 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	17.09.19	Work Programme – Member/Officer Protocol	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.	Interim Executive Director of Corporate Services	August 2022 ~~August 2021~~ ~~June 2021~~ ~~May 2021~~ ~~March 2021~~ ~~February 2021~~ ~~November 2020~~ ~~September 2020~~ ~~January 2020~~		**Update August 2022** Report will be considered at Full Council in August 2022. **August 2021** This will now form part of the wider review of political management arrangements following the Local Government Election. **June 2021** Timescale extended to allow

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No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							further engagement with political groups. **March 2021** Sessions with political groups are currently being arranged. **February 2021** The timescales have been extended to allow for further engagement with elected members. **December 2020** The Code of Conduct Consultation is now live. The draft response to this is being developed to be presented to Council on 4

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							February 2021 (Consultation closes 6 February). Officers are working to ensure these two documents align. The Member/Officer Protocol will be brought to GRBV following this exercise in February 2021. **<u>July 2020</u>** 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.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<u>June 2020</u> Consideration of the member/officer protocol is awaiting the finalisation of the revised Code of Conduct from the Scottish Government that will impact on the content of the Protocol. Timescales to be confirmed. **<u>December 2019</u>** Workshop with members held on 29 October 2019. A joint workshop will be arranged with officers and members early 2020 (following the

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							General Election).
2	07.07.20	Motion by Councillor Doggart – Pandemic Planning	1) Agrees that the Interim Executive Director of Corporate Services reviews the council's response and preparedness to COVID-19 but acknowledges that as the council is still responding to the pandemic, any review would be premature at this time. 2) Asks that the Interim Executive Director of Corporate Services updates the Policy and Sustainability committee on when he believes it would be appropriate both in terms of Corporate Services and timing for such a review to take	Interim Executive Director of Corporate Services	April 2022		**Recommended for closure** An update on the approach will be provided in the Policy and Sustainability Committee Business Bulletin in August 2022. **September 2021** A close report and lessons learned is underway for the Adaptation and Renewal programme after which advice will be provided on a lessons learned exercise for Covid-19 as references in the accounts commission

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			place.				Report to P&S on 5 March. **<u>August 2021</u>** An interim debrief of the Council's response to Covid-19 has been undertaken with key findings shared with the Adaptation and Renewal All Party Oversight Group on the 13th August. Lessons identified have been incorporated into the council's documentation for further waves / local outbreaks. A summary will be provided to the next P&S Committee. As the incident

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							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 appropriate opportunity.
3	23.03.21	Gas Service Improvement Plan – B Agenda	1) To note that the gas service improvement plan would be included in the broader service improvement plan going to the Housing, Homelessness and Fair Work Committee in June 2021 and agree to wrap this into a workshop (referenced in Confidential Schedule	Executive Director of Place	June 2021		**Closed August 2021** This was Reported to Housing, Homelessness and Fair Work Committee in June 2021.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			of 23.03.21)				
			2) To agree to provide a briefing note (referenced in Confidential Schedule of 23.03.21)	Executive Director of Place	June 2021		**Closed August 2021** This briefing has been followed up.
			3) To note that once the agreed management actions had been implemented, a closure Report would be brought to the GRBV committee.	Executive Director of Place	August 2022		**Recommended for closure** Report on agenda for August Committee.
4	04.05.21	Change Portfolio	1) To agree to provide a briefing note to update Committee on the North Bridge Refurbishment.	Executive Director of Place	December 2021	December 2021	**Closed December 2021** Briefing note circulated on 8 November and Report on agenda

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To agree that the Head of Place Management would provide reassurance why the Housing Service Improvement was amber status and details of what plans were in place to move it forward.	Executive Director of Place	June 2021		**Closed August 2021** An update on project status and plans moving forward was Reported to Housing, Homelessness and Fair Work Committee in June 2021.
			3) To note that the foundations and MI were in place and information could be pulled off for particular areas and to agree that the Head of Customer and Digital Services would assess what information could be provided.	Interim Executive Director of Corporate Services	March 2023		**Update June 2022** All of the dashboards within the original scope of the BI programme have now been implemented. Work is underway as part of the Organisational Data Strategy to

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							review other areas that would benefit from dashboard reporting. **<u>August 2021</u>** The Business Intelligence Programme is well underway, and the remit of the programme is to build MI dashboards which Report on key areas across Service Areas. The immediate focus is on dashboards for Place, HR and Customer. **<u>June 2021</u>** The Head of Customer and Digital Services

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							has this work underway.
5	10.08.21	First Line Governance and Assurance Model	To agree that progress updates should be provided in each GRBV Committee Business Bulletin from November onwards, including an update on the finalised structure and recruitment.	Service Director - Legal & Assurance	November 2022		**Update August 2022** Update included in August Business Bulletin. Updates will be provided on an ongoing basis
6	21.09.21	Corporate Leadership Team Risk Report as at 23 August 2021 – Report by the Chief Executive	1) To agree that the Service Director – Legal and Assurance would send an email to Directors and senior managers to request that risk is properly considered in Council and committee Reports.	Interim Executive Director of Corporate Services (Service Director – Legal and Assurance)			**Closed** Email sent to relevant officers 22 September 2021
			2) To request that the next review of the Report template for	Interim Executive Director of	October 2022		**Update June 2022** Report template

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Council and committees includes a 'risk' section to ensure this is considered.	Corporate Services			will be submitted to Council for consideration in September alongside the Council's other governance documents.
7	09.11.21	City of Edinburgh Council - 2020/21 Annual Audit Report to the Council and the Controller of Audit	1) Agree that items 1, 2, 3, 4 and 5 shall have regular updates to the Executive Committees via their business bulletins on progress and full Reports at implementation date detailing completion or outstanding actions.	Interim Executive Director of Corporate Services	1 (Communication with valuer) – March 2022 2 (Impairment of assets under construction) – March 2022 3 (Provision for doubtful debts) – March 2022 4 (Common good –		**Recommended for closure** All five actions have been addressed as part of the accounts closure process for 2021/22.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
					accounting estimates) – March 2022 5 (Payroll reconciliations) – June 2022		
			2) Agree that Item 6 (Implementation of BVAR recommendations) will be reported to each meeting of GRBV under the Business Bulletin to monitor progress (tabular form acceptable) towards completion dates.	Interim Executive Director of Corporate Services	Ongoing		
			That reports are prepared in the following terms on the following areas: 3.1) Common Good – a Report reviewing progress towards	Interim Executive Director of Corporate Services	March 2022		**Closed March 2022**

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			completion of 2017/18 recommendations on the Common Good Asset Register and what outstanding work there is to complete this and what resource is required (in officer hours) in two cycles and copied to the relevant Executive Committee.				
			3.2) Framework for collaboration with community councils – a Report detailing current arrangements, funding and how this links into wider community planning responsibilities with any actions for improvement identified and Reporting framework detailed in two cycles and copied	Interim Executive Director of Corporate Services	March 2022		**Closed March 2022**

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			to the relevant Executive Committee.				
			3.3) Community Asset Transfer – short Report in two cycles on current process and timescales to include a table on number of requests received and stage in process with time taken to get to that point.	Executive Director of Place	March 2022		**Closed March 2022**
8	14.12.21	Community Centres (update) – Report by the Executive Director of Education and Children's Services	The Executive Director of Education and Children's Services will provide a written response to councillors' questions regarding Inch Community Centre, feedback from community centre management committees and progress made to improve the responsiveness to new	Executive Director of Place	August 2022		**Update June 2022** It is proposed that a paper on the future management of the relationships with community centres is considered by Culture and Communities

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			guidance, which will be circulated to all committee members.				Committee in August.
9	18.01.22	Review of Effectiveness of Scrutiny of Governance, Risk and Best Value (GRBV) – Self-Evaluation and Lessons Learnt Report by the Interim Executive Director of Corporate Services	To request an additional Report to the Council in June 2022, presenting the findings of the GRBV Effectiveness Audit, requesting that they are taken into consideration when agreeing the new Political Management Arrangements following the election.	Interim Executive Director of Corporate Services	June 2022		**Recommended for closure** Included in report to Full Council in June 2022.
10	18.01.22	Committee Decision Process and the Policy Register – Report by the Interim Executive Director of Corporate Services	1) To request that a review or internal audit (to be decided in March when the 2022/23 Internal Audit Annual Plan is considered to ensure capacity) is undertaken to ensure the recommendations at paragraph 4.18 of	Interim Executive Director of Corporate Services	September 2022		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			the report have been implemented and that the processes are working effectively.				
			2) To agree to produce a simple guide to the Council's governance arrangements, decision making and committee process, including IIAs, implementation of decisions, the policy register and the use of the webcast for reviewing committee discussion. The guide to be included in members' training and made available to members and officers on the Orb, with a link to it to be included in committee action sheets for information.	Interim Executive Director of Corporate Services	August 2022		**Recommended for closure** A guide is being prepared and will be circulated to members in advance of August committee meeting.
11	08.03.22	Quarterly Status	1) To provide the	Interim	August 2022		**Recommended**

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Update – Digital Services – Report by the Interim Executive Director of Corporate Services	Committee with a report on Network Traffic in the general estate and teaching estate, focusing on traffic of network over capacity.	Executive Director of Corporate Services			**for closure** Briefing circulated to members on 31 May 2022.
			2) To provide information on potential ways to improve phone communication across staff groups whilst working from home.	Interim Executive Director of Corporate Services	August 2022		**Recommended for closure** Briefing circulated to members on 17 March 2022.
12	08.03.22	Council Companies - Edinburgh Leisure Annual Report 2020/21 – Report by the Executive Director of Education and Children's Services	To provide a briefing note on staffing issues and to confirm Edinburgh Leisure was a Living Wage Employer.	Report by the Executive Director of Education and Children's Services	In progress		**Recommended for closure** An update is included in the Business Bulletin on this agenda.
13	08.03.22	Whistleblowing Monitoring Report (private report)	To undertake a sampling exercise of cases to attain an average time taken to	Chief Executive / Service	To be confirmed when		**Update August 2022** Investigating

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			resolve whistleblowing reports to enable a comparison of current costs compared to future costs.	Director – Legal and Assurance	independent investigations unit go-live date is advised		officers will record time spent on whistleblowing investigations from 1 July 2022 under existing arrangements until new arrangements (the independent investigations unit) commence and data will be retained for future comparative purposes if required.
14	14.06.22	Outstanding Actions	1) To note that a review of the Outstanding Actions was required due to information being incorrect including expected completion dates.	Interim Executive Director of Corporate Services	June 2022		**Recommended for closure** Actions have been reviewed with directorates and updated expected completion dates and updates included.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To note that once the review had taken place, an updated version of the Outstanding Actions would be circulated to members.	Interim Executive Director of Corporate Services	June 2022		**Recommended for closure** Updated Outstanding Actions circulated to members on 30 June 2022.
15	14.06.22	Work Programme	To note that quarterly reports that were due in June would be reported Committee in August.	Interim Executive Director of Corporate Services	August 2022		**Recommended for closure** Reports due to Committee in June have been circulated to members for information via Teams as the next iterations of these are due to Committee in October.
16	14.06.22	Business Bulletin	1) To note members would discuss with the Corporate Governance	Interim Executive Director of	August 2022		**Recommended for closure** Corporate

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Manager the presentation format of the Best Value Assurance Audit Status Update in the Business Bulletin and in the GRBV Teams Channel.	Corporate Services / Corporate Governance Manager			Governance Manager contacted members for further feedback on 3 August 2022.
			2) To note the Interim Executive Director of Corporate Services would circulate the Budget template to all members and that discussion with political groups would follow on submitting budget proposals.	Interim Executive Director of Corporate Services	August 2022		**Update August 2022** Discussions planned with Group Leaders during August. **June 2022** Budget Template was circulated to members via email on 14 June 2022.
			3) To request that a note be circulated summarising the closure of outstanding Internal Audit actions.	Chief Internal Auditor		June 2022	**Recommended for closure** Two Outstanding Internal Audit reports due to be submitted to

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Committee in June were circulated via Teams on 14 June 2022.
17	14.06.22	Whistleblowing Monitoring Report (private report)	To agree that a Whistleblowing workshop would be arranged for members.	Chief Executive	Late August 2022		**Update August 2022** Nick Smith/Laura Callender met with Convener on 26 July 2022 to discuss and a Workshop date is being set up for 20 September 2022.
18	14.06.22	Whistleblowing - Major Investigation Outcome Report - MCEC-19-19 (private report)	To agree to continue the report to allow members to submit questions via the Teams Channel.	Chief Executive	August 2022		**Recommended for closure** Report on agenda for August Committee. Reminder sent out via Teams channel for members to submit questions on 12 July but no questions received

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completi on date	Comments
							to date.

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Work Programme

Governance, Risk and Best Value Committee – 23 August 2022

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
1	Internal Audit: Overdue Findings and Key Performance Indicators	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	October 2022 January 2023 May 2023

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	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
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	October 2022 January 2023 May 2023
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 2023
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 2023

	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholder	Progress updates	Expected date
5	Accounts Commission	Annual report	Local Government in Scotland: Financial Overview	External Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2023
6	Accounts Commission	Annual report	Accounts Commission: Local Government in Scotland Overview 2021	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2022
7	Annual Audit Plan	Azets	Annual audit plan	External Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2023
8	City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit	Azets	Annual Audit Report	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2022
9	External Audit Review of Internal Financial Controls	Azets	Interim audit report on Council wide internal financial control framework	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2022 (as part of 2021/22 Annual Audit report)
10	Internal Audit Charter	Annual Report	Annual Audit Charter	Internal Audit	Executive Director of Corporate Services	Council Wide	Annually	March 2023

Section B – Scrutiny Items								
11	Change Portfolio		To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Executive Director of Corporate Services	All	Six- monthly	October 2022 March 2023
12	Welfare Reform	Review	Update reports to be referred annually by Policy and Sustainability Committee	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	November 2022
13	CLT Risk Report	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Executive Director of Corporate Services	Council Wide	Quarterly	October 2022 January 2022 May 2023
14	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Executive Director of Corporate Services	Internal	Quarterly	October 2022 November 2022 March 2023
15	Whistleblowing Annual Report		Annual report	Scrutiny	Executive Director of Corporate Services	Internal	Annual	March 2023
16	Workforce Controls	Staff	Annual report	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2022

17	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	October 2022 November 2022 March 2023
18	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	October 2022 November 2022 March 2023
19	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2022
20	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2022
21	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	March 2023
22	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2022
23	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	January 2023

24	Quarterly Status Update - Digital Service Programme	Review	Progress Reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	October 2022 January 2022 March 2023
25	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	January 2023 (Place) January 2023 (Education and Children's Services) March 2023 (Corporate Services) August 2023 (EIJB)
26	Review of the Member/Officer Protocol	Review	Including timescales for submission	Scrutiny	Executive Director of Corporate Services	Council Wide	Flexible	August 2023
Section C – Council Companies								
27	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	January 2023 Note: report due at Culture & Communities
28	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	March 2023
29	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2022

30	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2022
31	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2022
32	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2022
33	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	December 2022

GRBV Committee Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
October 2022		
IA Overdue Findings and Key Performance Indicators	Scrutiny	Not Flexible
Internal Audit Quarterly Activity Report	Scrutiny	Not Flexible
CLT Risk Report	Scrutiny	Not Flexible
City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit	Scrutiny	Not Flexible
Accounts Commission: Local Government in Scotland Overview 2021	Scrutiny	Not Flexible
Change Portfolio	Scrutiny	Not Flexible
Quarterly Status Update - Digital Services Programme	Scrutiny	Not Flexible
Whistleblowing Update	Scrutiny	Not Flexible
Whistleblowing Quarterly Report	Scrutiny	Not Flexible

Workforce Controls	Scrutiny	Not Flexible
Revenue Monitoring	Scrutiny	Not Flexible
Capital Monitoring	Scrutiny	Not Flexible
Revenue Outturn	Scrutiny	Not Flexible
Capital Outturn and Receipts	Scrutiny	Not Flexible
Treasury Management Annual Report	Scrutiny	Not Flexible
Capital City Partnership Update	Scrutiny	Flexible

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Business Bulletin

Governance, Risk and Best Value Committee

10.00am, Tuesday, 23 August 2022

Teams Meeting

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Governance, Risk and Best Value Committee

Convener:	Members:	Contact:
Councillor Kate Campbell 	Councillor Jule Bandel Councillor Denis Dixon Councillor Katrina Faccenda Councillor Stephen Jenkinson Councillor Claire Miller Councillor Joanna Mowat Councillor Vicky Nicolson Councillor Jason Rust Councillor Edward Thornley Councillor Lewis Younie	Rachel Gentleman Committee Officer 0131 529 4107

Recent news	Background/Contact
First Line Governance and Assurance Model Rolling Action Log **Education and Children's Services** – The Operations Manager started on 7 February 2022 and is now actively involved and overseeing all the audits within the Directorate. **Corporate Services** - The Directorate Assurance Officer is currently focussing on Internal Audit activity and the prioritisation of assurance activities for the Directorate. Three new governance officers have also started within the Governance team. Work on developing the framework continues. **Place** – The Operations Manager continues to work on the prioritisation and implementation of assurance activities, with a continued focus on Internal Audit management actions and the Risk Framework. **Health and Social Care Partnership** – The Directorate Assurance Officer is working on the prioritisation and implementation of assurance activities with an ongoing focus on Internal Audit management actions. **Framework development** It was originally hoped that the Governance and Assurance roles would be in place to enable design of the assurance reporting framework which services will operate to be complete by June	Nick Smith, Service Director: Legal and Assurance Division, Corporate Services Directorate Tel: 0131 529 4377

2022. However, the impact of the Council 22 elections and substantial increase in levels of whistleblowing have meant that these tasks have had to take priority. The design is ongoing and currently expected to be complete by 31 October 2022, with the first cycle of reporting though the relevant risk committees expected in early 2023. However, as noted above, assurance activity is already taking place within directorates.	
Council Companies – Edinburgh Leisure Annual Report 2020/21 At Governance, Risk and Best Value Committee in March 2022, the Council Companies - Edinburgh Leisure Annual Report 2020/21 report was considered. It was requested that an update be provided on staffing issues and confirmation that Edinburgh Leisure was a Living Wage Employer.	Evelyn Kilmurry Head of Libraries, Sport & Wellbeing, Place Directorate Tel: 0131 5297894
Staff recruitment update from Edinburgh Leisure Edinburgh Leisure have had recruitment challenges particularly in wet leisure attendants and coaches / instructors in swimming and gymnastics. The challenges around recruiting swim and gymnastic coaches are not new (it was an issue pre covid) but covid has exacerbated this area and they are continuing to take steps to try and address, however the situation does mean their swim and gymnastic programmes are restricted. The recruitment challenges in swim teachers is replicated in leisure trusts throughout Scotland. The recruitment of wet leisure attendants has improved recently but overall recruitment continues to be challenging and unpredictable.	Graham Croucher Lifelong Learning Development Officer, Education and Children's Services Directorate Tel: 0131 529 7994
Edinburgh Leisure and the Living Wage On 17 March 2022 the Council agreed that the Chief Executive should write to all of the Council's Arm's Length External Organisations (ALEOs) to set out the expectation that the organisations should be Living Wage accredited by March 2023. Officers were asked to work with the ALEOs to support them achieving this. Edinburgh Leisure currently pays the 'Real Living Wage' rate of £9.90 (there is no restrictions on age etc.) however they are not a member of the Living Wage Foundation.	
City of Edinburgh Council - 2020/21 Annual Audit Report to the Council and the Controller of Audit Rolling Action Log It was requested at GRBV on 9 November 2021 that the Implementation of Best Value Assurance Review	Hayley Barnett, Corporate Governance Manager, Legal and Assurance Division, Corporate Services Directorate

recommendations be reported to each meeting of GRBV to monitor progress towards completion dates. Please see the details provided below. GRBV Business Bulletin Best Value Assurance Audit Response Summary Update - Members should note that the August progress table containing detailed updates under each key recommendation is available on the GRBV MS Teams Channel. Key update: • While the Council has approved a balanced revenue budget for 2022/23, there are significant financial challenges going forward. Current projections indicate a need to deliver at least £63m of recurring savings in 2023/24, increasing to £144m over the five-year period to 2026/27. The grant funding and other planning assumptions underlying these gaps were reviewed following the publication of the Scottish Government's Resource Spending Review on 31 May and, given increasing inflation-related pressures, a further update will be reported to the Finance and Resources Committee on 8 September. • In recognising the urgency of this requirement, Directorates have been asked to develop potential savings options with reference to the priorities set out in the Council's business plan. These proposals will be the subject of a process of co-design between the incoming administration and officers and form the basis of planned public consultation in Autumn 2022. • The Council's Performance was considered at the February meeting of the Policy and Sustainability Committee. Commencing in March, Service Teams will undertake a review of the year 1 annual plans and performance. This will inform the development of annual plans for 22/23 at directorate, divisional and service team level. The implementation of directorate, divisional and service team scorecards, dashboard and action tracers is in progress. • The Council is currently reviewing the EFQM (excellence model) methodology and toolsets for self-evaluation. • The initial 8-week elected member training and induction programme is now complete and development of the ongoing programme 2022/2023 is now being programmed. An evaluation of the programme to date will take place. • All elected members will also have access to mylearninghub where all materials will be stored and	Tel: 07768 838 031

members can use this to continually enhance their personal learning and development.

- An updated version of Edinburgh by Numbers and Locality Profiles was published in February/early March.

- The first review of the Council's Consultation Policy has begun, involving stakeholders and colleagues. This will report to the Policy and Sustainability Committee in August 2022.

- The Council and community councils continue to implement the actions identified in the collaborative framework. Development of the partnership element of the work is ongoing with progress to be reported to the Edinburgh Partnership Board, following meetings with the EACC. The EACC planned to submit a report to the partnership in June to take forward the collaborative working. This however was deferred on their request. A report on the engagement programme for the Edinburgh Partnership Empowerment Strategy will be presented to the Board at its September 2022 meeting.

- A progress report on the framework was approved by the Culture and Communities Committee on 1 February 2022and was considered by GBRV at the meeting on 8 March 2022.

- Work on the Edinburgh Partnership Empowerment Plan is ongoing.

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Governance, Risk and Best Value Committee

10.00am, Tuesday 23 August 2022

Internal Audit Annual Opinion for the year ended 31 March 2022

Item number	
Executive/routine	**Executive**
Wards	
Council Commitments	

1. Recommendations

1.1 It is recommended that the Governance, Risk, and Best Value Committee (the Committee) notes the Internal Audit (IA) annual opinion provided for the year ended 31 March 2022.

Lesley Newdall

Head of Audit and Risk / Chief Internal Auditor

Legal and Assurance Division, Corporate Services Directorate

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EDINBVRGH
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Report

Internal Audit Annual Opinion for the year ended 31 March 2022

Some improvement required	Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.

2. Executive Summary

2.1 This report details IA's annual opinion for the City of Edinburgh Council (the Council) for the year ended 31 March 2022. The opinion is based on the outcomes of the audits completed as part of the Council's 2021/22 IA annual plan, and the status of open IA findings as at 31 March 2022.

2.2 IA's independent and professional opinion (based on 82% completion of the 2021/22 annual plan) is that whilst some control weaknesses were identified in both the design and effectiveness of the Council's control environment and governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and that the Council's objectives should be achieved.

2.3 IA is therefore reporting an 'amber' rated (some improvement required) annual opinion with our assessment towards the top end of this category, and slightly below the 'significant improvement required' (red) category.

2.4 It is important to note that completion of the remaining 18% of audits included in the annual plan could potentially have resulted in a different annual opinion outcome, based on their outcomes.

2.5 This outcome reflects an improved position in comparison to the 'red' rated (significant improvement required) 2019/20 limited IA opinion outcome, which was assessed as being towards the lower end of this category, moving towards amber.

2.6 Limited opinions were permitted by the Chartered Institute of Public Finance and Accountancy for financial year 2019/20 and 2020/21, recognising that IA may have been unable to complete sufficient assurance to complete an annual opinion given the impact of Covid-19 on public sector organisations.

2.7 It is important to recognise that this improvement in the annual opinion occurred whilst the Council continued to operate in an ongoing Covid-19 resilience environment for a significant part of the 2021/22 financial year, and also supported

both the UK and Scottish Government's responses to the Ukraine crisis by supporting the welcome and accommodation of Ukrainian citizens in Edinburgh. Both of these challenges have continued to impact the Council's risk profile and the design and effectiveness of the Council's established control environment and governance and risk management frameworks.

2.8 Whilst only 82% of the 2021/22 IA annual plan has been completed, the number of audits completed remains aligned with prior years, enabling comparison with prior year IA assurance outcomes. Further detail is included at Appendix 5.

2.9 This report is a key component of the overall annual assurance provided to the Council and there are a number of additional assurance sources that the Committee should consider when forming their own view on the design and effectiveness of the control environment, governance, and risk management arrangements across the Council.

2.10 This report has been prepared fully in line with Public Sector Internal Audit Standards (PSIAS) requirements, and IA has fully conformed with PSIAS requirements during the 2021/22 financial year.

3. Background

Internal Audit Objectives

3.1 The objective of IA is to provide high quality independent audit assurance over the control environment established to manage the Council's most significant risks, and their overall governance and risk management arrangements in accordance with PSIAS requirements.

3.2 The PSIAS provide a coherent and consistent IA framework for public sector organisations. Adoption of the PSIAS is mandatory for IA teams within UK public sector organisations, and PSIAS require annual reporting on conformance with their requirements.

3.3 It is the responsibility of the Council's Chief Internal Auditor to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's control environment and governance and risk management frameworks in line with PSIAS requirements. The opinion is provided to the Governance, Risk, and Best Value Committee and should be used to inform the Council's Annual Governance Statement.

3.4 Where control weaknesses are identified, IA findings are raised, and management agree actions and timescales by which they will address the gaps identified.

Management's Responsibility

3.5 It is management's responsibility to address and rectify the weaknesses identified via timely implementation of these agreed management actions.

Overdue Internal Audit Findings

3.6 The IA definition of an overdue finding is any finding where all agreed management actions have not been implemented by the final date agreed by management and recorded in Internal Audit reports.

2021/22 Internal Audit Annual Plan

3.7 The 2021/22 IA annual plan was approved by the Committee in March 2021. The plan recognised that plan delivery may need to be paused or amended in the event of another significant resilience incident, or to reflect the ongoing impacts of Covid-19; and the importance of ensuring that the number of audits delivered remains aligned with the audits completed to support the 2020/21 limited IA annual opinion.

3.8 A total of 35 audits (including follow-up) were planned for completion across the Council during 2021/22. These included 8 audits that were not completed in 2020/21 due to ongoing Covid-19 challenges.

3.9 A number of changes were made to the plan, resulting in a total of 37 audits to be delivered across the Council and Lothian Pension Fund (LPF). A full reconciliation of these changes is included at Appendix 6.

3.10 Of the 37 audits to be delivered across the Council and LPF, 31 (82%) have been completed, with the remaining 6 carried forward into the 2022/23 annual plan. These audits have been carried forward in response to the ongoing impacts of Covid-19 across the Council. Further detail on the audits carried forward into the 2022/23 annual plan are included at Appendix 7.

Other Assurance Providers

3.11 Internal Audit is not the only source of assurance provided to the Council as there are a number of additional assurance sources including: external audit, regulators, and inspectorates, that the Committee should equally consider when forming their view on the design and effectiveness of the Council's control environment, governance, and risk management arrangements.

The Three Lines Model

3.12 The Institute of Internal Auditors 'Three Lines Model' defines the first line in an organisation as those teams responsible for provision of products/services to clients, and managing risk; the second line as teams that provide expertise, support, monitoring and challenge on risk-related matters; and the third line as teams that provide independent and objective assurance and advice on all matters related to the achievement of objectives. This model can be translated across the structure and operations of the Council with first line teams those responsible for ongoing service delivery and risk management; the second line those teams providing frameworks, policies, and guidance (for example, the Information Governance Unit; Legal Services; Corporate Health and Safety; and Corporate Risk Management); and the third line, Internal Audit.

4. Main report

Impact of a Partially Completed IA Annual Plan

4.1 The 2021/22 IA annual opinion is based on 82% completion (31 of a total of 37 planned audits) included in the 2021/22 annual plan, which is directly attributable to the ongoing impacts of the Covid-19 pandemic across the Council.

4.2 As it is not possible to pre-empt the potential outcomes of the remaining audits that comprise the 18% balance of the plan, it is important to note completion of the remaining audits could potentially have resulted in a different annual opinion outcome.

4.3 The overall impact of the 18% reduction in completion of the 2021/22 annual plan is reduced assurance on across the Health and Social Care Partnership and Place directorates. Notably, the planned Partnership audit of management of waiting lists and assessments initially planned for completion in 2020/21, and carried forward into 2021/22 has now been delayed until 2022/23, reflecting the ongoing impacts of Covid on the Partnership's capacity to support completion of this review.

4.4 Whilst only 82% of the 2021/22 IA annual plan has been completed, the total number of audits completed remains aligned with prior years, enabling comparison with prior year IA assurance outcomes. Further detail is included below and at Appendix 5.

4.5 The remaining 6 audits that comprise the 18% balance of the 2021/22 plan will now be carried forward into the 2022/23 IA annual plan. Further detail is included at Appendix 7.

Basis of Internal Audit Annual Opinion

4.6 Our opinion is based on the outcomes of the 31 audits completed across the Council (27 for the Council and 4 for the Lothian Pension Fund (LPF)) in the year to 31 March 2022, and the status of open IA findings as at 31 March 2022.

4.7 As the Council is the administering authority for LPF, our opinion also includes the outcomes of the four audits performed for LPF and the status of their open audit findings as at 31 March 2022.

4.7.1 A separate 'amber' (some improvement required) 2021/22 IA opinion for LPF was prepared and presented at the June 2022 Pensions Committee, with our assessment moving towards the green (effective) category. This outcome was aligned with the LPF 2020/21 opinion.

4.7.2 The LPF opinion was 'limited' as IA does not currently provide assurance across the full population of auditable LPF risks, with the Pensions Committee placing reliance on a broader range of additional assurance sources to form a view on the design and effectiveness of the LPF control environment and governance and risk management frameworks.

4.7.3 The opinion reflects the outcomes of the four completed LPF audits, with three assessed as ‘effective’ (green); and one as ‘some Improvement Required’ (amber). The opinion also reflected that LPF had no overdue IA findings as at 31 March 2022.

4.7.4 The opinion highlighted that whilst LPF continues to effectively manage the risks associated with ongoing operational fund management activities, further improvement to both the established risk and project management frameworks would be beneficial. These areas for improvement are particularly important as LPF may now be moving into a period of significant strategic and operational change

4.8 No audits have been referred by the Edinburgh Integration Joint Board (EIJB) Audit and Risk Committee for inclusion in the 2021/22 IA annual opinion, as the 3 reviews completed in the 2021/22 plan year had no direct impact on the services delivered by the Council as part of the Health and Social Care Partnership.

4.9 This opinion does not include audit reviews performed for arms-length external organisations that currently receive assurance from the Council’s IA team.

Internal Audit 2021/22 Annual Opinion

4.10 Based on 82% completion of the 2021/22 annual plan, IA considers that some improvement is required across the Council’s control environment, governance, and risk management arrangements to ensure that the Council’s most significant risks are effectively identified, mitigated, and managed, and is reporting an ‘amber’ rated ‘some improvement required’ opinion (see Appendix 1 category 2), with our assessment towards the top end of this category, below the red (significant improvement required) outcome.

4.11 This opinion reflects an improvement on the 2020/21 position which was a limited ‘red’ (significant improvement required opinion) based on 80% plan completion due to the ongoing impacts of Covid-19, with our assessment towards the bottom of this category moving towards amber.

4.12 It is important to note that this opinion is retrospective, and is based on IA assurance activities completed between 1 April 2021 and 31 March 2022. Consequently, it may not fully reflect actions implemented or being implemented by management to address audit outcomes. The effectiveness and timeliness of management actions will be monitored through the ongoing IA follow-up process, with progress reports provided quarterly to the Committee.

4.13 Whilst there were no ‘inadequate’ IA reports issued during 2021/22, and the proportion and significance of IA findings raised has improved, our assurance outcomes highlight that the most significant challenges with the Council’s control environment continue to be ensuring consistent and effective compliance with external regulations and Council policies across the Council, and managing ongoing delivery of digital services. Additionally, our review of implementation of historic whistleblowing recommendations identified areas for improvement in addition to those highlighted in the Tanner review.

4.14 Consequently, we believe that the Council's established control environment; governance; and risk management frameworks have not yet matured and adapted sufficiently to support fully effective management of the rapidly changing risk environment and the Council's most significant risks, and that whilst the Council's objectives should be achieved, their delivery could potentially be adversely impacted.

4.15 We believe that the weaknesses identified and highlighted in IA reports supporting the 2021/22 annual opinion are predominantly attributable to lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied to support effective delivery of services; projects; and strategic objectives. This view is supported by the Corporate leadership Team's (CLT) recognition that workforce capacity is currently the Council's most significant risk.

4.16 To ensure that workforce risk is effectively addressed, the Council needs a clear view of current workforce capacity in comparison to demand for services; change implementation; strategic deliverables; and both national and local political expectations. We acknowledge that work is already in progress to provide this view as detailed in the Council's People Strategy 2021- 2024 and the supporting Strategic Workforce Plan.

4.17 Effective workforce planning should be supported by a process to identify the Council's key operational and strategic priorities, with workforce and financial resources appropriately directed to support their delivery. Importantly, priorities should also be reconsidered in the event of any significant external impacts or demands that could potentially impact the Council (for example, the current response to the Ukraine crisis).

4.18 We also feel that current workforce challenges are further exacerbated by the need for additional and ongoing investment in either new or upgraded technology solutions to support improved service delivery efficiency, and provide management with reports to support their oversight of the effectiveness of service delivery (including the Council's control environment) and the extent of compliance with Council policies and external regulatory requirements.

4.19 We believe that the planned review of the Council's current Business Plan presents a timely opportunity to consider and develop solutions to address the points noted above.

4.20 Similar points have been raised in prior year IA annual opinions, and it is essential that appropriate action is taken by management to ensure that this is addressed.

4.21 Additionally, the concerns raised by the External Auditors, Azets, in their 2019/20 Risk Management audit have not yet been fully addressed as implementation of the refreshed operational risk management framework was delayed enabling appropriate ongoing focus on new and emerging Covid-19 risks and challenges, and completion of a pilot to confirm the appropriateness and effectiveness of the refreshed risk methodology. The refreshed framework has now been approved,

and an implementation plan is currently being developed that will align with the introduction of a new risk management system.

4.22 Following the 2020/21 IA annual opinion, management confirmed that a new governance and assurance model would be implemented to provide additional assurance on the effectiveness of the Council's control environment. Whilst progress is evident with recruitment of additional governance and assurance officers in first line directorates and the second line governance team, the new model has not yet been fully designed and implemented. Consequently, the benefits expected from this additional assurance activity were not realised during 2021/22.

4.23 Whilst there has been significant improvement in the proportion of overdue IA findings with the 31 March 2022 position at the lowest in the last five years, and general stability in the ageing profile of overdue findings, it is important to highlight that this was partially achieved by management accepting risks associated with a number of full and partially closed IA findings, following consideration of the Council's approved risk appetite. It is also important to ensure progress with addressing the risks associated with open IA findings is sustained, with appropriate focus on aged overdue findings.

4.24 We believe that addressing the points noted above will deliver a more proportionate and effective governance, risk management, and control environment, and should support improvement in future IA annual opinion outcomes.

Areas where improvement is required

4.25 The Council should endeavour to improve its control environment and governance and risk management frameworks to ensure that all significant risks are effectively recognised, managed, and mitigated, particularly across the areas highlighted below.

4.25.1 **Fraud and Serious Organised Crime** – this review highlighted that there is currently no ongoing service and directorate (first line), or established second line assurance performed to confirm the ongoing effectiveness of established service fraud management arrangements, and no established Council-wide process for recording fraud; SOC; and AML incidents, across Council services. This presents a challenge for both individual directors and the Corporate Leadership Team (CLT) in meeting their responsibilities outlined in Council policies to ensure that the Council develops and maintains effective controls to detect and prevent fraud; bribery; and anti-money laundering, and provides limited assurance that new controls are being designed and implemented to combat the pace and consistently changing nature of fraudulent activity. Our review also confirmed that the Council's current approach to fraud and serious organised crime is not aligned with Audit Scotland expectations.

4.25.2 **Supplier Management (Place Directorate)** – our review of compliance Parking and Traffic Regulations highlighted the need to ensure that

supplier performance was regularly reviewed to confirm that it met the thresholds required to support performance related payments; and confirm the ongoing adequacy of security arrangements for supplier systems use to record and process citizen data (including the adequacy of both Council and third party system user profiles and access arrangements.

Our review of Housing Property Services Repairs Management during Covid-19 also highlighted that arrangements to confirm the adequacy of contractor health and safety arrangements for third party suppliers completing essential repairs during the pandemic could have been improved, and the need to implement performance measures to confirm the timeliness and quality of repairs completed by contractors. It is important to note that management was aware of the need to establish these performance indicators.

4.25.3 **Technology Vulnerability Management** – this review highlighted the need to confirm the completeness of Council assets for inclusion in technology vulnerability scans performed across the Council's three technology networks, by the Council's technology partner. This is essential as the third parties who perform independent scans to confirm ongoing compliance with Public Services Network (PSN) accreditation and Cyber Essentials Plus (CE+) accreditation use the database of Council technology assets to support completion of these scans. The review also identified opportunity to improve the vulnerability remediation process as system patching is not currently prioritised based on system criticality.

4.25.4 **Payment Card Industry Data Security Standards** – this review confirmed that the Council currently has no established governance arrangements to confirm ongoing compliance with Payment Card Industry Data Security Standard (PCI DSS) compliance requirements. Consequently, only limited assurance can be provided that both the Council and associated partner organisations support the secure management of payment channels and cardholder data across both Council networks and systems, and shadow IT systems usually provided by third parties that are not supported by the Council.

4.25.5 **Implementation of Asbestos Recommendations** – IA confirmed that whilst significant progress is evident with implementation of agreed actions (including implementation quality) by individual services and directorates to support improved identification and ongoing management of asbestos across Council properties, there was no clearly defined completion timeframe for final implementation, and no specific governance forum or Council committee with responsibility for monitoring; reviewing; and challenging holistic (Council-wide) implementation progress. It is acknowledged that implementation progress was significantly impacted and delayed by Covid-19.

4.25.6 **Complaints Management** – this review highlighted the need to implement centralised complaints management processes to consolidate the stand alone processes applied across services and directorates and support more effective senior management oversight and governance of complaints performance (in line with regulatory requirements); identification and review of thematic trends; and completion of the annual Scottish Public Sector Ombudsman statutory return.

4.25.7 **Employee Wellbeing –** this review focused on employees in critical roles who were most significantly impacted by Covid-19 to understand how their wellbeing was supported by the Council. Whilst there was a high level of responses to IA surveys, supported by a significant volume of qualitative feedback, it is acknowledged that this represented a small proportion of total Council employees. The main themes emerging from our review highlighted a strong view from colleagues that they did not have sufficient capacity to attend the Council's range of employee wellbeing initiatives. Additionally there was a clear difference between employee and manager views on how effectively employee wellbeing had been managed during the pandemic.

4.25.8 **Implementation of Historic Whistleblowing Recommendations –** this review highlighted the need for all directorates to establish consistent processes to ensure there is adequate oversight of whistleblowing action implementation progress and reporting in line with the previously agreed actions arising from the "Implementation of Assurance Actions and Linkage to Annual Governance Statements" audit completed in July 2020, and some additional areas for improvement in relation to corporate whistleblowing policies and procedures that had not been previously highlighted in the Tanner review.

Areas where positive assurance has been provided

4.26 The following green or 'effective' reporting outcomes were achieved across the Council during the year:

4.26.1 **Management and Allocation of Covid-19 Grant Funding –** following IA review of the design of grant management processes in 2020/21, we confirmed that grant management and allocation processes were consistently and effectively applied for two of the three grants administered by the Council on behalf of the Scottish Government.

It is important to note that IA was unable to review a sample of the most significant Support for Business grants (circa 47K grants processed with a value of £260M) administered by the Council due to ongoing workforce and capacity challenges within Customer Services teams.

4.26.2 **Health and Social Care Partnership Volunteer Support Arrangements** – this review was added to the 2021/22 IA annual plan in response to the

initiative to recruit secondees and volunteers from across the Council to support delivery of adult social care activities during Covid-19. Whilst there was a low response from employees to this request, we confirmed that processes implemented to support the recruitment; assessment; and training of secondees and volunteers were appropriately designed.

4.26.3 **Health and Social Care Transformation and Benefits Realisation –** this review confirmed that the project management and governance controls established to support delivery of the Partnership's transformation programme are appropriately designed and operating effectively to support delivery of individual projects designed to transform and improve existing adult social care practices.

4.26.4 **Education and Children's Services –** our reviews of Implementation of Child Protection Recommendations and Criminal Justice Community Payback Orders confirmed that adequate and effective processes have been established to ensure that recommendations raised in closed child protection reviews and complaints have been effectively implemented and sustained; and that the Council effectively meets its regulatory and statutory duties in relation to Community Payback Orders.

4.26.5 **Elections in the Covid-19 Environment** – this review confirmed that the processes established to support the local elections in May 2021 were adequately designed to support delivery of a safe elections process and ensure compliance with relevant Scottish Government and Public Health Scotland requirements and guidance.

4.26.6 **Human Resources** – review of the Design of the Scottish Local Government Living Wage (SLGLW) Pay Requirements, and Employee Lifecycle Data & Compensation and Benefits processes confirmed that consolidation of the SLGLW into the Council's pay framework, and ongoing management of employee data and processing payroll transactions was effective.

4.26.7 **Capital Budget Setting and Management –** this review confirmed that there is effective control over general fund capital budget setting and management processes applied across the Council based on a sample of two of the Council's four directorates.

4.26.8 **The Management of Development Funding –** this annual review performed at the request of the Scottish Government confirmed that the Council's processes to support the management and disbursement of development funding grants (totalling £52M in 2021/22), in line with Scottish Government requirements, remain adequately designed, and have not significantly changed.

4.26.9 **Verint system –** this review confirmed that the control environment established to support ongoing use of the Verint customer relationship

management system implemented to manage citizen requests for services were adequately designed and operated effectively.

4.26.10 **Development and Communication of the Digital and Smart City Strategy –** this review confirmed that the processes applied to support development, communication, and implementation of the Council's Digital and Smart City Strategy (the framework for the design and delivery of future technology services across the Council to support planned directorate technology changes) were appropriately designed and effectively applied.

4.26.11 **Programme and Project Delivery** - no new IA findings were raised during 2021/22 in relation to our ongoing agile audits of the Enterprise Resource Planning System and the Edinburgh Tram to Newhaven projects, confirming that the control environments, governance, and risk management processes supporting these significant projects are operating effectively.

IA Assurance outcomes

4.27 Of the 31 audits completed during the 2021/22 financial year (including 2 agile ongoing project reviews and 4 LPF reviews), 17 (55%) were reported as 'effective' (green); 10 (32%) as 'some improvement required (amber); and 4 (13%) as 'significant improvement required' (red). Additionally, there were no inadequate (black) audit outcomes.

4.28 A total of 68 findings (9 High; 35 Medium; and 24 Low) were raised in the 31 audits completed.

4.29 Appendix 3 includes details of the 27 audits completed during 2021/22 for the Council (including those carried forward from 20/21), and the outcomes of the 4 LPF reviews that were provided to the Pensions Committee for review and scrutiny.

Status of Internal Audit Findings as at 31 March 2022

4.30 There was significant progress with implementation of agreed management actions to address the risks associated with IA findings raised during 2021/22, reflecting significant focus from management and the impact of two IA secondments into the Place directorate and Health and Social Care Partnership.

4.31 Consequently, the final (31 March 2022) position confirms that proportion of overdue findings is at the lowest level across the last five years.

4.32 It is also important to note that a number of open findings were closed based on management's acceptance of either the full or residual aspects of risks associated with these findings, most notably in Digital Services.

4.33 There were 66 open IA findings across the Council as at 31 March 2022.

4.34 Of the 66 open IA findings, Appendix 4 highlights that:

4.34.1 a total of 43 (65%) findings were open, but not overdue;

4.34.2 a total of 23 (35%) were reported as overdue as they had missed all of their originally agreed implementation dates (6 High; 15 Medium; and 2 Low);

4.34.3 evidence in relation to 3 (13%) of the 43 overdue findings was being reviewed by IA to confirm that it was sufficient to support their closure; and

4.34.4 20 (87%) residual overdue findings still required to be addressed.

4.35 Whilst the current position has substantially improved, Appendix 4 illustrates the importance of ensuring that this progress is sustained, and highlights that further work is required to improve the proportion of findings that are more than three months overdue, with particular focus on those between six months and one year overdue.

Comparison with Prior Year Outcomes

4.36 The 2021/22 IA annual opinion has improved in comparison to the 2020/21 position, with IA's assessment having moved from the red (significant improvement required) down to the top end of the amber rated 'some improvement required' category.

4.37 The rationale supporting the improved opinion considered the following IA assurance outcomes across the last five financial years as detailed in Appendix 5:

4.37.1 alignment between the total number of audits completed across the Council and LPF;

4.37.2 the areas where improvement is required highlighted above;

4.37.3 an ongoing Improvement (a decrease) in the total number of IA findings raised each year;

4.37.4 an ongoing improvement (a decrease) in the proportion of high rated findings raised each year;

4.37.5 a significant improvement (a decrease) in the proportion of open findings that are overdue, with the 31 March 2022 position at the lowest level across the last five years.

4.37.6 Stability in the ageing profile of overdue findings across the last five years, recognising that further work is required to address the risks associated with IA findings that are between three months and one year overdue.

Internal Audit Independence

4.38 PSIAS require that IA must be independent, and internal auditors' objective, in performing their work. To ensure conformance with these requirements, IA has established processes to ensure that both team and personal independence is consistently maintained and that any potential conflicts of interest are effectively managed.

4.39 IA does not consider that we have faced any significant threats to our independence during 2021/22, nor do we consider that we have faced any inappropriate scope or resource limitations (for example headcount restrictions) when completing our work.

4.40 Implementation of the governance process that requires approval of changes to the IA annual plan by both the Corporate Leadership Team and Governance, Risk and Best Value Committee in January 2018 also effectively supports ongoing IA independence.

Conformance with Public Sector Internal Audit Standards and IA External Internal Quality Assurance

4.41 An external quality assurance review was performed by the Institute of Internal Auditors (IIA) in line with PSIAS requirements for an external review every five years. This confirmed that IA is generally conforming with the PSIAS which includes the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards.

4.42 The final report is currently being agreed with the IIA and will be shared with the Committe once finalised.

Internal Quality Assurance Outcomes

4.43 In advance of the IIA external quality review, IA also completed their own self-assessment of compliance with the standards. This was shared with the IIA and used to support their assessment process.

5. Next Steps

5.1 The remaining 18% of the 2021/22 annual plan has been carried forward into the 2022/23 annual plan, and work is currently underway on these audits. Progress with delivery of these reviews will be provided through the quarterly IA update report provided to the Committee and the outcomes of any reports with an overall significant improvements required (red) outcomes and those that include any high (red) rated findings will be reported to the Committee in line with the process agreed with the Committee in July 2020.

5.2 IA will continue to monitor the open and overdues findings position, providing monthly updates to the Corporate Leadership Team, and quarterly updates to the Governance, Risk and Best Value Committee.

5.3 Whilst all relevant IA reports have been formally presented to the Committee for review and scrutiny, elected members may not have had sufficient time to review all reports that do not meet these criteria, to determine whether they should be specifically requested for presentation at Committee. This is mainly attributable to the ongoing impacts of Covid-19 impacting finalisation of some reports.

5.4 Consequently, some reports may be presented to the Committee for review and scrutiny following their review of the 2021/22 IA annual opinion.

5.5 Details of the dates when IA reports were reviewed or made available for elected member consideration are included at Appendix 3.

6. Financial impact

6.1 Whilst there is no direct financial impact associated with the content of this report, it is important to note the indirect financial impacts (service resources and time) associated with supporting completion of audits and implementation of agreed management actions to address IA findings raised.

7. Stakeholder/Community Impact

7.1 As the 2021/22 annual opinion reflects an improved position in comparison to the 2020/21 assessment, IA is providing reasonable assurance (based on the outcomes of our reviews) that risks are being managed, and the Council's objectives should be achieved.

7.2 However, it is important to note that Council's risk profile is consistently changing, with workforce currently the Council's most significant risk. Consequently, if this risk is not effectively managed, services delivered and support provided to citizens; stakeholders; community groups; and employees could be adversely impacted.

8. Background reading/external references

8.1 Internal Audit Annual Plan 2021-22

8.2 Public Sector Internal Audit Standards

8.3 Institute of Internal Auditors Three Lines Model

8.4 Internal Audit Opinion for the Year Ended 31 March 2021

8.5 Internal Audit Opinion for the Year Ended 31 March 2020

8.6 Internal Audit Opinion for the Year Ended 31 March 2019

8.7 Internal Audit Opinion and Annual Report for the Year Ended 31 March 2018

9. Appendices

9.1 Appendix 1 Internal Audit Annual Opinion Definitions

9.2 Appendix 2 Limitations and Responsibilities of Internal Audit and Management Responsibilities

9.3 Appendix 3 Audits Completed Between 1 April 2021 and 31 March 2022

9.4 Appendix 4 Analysis of IA Overdue Findings and Management Actions from 31 March 2018 to 31 March 2022

9.5 Appendix 5 Prior Year Comparisons

9.6 Appendix 6 Summary of 2021/22 IA Annual Plan Changes

9.7 Appendix 7 Audits Carried Forward into the 2022/23 IA Annual Plan

Appendix 1 – Internal Audit Annual Opinion Definitions

The PSIAS require the provision of an annual Internal Audit opinion, but do not provide any methodology or guidance detailing how the opinion should be defined. We have adopted the approach set out below to form an opinion for the Council.

We consider that there are 4 possible opinion types that could apply to the Council. These are detailed below:

1. Effective	The control environment and governance and risk management frameworks have been adequately designed and are operating effectively, providing assurance that risks are being effectively managed, and the Council's objectives should be achieved.
2. Some improvement required	Whilst some control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks, they provide reasonable assurance that risks are being managed, and the Council's objectives should be achieved.
3. Significant improvement required	Significant and / or numerous control weaknesses were identified, in the design and / or effectiveness of the control environment and / or governance and risk management frameworks. Consequently, only limited assurance can be provided that risks are being managed and that the Council's objectives should be achieved.
4. Inadequate	The design and / or operating effectiveness of the control environment and / or governance and risk management frameworks is inadequate, with a number of significant and systemic control weaknesses identified, resulting in substantial risk of operational failure and the strong likelihood that the Council's objectives will not be achieved.

Appendix 2 - Limitations and Responsibilities of Internal Audit and Management Responsibilities

Limitations and responsibilities of internal audit

The opinion is based solely on the internal audit work performed for the financial year 1 April 2021 to 31 March 2022. Work completed was based on the terms of reference agreed with management for each review. However, where other matters have come to our attention, that are considered relevant, they have been taken into account when finalising our reports and the annual opinion.

Professional judgement is exercised in determining the appropriate opinion, and it should be noted that in giving an opinion, assurance provided can never be absolute for the reasons noted below:

1. Internal Audit endeavours to plan its work so that it has a reasonable expectation of detecting significant control weaknesses and, if detected, performs additional work directed towards identification of potential fraud or other irregularities. However, internal audit procedures alone, even when performed with due professional care, do not guarantee that fraud will be detected. Consequently, Internal Audit reviews should not be relied upon to detect and disclose all fraud, defalcations or other irregularities that may exist.
2. There may be additional weaknesses in the Council's control environment and governance and risk management frameworks that were not identified as they were not included in the Council's 2021/22 annual Internal Audit plan; were excluded from the scope of individual reviews; or were not brought to Internal Audit's attention. Consequently, management and the Committee should be aware that the opinion may have differed if these areas had been included or brought to Internal Audit's attention.
3. Control environments, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making; human error; control processes being deliberately circumvented by employees and others; management overriding controls; and the impact of unplanned events.

Future periods

The Internal Audit opinion is based on an assessment of the controls that operated across the Council during the year ended 31 March 2022. This historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Management responsibilities

It is management's responsibility to develop and operate effective control environments and governance and risk management frameworks that are designed to prevent and detect current and future irregularities and fraud. Internal audit work should not be regarded as a substitute for these responsibilities.

Appendix 3 - Audits completed between 1 April 2021 and 31 March 2022

Ref	Review Title	Report Outcome	Number of Findings Raised					Report Available for Scrutiny
			Critical	High	Medium	Low	Total	
Council Wide								
1.	Health and Safety - Implementation of asbestos recommendations (bf 2020/21)	**Some Improvement Required**	-	-	3	2	**5**	**August 2022**
2.	Fraud and Serious Organised Crime (bf 2020/21)	**Significant Improvement Required**	-	1	2	-	**3**	**September 2022**
3.	Complaints Management	**Some Improvement Required**	-	-	2	1	**3**	**August 2022**
4.	Employee Wellbeing	**Some Improvement Required**	-	-	**3**	-	**3**	**September 2022**
5.	Management and Allocation of Covid-19 Grant Funding	**Effective**	-	-	1	-	**1**	**August 2022**
6.	Implementation of Historic Whistleblowing Recommendations	**Some Improvement Required**	-	1	-	1	**2**	
7.	Implementation of Child Protection Recommendations	**Effective**	-	-	1	1	**2**	
	Totals – 7 audits		**-**	**2**	**12**	**5**	**19**	
Corporate Services								
8.	Elections in Covid Environment - design review	**Effective**	-	-	1	-	**1**	**Reviewed Aug 2021**
9.	Design of the Scottish Local Government Living Wage Requirements	**Effective**	-	-	-	-	**-**	**Reviewed Nov 2021**
10.	Cyber Security - technology vulnerability management	**Significant Improvement Required**	-	1	2	-	**3**	**September 2022**
11.	CGI performance reporting	**Some Improvement Required**	-	-	2	1	**3**	
12.	Employee Lifecycle Data & Compensation and Benefits Processes	**Effective**	-	-	-	1	**1**	**August 2022**
13.	Verint system	**Effective**	-	-	-	-	**-**	
14.	Capital Budget Setting and Management	**Effective**	-	-	1	1	**2**	
15.	Payment Card Industry Data Security Standard Compliance	**Significant Improvement Required**	-	1	3	-	**4**	
16.	Planning and Performance Framework design review	**Some Improvement Required**	-	1	1	1	**3**	
17.	Digital and Smart City Strategy (bf 2020/21)	**Effective**	-	-	-	2	**2**	
18.	Council Tax and Business Rates (bf 2020/21)	**Some Improvement Required**	-	-	2	2	**4**	**September 2022**
	Totals – 11 audits		**-**	**3**	**12**	**8**	**23**	
Education and Children's Services								
19.	Criminal Justice Social Work – Community Payback Orders	**Effective**	-	-	1	-	**1**	**August 2022**

Ref	Review Title	Report Outcome	Number of Findings Raised					Report Available for Scrutiny
			Critical	High	Medium	Low	Total	
	Totals – 1 audit		**-**	**-**	**1**	**-**	**1**	
Health and Social Care Partnership								
20.	Transformation and Benefits Realisation	**Effective**	-	-	2	-	**2**	**September 2022**
21.	Health and Social Care Partnership Volunteer Support Arrangements	**Effective**	-	-	-	-	**-**	**August 2022**
	Totals – 2 audits		**-**	**-**	**2**	**-**	**2**	
Place								
22.	Parking and Traffic Regulations (bf 2020/21)	**Significant Improvement Required**	-	3	1	-	**4**	**August 2022**
23.	Householder Planning Applications and use of Uniform System	**Some Improvement Required**	**-**	**-**	2	**-**	**2**	
24.	The Management of Development Funding	**Effective**	-	-	-	1	**1**	
25.	Housing Property Services Repairs Management During Covid-19	**Some Improvement Required**	-	1	1	3	**5**	
	Totals – 4 audits			**4**	**4**	**4**	**12**	
Projects								
26.	Trams to Newhaven	**Effective**	-	-	-	-	**-**	**Ongoing**
27.	Enterprise Resource Management	**Effective**	-	-	-	-	**-**	**Ongoing**
	Totals – 2 audits		**-**	**-**	**-**	**-**	**-**	
Lothian Pension Fund								
28.	LPF2003: Technology Model Development (bf 2020/21)	**Some Improvement Required**	-	-	3	-	**3**	**All reports reviewed and scrutinised by the Pensions Committee**
29.	LPF2101: Capital Calls	**Effective**	-	-	-	1	**1**	
30.	LPF2102: Employer Contributions	**Effective**	-	-	-	4	**4**	
31.	LPF2103: Risk Management	**Effective**	**-**	**-**	1	2	**3**	
	Totals – 4 audits		**-**	**-**	**4**	**7**	**11**	
2021/22 Summary								
31 audits completed – 4 Significant Improvement Required; 10 Some Improvement Required; 17 Effective			**-**	**9**	**35**	**24**	**68**	

Appendix 4 – Analysis of IA Overdue Findings and Management Actions from 31 March 2018 to 31 March 2022

	Key Performance Indicator (KPI)	31/03/2018		31/03/2019		31/03/2020		31/03/2021		31/03/2022		Average Trend
IA Findings												
1	Open findings	86	100%	83	100%	85	100%	107	100%	66	100%	Not Applicable
2	Not yet due	45	52%	32	39%	43	51%	43	40%	43	65%	Not Applicable
3	Overdue findings	41	48%	51	61%	42	49%	64	60%	23	35%	
4	Overdue - IA reviewing	*Not measured		20	39%	7	16%	18	28%	3	13%	
5	High Overdue	4	10%	13	28%	15	36%	17	27%	6	26%	
6	Medium Overdue	27	66%	33	57%	23	54%	38	59%	15	65%	
7	Low Overdue	10	24%	5	15%	4	10%	9	14%	2	9%	
8	<90 days overdue	*Not measured		4	8%	13	31%	11	17%	1	4%	
9	90-180 days overdue			8	16%	5	12%	10	16%	8	35%	
10	180-365 days overdue			14	27%	6	14%	16	25%	5	22%	
11	>365 days overdue			25	49%	18	43%	27	42%	9	39%	
Management Actions												
12	Open actions	*Not measured		209	100%	221	100%	296	100%	135	100%	Not Applicable
13	Not yet due			98	47%	117	53%	120	41%	85	63%	Not Applicable
14	Overdue actions			111	53%	104	47%	176	59%	50	37%	
15	Overdue - IA reviewing			26	23%	16	15%	61	35%	6	12%	
16	Latest date missed			45	41%	35	34%	95	54%	6	12%	
17	Date revised > once			54	49%	33	32%	71	40%	18	36%	

*These indicators were not measured in 2017/18 as this was prior to implementation of the IA follow-up system, and manual processes were applied.

Trend Analysis - Key

- Adverse trend - action required
- Stable with limited change
- Positive trend with progress evident

No trend analysis is performed on open findings and findings not yet due as these numbers will naturally increase when new IA reports are finalised

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Appendix 5 – Prior Year Comparisons

	2021/22				2020/21				2019/20				2018/19				2017/18			
Annual Opinion	Some Improvement Required				Significant Improvement Required (Limited Opinion)				Significant Improvement Required				Significant Improvement Required				Significant Improvement Required			
Prior Year Audit Report Outcomes																				
Inadequate	29 Audits Completed 2 ongoing Agile audits		-	-	32 Audits Completed 2 ongoing Agile audits		1	3%	30 Audits Completed 2 ongoing Agile audits		-	-	35 Audits Completed 2 ongoing Agile audits		-	-	30 Audits Completed		3	10%
Sig Impvt			4	13%			7	22%			12	36%			14	38%			11	37%
Some Impvt			10	32%			13	40%			11	32%			13	35%			11	37%
Effective			17	55%			11	34%			11	32%			10	27%			5	16%
Findings raised	2021/22				2020/21				2019/20				2018/19				2017/18			
	High	Med	Low	Total	High	Med	Low	Total	High	Med	Low	Total	High	Med	Low	Total	High	Med	Low	Total
	9	35	24	68	16	42	11	69	27	38	18	83	30	32	20	82	42	54	24	119
Proportion of total findings	13%	52%	35%	100%	23%	61%	16%	100%	32%	46%	21%	100%	36%	39%	25%	100%	35%	45%	20%	100%

Appendix 6 – Summary of 2021/22 IA Annual Plan Changes

2021/22 IA annual plan changes	Council	LPF	ALEOs	Total
Audits included in original plan approved in March 2022 (excluding ongoing follow-up activity)	35	4	7	46
Add: Audits added to the plan 1. Health and Social Care Partnership Volunteer Support Arrangements	1	-	-	1
Less: Combined audit now separated into two reviews – Statutory Requests and Complaints • Complaints completed in 2021/22 (refer Appendix 3) • Records management and statutory requests c/f to 2022/ 23 – (refer Appendix 6)	(1)	-	-	(1)
Add: 2020/21 audits brought froward (as detailed in 2020/21 IA annual opinion) 1. " Health and Safety – Implementation of Asbestos Recommendations 2. " Digital and Smart City Strategy 3. " Parking and Traffic Regulations 4. " Council tax and business rates 5. " Fraud and Serious Organised Crime 6. Active Travel – Project Management and Delivery 7. HSCP – Management of Waiting Lists and Assessments 8. Adaptation and Renewal Programme Governance	8	-	-	8
Less: Audits removed from the plan (approved by GRBV November 2021) 1. * HSCP – Management of Waiting Lists and Assessments 2. * Place – Council Housing Allocation Process 3. * Place – Port Facility Security Plan 4. Adaption and Renewal Programme Governance 5. * Empowered Learning Programme 6. * Active Travel - Project Management and Delivery 7. * Place - Design of the New Repairs and Maintenance Framework (Operational Properties) 8. * Council Emissions Plan 9. * HSCP / ECS - Transition Arrangements from Day Care to Adult Social Care 10. * Partnership Financial Sustainability 11. ^Rebased EIJB annual plan (approved by EIJB Audit and Assurance Committee) 12. ^ * Lothian Valuation Joint Board 13. ^ * Royal Edinburgh Military Tattoo	(10)	-	(3)	(14)
Total Audits to be completed in 2021/22 per rebased annual plan	33	4	4	41
Less: Audits not yet complete, but in progress and c/f to 2022/23 (refer Appendix 6 below)	(6)	-	-	(6)
Total audits completed during 2021/22 financial year	27	4	4	35
Proportion of plan completed	82%	100%	100%	85%

31 – total audits for the Council and LPF included in the 2021/22 annual opinion
"Completed in 2021/22
^Arms' Length External Organisations
*** Carried forward into 2022/23 IA annual plan**

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Appendix 7 – Audits Carried Forward into the 2022/23 IA Annual Plan

Audits carried forward into the 2022/23 IA Annual Plan		
1.	Records Management and Statutory Requests	Audit in progress. Aiming to complete by end October 22
2.	Application Technology Controls: SEEMiS and SWIFT	Audit in progress. Aiming to complete by end September 22
3.	Covid-19 thematic lessons learned	Audit has not started as the Council has not yet completed an assessment of Covid-19 thematic lessons learned for IA to review.
4.	Early Years Education	Audit in progress. Aiming to complete by end October 22
5.	Health and Safety of Outdoor Infrastructure	Currently being planned. Aiming to complete by December 2022 subject to PwC co-source specialist availability.
6.	Scientific Services – Food Testing and Environmental Health	Audit was delayed tin response to the Council's organisational structure change and is currently being planned. Aiming to complete by December 2022 subject to PwC co-source specialist availability.

Governance, Risk and Best Value Committee

10am, Tuesday, 23 August 2022

Annual Governance Statement

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 That committee scrutinise the Annual Governance Statement prior to its signing and incorporation into the Council's audited financial statements that will be presented to Council for approval.

Andrew Kerr

Chief Executive

Contact: Gavin King, Head of Democracy, Governance and Resilience

Legal and Assurance Division, Corporate Services Directorate

E-mail: gavin.king@edinburgh.gov.uk | Tel: 0131 529 4239

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Report

Annual Governance Statement

2. Executive Summary

2.1 This draft Annual Governance Statement is presented to committee for scrutiny before it is finalised for the audited financial accounts.

3. Background

3.1 Statutory regulations govern the preparation and submission of the Council's financial statements for audit.

3.2 The Annual Governance Statement is signed by the Chief Executive and Leader of the Council prior to the financial statements being signed and presented for approval to Council and then submitted for audit by the Service Director: Finance and Procurement, the Council's Section 95 officer.

4. Main report

4.1 The Council's Annual Governance Statement (AGS) is prepared in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework (2016), which fulfils legislative statutory requirements.

4.2 The Council's Annual Assurance (AA) exercise, that covers directorates, significant council companies and joint boards, informs the content of the AGS, along with input from the Chief Internal Auditor and the Corporate Governance Code self-assessment.

4.3 The unaudited annual accounts considered by Council in June 2022 contained the draft Annual Governance Statement. However, there is still the opportunity to scrutinise in advance of the audited accounts going to Council in October.

4.4 The conclusion in the Annual Governance Statement is that the Council's governance and control framework provides a satisfactory level of assurance. There are areas where improvement is required but the Council is aware of these and has plans in place to implement improvement actions. Capacity issues remain but there has been a strong level of commitment shown by the Chief Executive and executive directors to address these weaknesses. This commitment though needs to be

maintained and the Council continue to be ambitious in improving its governance arrangements as budgetary and resource pressures increase.

5. Next Steps

5.1 The Annual Governance Statement will be signed by the Chief Executive and Leader of the Council and incorporated into the financial statements for approval at the Council in October 2022.

6. Financial impact

6.1 This report has no financial impact.

7. Stakeholder/Community Impact

7.1 This report has no stakeholder/community impact.

8. Background reading/external references

8.1 None.

9. Appendices

9.1 Annual Governance Statement 2021/22.

City of Edinburgh Council

Annual Governance Statement

2021/22

ANNUAL GOVERNANCE STATEMENT

Introduction

1.1 2021/22 has been a challenging year, with the Covid-19 pandemic remaining prevalent throughout this period but by the end of the year, restrictions ending and a return to 'normality' commencing. The pandemic continued to put strain on the Council's resources, and this was especially so as services resumed and staff returned to offices. The past two years have also been challenging for elected members and officers and the pandemic has placed a significant strain upon Council finances, the workforce, digital and physical assets alike, along with our supply chain and partners.

1.2 The Council's governance has been effective during this period, although the strains on the system cannot be underestimated. Through robust and effective governance, the Council has been able to respond well to these evolving and increasing challenges, to adapt and evolve the provision of its services and, importantly, to take on additional responsibilities to support local and national responses to Covid-19. The resumption of services and the impact of the pandemic on the staff and the wider City will now be a new challenge that the Council must tackle.

1.3 The Council has also had to take steps to help refugees impacted from the war in Ukraine. This has involved setting up a project team and has required input from across the Council. Partnership working has been key to this, as well as close co-operation with the UK and Scottish Governments.

Scope of Responsibility

1.4 The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty, under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is demonstrated by continuous improvement in the way its functions are carried out.

1.5 In discharging these responsibilities, Elected Members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including securing appropriate arrangements for the management of risk.

1.6 This statement also covers the organisations included in the Council's Group Accounts, a list of which is included on page xx of the Accounts.

Council's Strategy and Vision

1.7 In February 2021 the Council approved a new Council Business Plan: *Our Future Council, Our Future City* which set out the Council's strategic priorities and how the aims set out in the Community Plan would be taken forward over the next 3 years.

1.8 The Business Plan covers a three year period and provides an overarching focus for the Council in terms of its priorities and the delivery of its aims. It provides an opportunity to deliver a future organisation to meet the changing needs of citizens.

1.9 The Business Plan sets out the three main priorities the Council would focus on in the coming years:

1.9.1 Ending poverty by 2030;

1.9.2 Becoming a sustainable and net zero city; and

1.9.3 Wellbeing and Equalities.

1.10 The Business Plan describes the approach the Council will take to deliver its priorities in the form of 15 outcomes with actions. This plan stands as one part of a "golden thread" linking and guiding operations, through to the shared goals and commitments of the Edinburgh Partnership and towards the long term ambitions for Edinburgh to be a fair, welcoming, pioneering, and thriving City, as outlined in the 2050 Edinburgh City Vision.

1.11 The Business Plan also met the Accounts Commission's Best Value Report recommendations on aligning the Council's strategic direction.

Decision making structures

Political Governance Arrangements

1.12 The Council operates an executive committee structure (see figure 1.1). This consists of six executive committees which are responsible for policy and financial decision making and scrutiny within their designated areas of responsibility. These committees are Policy and Sustainability; Culture and Communities; Education, Children and Families; Finance and Resources; Housing, Homelessness and Fair Work; and Transport and Environment.

1.13 The Governance, Risk and Best Value Committee seeks assurance over the adequacy of governance and risk management frameworks and the internal control environment. It also scrutinises the Council's financial and non-financial performance, approves and monitors progress against the internal audit risk-based plan, and monitors performance of the internal audit service.

1.14 The Council also operates a range of other committees, some of which are quasi-judicial, such as the Development Management Sub-Committee and the Licensing Sub-Committee, to consider individual applications.

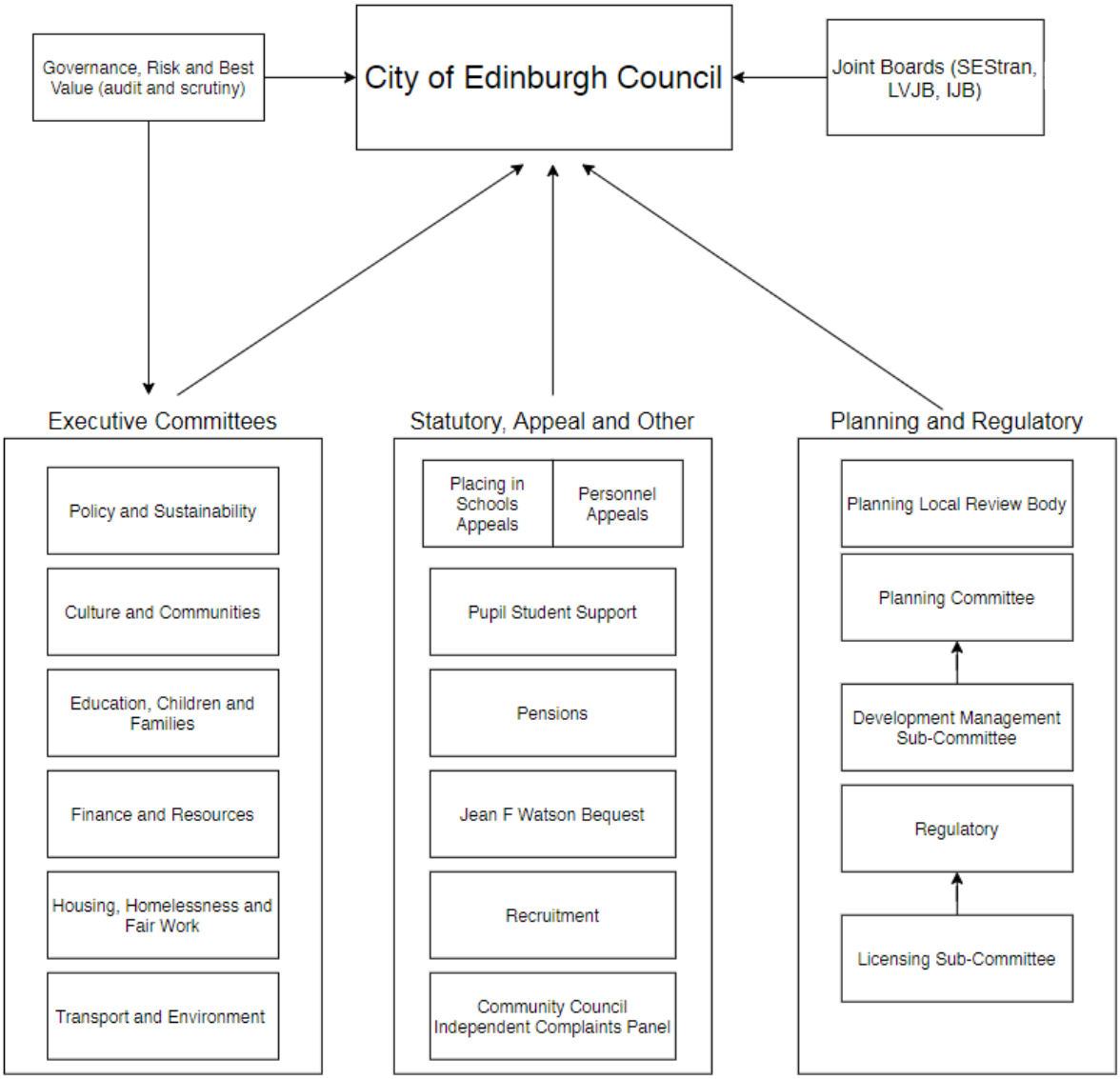


Figure 1.1 Executive Committee Structure

Political decision making in Covid- 19

1.15 The impact of Covid-19 on political decision making in 2021-22 has been minimal. All meetings were re-established, and virtual and hybrid meeting arrangements were put in place to allow meetings to carry on as close to normal as possible. Interim Standing Orders were agreed which took account of the additional pressures that virtual only meetings put on members and attendees of committees.

Officer Decision Making

1.16 The Corporate Leadership Team (CLT) meets weekly, led by the Chief Executive, and includes all Executive Directors and key statutory officers including the Section 95 Officer, Monitoring Officer and Chief Social Work Officer.

1.17 CLT is supported by a range of groups covering key matters such as risk, health and safety and programme management. There is a robust health and safety reporting structure which includes directorate health and safety groups, a quarterly Council health and safety group and a quarterly consultative forum involving the trade unions. Health and safety working groups are in place for key life safety issues including: fire; water safety; and asbestos. All directorates have risk and assurance committee meetings at least quarterly and ensure appropriate escalation of risks. The CLT also has a specific risk committee meeting which reviews the corporate risk register on a quarterly basis.

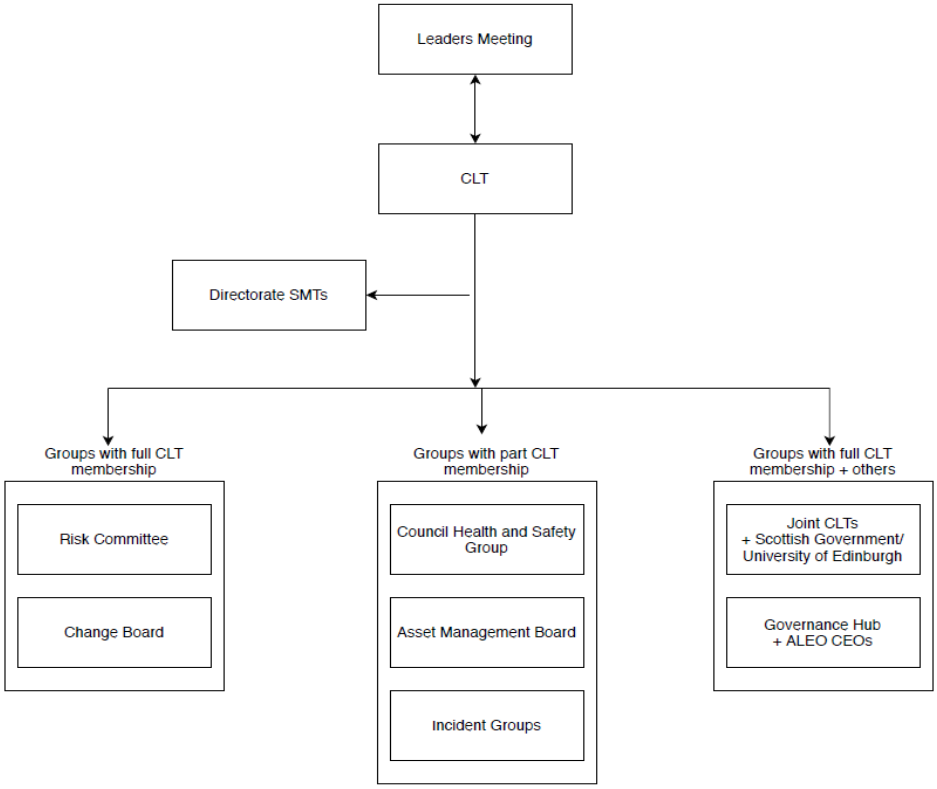


Figure 1.2 - CLT and Senior Management Team (SMTs) Structure

1.18 A key area of governance for the Council is its involvement in national, regional and city wide bodies. The Chief Executive and members of CLT represent the Council on a number of groups. Examples of these include

SOLACE, Scottish Government Directors, City Deal Executive, Edinburgh Guarantee and Edinburgh Chamber of Commerce Council. Partnership working has increased during the Pandemic, building on strong relationships and the need to work together to provide holistic solutions for the City and its region.

1.19 Arm's Length External Organisations (ALEOs) reporting in terms of the Annual Governance Statement is reported through assurance schedules being submitted to their relevant directorate. The Executive Director then determines whether they feel it is appropriate for any issues highlighted to be included in their assurance schedules and reported in the Annual Governance Statement.

Covid-19 Officer Decision Making

1.20 Decision making during the Covid-19 pandemic has varied depending on the current impact on Council services. As a result, the frequency of meetings varied during 2021-22, until March 2022 when Covid arrangements were reduced to a minimum. The Council's incident management team continues to meet weekly but the impact of Covid-19 on Council services has reduced to a manageable level although the impact on staff absences and the residual impact on some services remains and requires to be closely monitored.

1.21 The groups below were all established to respond to, or assisted with dealing with, Covid-19:

1.21.1 Council Incident Management Team (CIMT), chaired by the Chief Executive

1.21.2 Directorate Incident Management Teams, with escalation to CIMT

1.21.3 Specialist Incident Management Teams:

1.21.3.1 Health and Social Care Command, chaired by EHSCP Head of Operations

1.21.3.2 Personal Protective Equipment (PPE), chaired by the Chief Procurement Officer

1.21.3.3 Shielding, chaired by the Executive Director of Resources

1.21.3.4 Vulnerable and Volunteering, chaired by the Executive Director of Communities and Families

1.21.4 Cross-Council Risk Forum, convened and chaired by the Head of Legal and Assurance

1.21.5 Weekly meetings with the Trade Unions, including on specialist subjects such as PPE.

1.22 The CIMT and directorate IMTs have provided a clear, easy to understand and effective governance structure for organising services during the

emergency. They have met frequently during the pandemic, operating flexibly to ensure the Council could react rapidly to any arising issues.

1.23 The three guiding principles that were set out at the beginning of the response have been the framework for every decision taken:

1.23.1 to protect the most vulnerable in our city;

1.23.2 to minimise the risks to our colleagues; and

1.23.3 to continue to provide services in challenging circumstances.

1.24 The Chief Executive established measures to ensure that decision making was as transparent as possible and that critical decisions were taken only by officers where absolutely necessary. The following principles were applied:

1.24.1 The Chief Executive would be the only officer to take decisions in response to the Covid-19 emergency using powers outlined in the Scheme of Delegation to Officers;

1.24.2 The Chief Executive would consult on all these decisions with the Leader and Depute Leader;

1.24.3 Decisions would be considered and discussed at the Council's Incident Management Team;

1.24.4 If possible, Executive Directors would discuss matters at their directorate incident management teams before escalating to the CIMT;

1.24.5 Decisions would only be taken by the Chief Executive where urgent and where they could not be considered in good time by the Leadership Advisory Panel;

1.24.6 Decisions would be reported to the Leadership Advisory Panel for information; and

1.24.7 When making decisions, the potential risk and impact of those decisions, whether existing controls are effective and what new measures or controls may be required should be considered. This process should be as efficient and streamlined as possible.

1.25 The Council has reduced both the number and frequency of its Covid-19 meetings from the peak in 2020-21, but the Council's Incident Management Team continues to meet weekly and other meetings have been stood back up depending on the changing situation of the pandemic.

1.26 In May 2020 the Council, recognising the significant long term impact and challenges caused by the pandemic, commenced a programme of work titled Adaptation and Renewal, focussed on post-Covid new ways of working. It aimed to set a clear long term vision, feeding into the business plan, on how the City would recover while retaining the flexibility to adapt to the changing public health situation.

1.27 Its five work programmes were as follows:

1.27.1 Public Health Advisory Board - This board brought together NHS Lothian and the Edinburgh Health and Social Care Partnership (EHSCP) to ensure the effective communication and implementation of national advice concerning public health.

1.27.2 Service Operations – To consider how to reintroduce services and adapt to new ways of working.

1.27.3 Change, People and Finance – To evolve the Council's current Change Strategy and financial framework and the impact of the pandemic on our workforce, our digital strategy and governance arrangements.

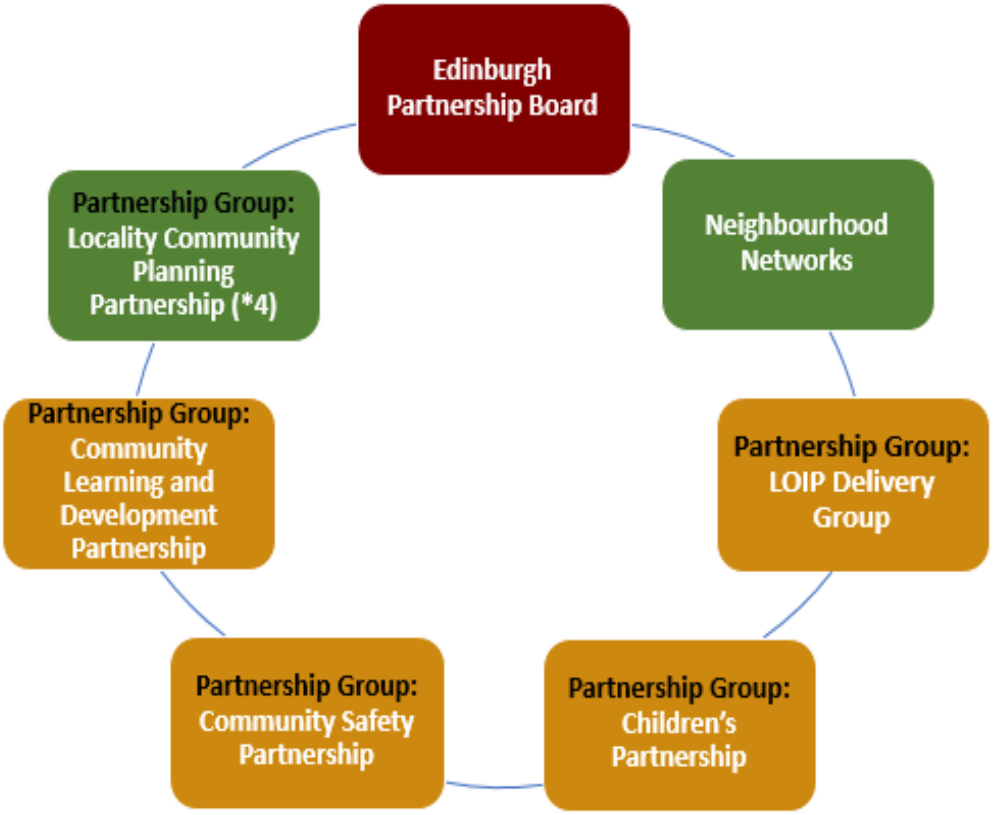
1.27.4 Sustainable Economic Recovery – To work closely with the Scottish and UK Governments, the business community and the third sector, to respond to the challenging economic circumstances facing the city and the nation.

1.27.5 Life Chances - To consider the provision of education and to ensure the Council is supporting people who are vulnerable or need support because of the impact of Covid-19.

1.28 The programme, alongside urgent decisions taken on the pandemic were reported to the Policy and Sustainability Committee until the programme was closed at the end of 2021 and in February 2022 reporting on the programme outcomes and the Covid-19 position concluded.

Partnership Working

1.29 The Council plays an important role in the Edinburgh Partnership, the Community Planning Partnership in Edinburgh, and its new community planning structure. The new framework agreed by the Edinburgh Partnership comprises a Board, four city wide partnerships, four locality partnerships and thirteen neighbourhood networks. The new arrangements are designed to support a different way of working and to support the delivery of the Partnership's priorities for the city as set out in the new community plan. The plan focuses on reducing poverty and inequality in the city through making sure people have enough money to live on; access to work, learning and training opportunities; and have a good place to live.



1.30 The Council, NHS Lothian and the Edinburgh Integration Joint Board work closely together to work towards a more caring, healthier and safer Edinburgh. The responsibility for the budget does not sit with the Council but it plays a key role in supporting the processes in place to ensure sound financial management and budget control.

Internal Controls

1.31 A significant part of the governance framework is the system of internal controls in place to ensure that risks are being identified and managed effectively. The Council has adopted a local Corporate Governance Code (CGC). The CGC is based on the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives and Senior Managers (SOLACE) model framework Delivering Good Governance in Local Government. The CGC outlines how the Council embeds good governance throughout the organisation and is available on the Council's website.

Review of Effectiveness

1.32 An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:

1.32.1 the work of the Corporate Leadership Team which develops and maintains the governance environment;

1.32.2 the certified annual assurance statements provided by all Executive Directors;

1.32.3 the certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies.

1.32.4 council officers' management activities;

1.32.5 the Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;

1.32.6 reports from the Council's external auditor; and

1.32.7 reports by external, statutory inspection agencies.

1.33 The Accounts Commission in November 2020 published their Best Value Assurance report into the City of Edinburgh Council. The report highlighted 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.

Best Value and Strategy and Vision

1.34 The key achievements outlined in the Best Value Assurance report include:

1.34.1 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;

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

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

1.34.4 Improvements in asset management, procurement and risk management.

1.35 The Best Value Assurance report also notes areas where further progress is required:

1.35.1 To better align strategic priorities;

1.35.2 The implementation of effective community planning governance arrangements, the pace of change within the Community Planning Partnership and community empowerment;

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

1.35.4 Long-term financial planning and workforce planning.

1.36 The Chief Executive put into place an improvement plan for all the areas of improvement outlined in the Best Value Audit report. As outlined above, the Business Plan has been created to ensure strategic priorities are aligned to a set of key priorities. Changes have been made to ensure the Council is working to the business plan, including senior management structural changes and work will continue to align work streams and governance with the Business Plan and the priorities within.

1.37 As outlined earlier, the Best Value report highlighted that the Council and its partners had not established effective community planning governance arrangements. The report acknowledged that it was too early to conclude if the review undertaken in 2019 would effectively support the Partnership to deliver the Local Outcome Improvement Plan (LOIP). There was further commentary on the Partnership not delivering effective Local Improvement Plans. The Edinburgh Partnership has considered the recommendations outlined in the Best Value report and has agreed a series of actions to address the concerns, with a number of these being led by the Council. This includes a partnership plan to deliver the 20 minute neighbourhood model, strengthening the resourcing and capacity to support neighbourhood networks and developing a framework for collaboration with the Edinburgh Association of Community Councils and Community Councils themselves.

1.38 A new integrated planning and performance framework was approved in June 2021. This aims to ensure that the Council's priorities and outcomes as established by the Business Plan are translated into clear actions and performance measures which are monitored, actioned and delivered. The framework aims to create a culture of robust performance management and continuous improvement. The approach embeds a "golden thread" among the Business Plan, annual directorate and divisional plans and colleague annual performance conversations. Performance scorecards and trend dashboards will also be aligned to plans and monitored regularly. A Council performance report would be considered at the Policy and Sustainability Committee every four months and the public performance reporting information would also be improved.

1.39 The Council agreed a new People Strategy in April 2021, supporting the new Business Plan and aligned to the key priorities. The Plan sets out what

employees should expect from the Council as their employer and what the Council expects from its workforce. The Plan has three strategic themes:

1.39.1 Living our behaviours;

1.39.2 Maximising our capacity and performance; and

1.39.3 Enhancing our colleague experience.

1.40 The People Strategy should also be cross-referenced with the Strategic Workforce Plan 2021-2024 which sets out how the Council addresses the gaps between its current workforce and the future workforce needed to meet the priorities of the Business Plan.

Decision Making

1.41 During Covid remote meetings were established to allow for the committee system to operate whilst physical distancing rules were in place. In 2021-22, as the rules surrounding physical distancing relaxed, hybrid meetings were trialled to allow for physical meetings to resume but keeping the added benefits of flexibility by allowing some members and officers to join remotely. These meetings were successful and, although meetings have continued to take longer than pre-Covid, the system has run effectively, with meetings continuing to be webcast and available to the public in the archive. To reduce the impact on staff and elected members, changes were made to Standing Orders to manage the time taken at committee whilst still ensuring that effective scrutiny could take place. Hybrid meetings are set to continue in a post Covid environment and Standing Orders will be reviewed in 2022 to determine whether the changes implemented during the Pandemic should continue.

1.42 It should be noted that although meetings were able to take place successfully during the pandemic, the meetings were longer and relations between members declined during this period.

1.43 The Council undertook an audit, carried out externally, into the effectiveness of its Governance, Risk and Best Value Committee. A number of weaknesses were found, and these findings will be built into the review of the Council's political management arrangements for the new Council following the local government elections. Councillors from the committee and across the Council embraced the audit and saw it as a real opportunity to look at the strengths and weaknesses of its scrutiny and improve the committee structure.

1.44 Self-evaluation workshops were carried out for all the executive committees and the Governance, Risk and Best Value Committee. This was a recommendation from the Governance, Risk and Best Value Committee audit. The workshops considered the terms of reference for their committee, the balance of reporting, time spent at committee, the membership of the committee and training. The findings of each workshop were considered by

the respective committees and these findings would go into the consideration of the political management arrangements following the elections. The workshops were a useful exercise and, although each workshop differed in its value, they allowed an opportunity for elected members to reflect and discuss the committee system and how it operated. Further feedback was also taken from a survey of members and exit interviews with those councillors standing down at the election.

1.45 The Council has extensive governance at officer level to support operational decision making. The current system has evolved through custom and practice and can sometimes be unwieldy and difficult to navigate. Although it can be resource intensive, it does ensure that there is sufficient oversight of major decisions. However, improvements could be made to ensure there is a structure in place that is more efficient and better encourages cross-directorate working.

1.46 Work has been undertaken in the early and middle of 2022 to prepare for Council following the Council elections. This has included preparing for how a new programme of work could be supported, a revised business plan, a medium term financial plan and new political management arrangements. Work was commenced earlier than usual so as to allow this work to inform discussions between groups following the election.

Internal Controls

1.47 The Internal Audit team operates in accordance with CIPFA's Code of Practice for Internal Audit and the Public Sector Internal Audit Standards (PSIAS). The team undertakes an annual work programme based on an agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Service Director: Legal and Assurance but had free access to the Chief Executive, all Executive Directors and Elected Members along with direct reporting to the Governance, Risk and Best Value Committee.

1.48 Each Executive Director has reviewed the arrangements in their directorate and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and will be subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered relevant third-party reviews and recommendations. Assurance has also been taken from each organisation's most recent audited accounts, together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement.

1.49 Each directorate's assurance schedule is scrutinised by the Governance, Risk and Best Value Committee.

1.50 The Council carries out a review each year of the Corporate Governance Code which is then scrutinised by the Governance, Risk and Best Value Committee (August 2021). The Corporate Governance Code outlines the Council's internal controls and is aligned with the questions in the annual assurance schedules that are issued to directorates. In addition to the Code a self-assessment is carried out which scores the design of the controls in place. The aim is to provide a subjective picture of the quality of the design of controls which can then inform the full picture when looking at whether directorates have implemented the relevant controls. There is also a benefit of senior officers discussing, reflecting and rating the Council's controls.

1.51 The Chief Internal Auditor has highlighted in her 2020/21 annual opinion that the weaknesses identified in internal audit reports are, in part, attributable to and/or exacerbated by a lack of capacity and skills to support effective governance; risk management; control; and assurance activities within first line divisions and directorates. The Chief Executive and Executive Directors have acknowledged that additional resource is necessary to strengthen the Council in these areas and gave a commitment to add additional resource to address the situation. These weaknesses are recognised by directorates in their annual assurance returns. In response, a first line governance and assurance model has been implemented on a permanent basis across the Council. The objective of the new model is to address the concerns highlighted in both current and recent Internal Audit annual opinions in relation to lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied, by increasing first line capacity, and first and second line assurance across these areas. Recruitment of staff to these areas has taken considerable time and as a result the full framework required to support the governance and assurance model has not yet been completed. Directorates have increased support in their areas which has brought an immediate improvement, in particular in the completion of audit actions. However, it will be in 2022/23 when the framework will be implemented and an analysis can begin on its impact.

1.52 The Council had asked Susanne Tanner QC, supported by the legal firm Pinsent Masons, to conduct an independent review into the Council's whistleblowing and organisational culture. The review findings were considered by the Council in December 2021 with a report in February 2022 from the Chief Executive setting out how the recommendations in the review would be taken forward. There are a number of significant recommendations which cover a lot of key areas in the Council. Implementing these recommendations will take time, for example there are a number of HR policies that require to be reviewed in light of the Review and this will take approximately 18-24 months to complete. As a result, no comment on the success of the implementation plan is made in this year's statement.

1.53 The Council's whistleblowing arrangements continue to operate with oversight from an independent external service provider, with the autonomy to decide who investigates the concerns raised. The Governance, Risk and Best Value Committee receives a quarterly update on whistleblowing and the whistleblowing policy is reviewed annually by committee. The whistleblowing policy is currently being reviewed and will take on board the recommendations of the Cultural Review. The Council's approach to investigations will also be changed through the recruitment of an investigatory team as recommended by the Tanner Review. This will replace the current practice of managers taking on an investigatory role and this will cover both whistleblowing and HR matters.

1.54 External Audit had previously highlighted the importance of adhering to approved member-officer protocols in respect of sensitive information and the importance of all Councillors and senior officers having a clear understanding of their respective rights and responsibilities in relation to information held by the Council. A review of the Member/Officer protocol had commenced but completion of the revised document was delayed by Covid-19 and a subsequent delay pending the publication of the revised Councillors' Code of Conduct. Work has recommenced on the document and is expected to be considered by the Council in Summer 2022. The delay to the agreement of this document has been significant but there is a benefit to the new protocol being agreed by the new Council following the local government elections.

1.55 The Council agreed a new Consultation Policy in April 2021, recognising the need to strengthen community engagement but also introduce more robust controls to manage significant consultations. The policy strengthens the management and governance of consultation activity by introducing a sign off process to ensure oversight and challenge at an early stage. The policy has undertaken a review that will be considered by committee in summer 2022. The policy and framework have provided additional support and guidance for Council officers when conducting a consultation. The framework also includes a self-assessment exercise and a Panel to consider significant consultations with an escalation to the Corporate Leadership Team for those consultations rated highest in the criteria. The review of the Policy found that the policy itself was understood widely by officers and the additional guidance and support was beneficial. The review did however note that there was often confusion between what constituted engagement and what was consultation, and that the standard 12 week consultation period was too inflexible for smaller consultations. The implementation of the Consultation Policy and framework has supported the improvement of consultations from the Council, it has provided consistency and guidance and raised the overall quality of Council consultations. The consultation advisory panel and the control and escalation aspect of the framework adds a layer of assurance and is a practical tool in improving the quality of consultations. Improvements following the review will

make the policy and framework more agile and flexible, but caution should be exercised that the control elements of the framework are not diminished by the additional flexibility.

1.56 External Audit concluded in the Annual Accounts for 2020-21 that the governance arrangements at the Council were satisfactory and appropriate.

1.57 In compliance with standard accounting practice, the Section 95 Chief Financial Officer has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31 March 2022. It is the Chief Financial Officer's opinion that although a degree of assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements, including some embedding of actions taken in response to previous recommendations, are still required.

1.58 2021/22 is the first full year of implementation of the requirements of the CIPFA Financial Management Code. The Code is designed to support good practice and assist councils in demonstrating their financial sustainability and resilience by setting out expected standards of financial management. The Chief Financial Officer's initial assessment highlighted a number of key improvements contributing positively to the Council's financial resilience and stability. However, there continues to be a need for additional savings proposals to be brought forward to maintain the Council's financial sustainability which will require increasingly difficult choices about the Council's priorities including service reductions. Finally, the Chief Financial Officer concluded that further improvements to the effectiveness of current service arrangements in demonstrating value for money were required.

1.59 The urgent need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. In recognising this urgency, a dedicated project lead has been appointed. Directorates have been requested to identify potential options, captured by means of a standard template detailing service and performance impacts, risks and dependencies, with reference to the priorities set out in the Council's business plan. Given the extent of the financial challenge, members will likely need to make increasingly difficult choices about the Council's priorities, including considering service reductions, across all service areas to maintain expenditure in line with available income."

1.60 The Chief Internal Auditor's Annual Opinion for the year ended 31 March 2021 stated that significant improvement was required as significant and/or numerous control weaknesses were identified in the design and/effectiveness of the control environment and/or governance and risk management frameworks across the Council. This was a limited opinion, recognising that the plan delivery had been curtailed due to the Covid pandemic. The Chief

Internal Auditor noted that this was the Council's fourth 'red' rated opinion, although progress had been made with the move from the middle towards the lower end of the category. The Chief Internal Auditor noted that whilst all 26 historic findings that were reopened in June 2018 have now been closed, an increase in the percentage of overdue IA findings as at 31 March 2020 is evident, together with a deterioration in their ageing profile. Consequently, further focus is required to ensure that the Council consistently addresses the risks associated with open IA findings by implementing agreed management actions within agreed timeframes.

1.61 Meeting the demands of new data protection legislation has led to significant increases in the volume of data protection work. The work necessary to deal with complex subject access requests has increased, significantly reducing the number of staff working on Freedom of Information requests. This has resulted in several resource and operational challenges which have had a detrimental effect on related statutory obligations and associated timescales. Remedial plans continue to be maintained to reduce risks in this area and to ensure that statutory obligations are met.

1.62 Work is still outstanding on reviewing how the Council works with its ALEOs, in particular examining the shareholder agreements and Service Level Agreements in place to ensure a greater degree of consistency, alignment with key outcomes and clarity of relationship. The lack of an ALEO framework is a weakness that requires to be resolved and it is anticipated that specialist resource will be brought in to assist in this work in 2022/23.

1.63 Following concerns raised at committee, the Council began looking into its governance arrangements regarding the Trusts where it is sole trustee. In August 2021 a report was considered into the governance of trusts run by the Council and in particular Lauriston Castle Trust. The review into governance found that improvements were required both to the Council's governance arrangements surrounding trusts and to the governance of the trusts themselves. A further report is expected in the Summer of 2022 on implementing the recommendations of the review.

1.64 There are established, well exercised, resilience incident management processes and protocols in place to effectively plan for and respond to emergencies. The Council Resilience Group for example drives and monitors the Council Resilience Management Programme, reporting to CLT, with the flexibility to convene working groups as required, for example, for Brexit planning. In the event of an incident there is a flexible framework, including directorate and Council-wide levels, that can be stood up as required, reporting to CLT and the appropriate committee(s). The Council feeds into Scotland's resilience structures on a multi-agency basis, through the Lothian and Borders Local Resilience Partnership and East of Scotland Regional

Resilience Partnership. The incident management used for Covid-19 is a good example of the effectiveness and agility of these structures.

1.65 The Council could improve its reporting and publication of integrated impact assessments (IIAs). There is a need for the Council to evidence how these IIAs are an integral part of decision making, reporting this to committee and this been scrutinised as part of the decision making process. There is a robust process in place, alongside guidance for officers in how and when IIAs should be carried out which supports officers in the completion and reporting of IIAs but there remains a gap in implementation.

1.66 A new enterprise risk management policy was agreed in November 2021. The policy sets out how risk management should be considered when making both strategic and operational decisions and delivering services; the Council's risk culture; the requirements for effective application of the operational risk management framework across Council services; risk management structures and responsibilities across the Three Lines model (including those of senior management); and ongoing risk management assurance arrangements. The policy is a robust policy and should support identification and realisation of the improvements and benefits associated with both planned and unexpected opportunities, whilst protecting the Council. However, the success of the policy will be determined by its implementation across Council directorates, and it is still too early in its application and embedding across the organisation to judge its success.

1.67 The Council has adapted how it works on some of its key priorities enabling it to work flexibly with its partners with a view to achieving its ambitious objectives. An example of this is the Poverty Commission where the Council has worked with a newly created independent body and chair and agreed that recommendations proposed by the Commission will be used to inform future Council policies and actions to prevent, reduce, and mitigate poverty in Edinburgh. A further example is the governance arrangements that have been set up to support the Climate Strategy and involve partners across the city. A silo Council approach for example would not deliver the necessary change to realise the Strategy's objectives and the approach taken ensures leadership comes from different organisations and that city-wide solutions can be explored. The flexible governance approach taken in these two examples has allowed the Council to be informed by external experts from across a range of sectors with the aim of achieving better outcomes, work closely with partners to explore city wide solutions while respecting the separate decision making processes for each organisation.

1.68 Partnership working strengthened considerably over the pandemic and engagement with local communities has been more challenging, there have been progress in how the Council works with communities. The Council though is aware of the need to constantly improve how it empowers

communities and is reviewing its locality arrangements to see how it can best support this work.

The status of the previous year's actions is outlined below. Where actions are incomplete, they will be rolled forward and their progress will be monitored alongside the new actions.

Action	Action Owner	Status
To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan.	Head of Democracy, Governance and Resilience	Work was commenced and paused until the political management arrangements were confirmed.
To review and propose a revised Scheme of Delegation to take into account senior management restructures.	Head of Democracy, Governance and Resilience	Completed
To create a revised planning and performance framework linked to the Business Plan	Head of Strategic Change and Delivery	Completed
To report on the progress with the first year's Implementation of the new Equality and Diversity Framework 2021-2025	Chief Executive	Moved to the statutory review period of two years

Review of the governance arrangements regarding the Council's trusts	Executive Director of Corporate Services	Review has been completed but implementation of review has not yet been confirmed
Initiate development of a cross-Council savings programme, aligned to the priorities set out within the Business Plan, to address significant estimated funding gaps in 2023/24 and 2024/25	Service Director – Finance & Procurement and Head of Strategic Change and Delivery	Relevant work is underway.
Review of the Council's service level agreements and shareholder agreements with its ALEOs	Executive Director of Corporate Services	Delayed until resource can be identified
Review of the political management arrangements of the Council	Chief Executive	This is targeted for October 2022

Following the review of effectiveness and the assurance statements from directorates and ALEOs, the following actions have been identified to improve the Council's governance arrangements:

Action	**Action Owner**	**Action Deadline**
Implementation of the Risk Framework	Service Director: Legal and Assurance	April 2023
Roll out of governance and assurance framework	Service Director: Legal and Assurance	Design by October 2022 and implemented by March 2023
Agreement of the Member/Officer protocol	Service Director: Legal and Assurance	October 2022
Review of the Scheme of Delegation to Officers	Service Director: Legal and Assurance	October 2022
Review of Political Management Arrangements	Service Director: Legal and Assurance	October 2022

Implementation of the recommendations from the Tanner Review	Chief Executive, Service Director; Human Resources and Service Director: Legal and Assurance	Various
Implementation of Corporate ALEO framework	Service Director: Legal and Assurance	April 2023
Implementation of the review into governance of Trusts	Service Director: Legal and Assurance	April 2023
Development of a medium term financial plan	Executive Director of Corporate Services	February 2023

Conclusion

1.69 In conclusion, the Council's governance and control framework provides a satisfactory level of assurance. The Council understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Improvements are needed in certain areas to ensure that the Council's controls are implemented and embedded fully and in particular capacity issues in services have to be overcome. There has though been a strong commitment shown by the Chief Executive and Executive Directors in providing additional resource to address these weaknesses. Covid-19 continued to put a considerable strain on services, but the Council has put in strong processes to manage these pressures and managed to resume services based on priority. However, the Council must continue to be ambitious and committed to improving its governance, as budgetary and resource pressures increase, to ensure that it continues to operate effectively.

Certification

1.70 It is our opinion that, in light of the foregoing, assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its Group's systems of governance. The annual review demonstrates sufficient evidence that the Code is operated effectively, and the Council and its Group comply with the Local Code of Corporate Governance in all significant respects.

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 23 August 2022

Corporate Governance Code Self-Assessment 2021/22

Executive/routine	**Routine**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 To note the Corporate Governance Code Self-Assessment 2021-22.

1.2 To note ongoing development of an effective framework for the Council, with a focus on continuous improvement.

1.3 To note the continued impact, in this period, of the Covid-19 pandemic on the Council's control framework.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Hayley Barnett, Corporate Governance Manager
Legal and Assurance Division, Corporate Services Directorate
E-mail: Hayley.barnett@edinburgh.gov.uk | Tel: 0131 529 3996

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Report

Corporate Governance Code Self-Assessment 2021/22

2. Executive Summary

2.1 The Council's Corporate Governance Code (CGC) is 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 CIPFA/SOLACE framework").

2.2 The Council's self-assessment of its compliance with the Code for the financial year 1 April 2021 to 31 March 2022 is presented for scrutiny. Members should note that there were a number of areas where the Council changed its governance arrangements and design of controls in order to better respond to Covid-19.

3. Background

3.1 The CGC self-assessment process was reviewed in early 2018 and proposals designed to improve the structure, content and population of the document were agreed. This included a revision of the Code to reduce duplication, an improvement in narrative reporting, a more nuanced scoring system, focused improvement actions and the scheduling of a workshop to coordinate population of the document.

3.2 The CGC self-assessment exercise was previously called the Corporate Governance Framework. The title was changed in 2019/20 to provide clarity of purpose. The Corporate Governance Framework is now used to describe the suite of exercises, documents and statutory requirements that are in place to support good governance across the Council.

3.3 Throughout this period, the Council has continued to respond to the Covid-19 pandemic. The Council has changed the design of our controls at appropriate points to better respond at different stages of the emergency. Narrative detailing control design changes has been included throughout the document.

4. Main report

4.1 The CGC self-assessment exercise ensures good governance, an improvement agenda and demonstrates the Council's compliance with the CIPFA/SOLACE framework by providing narrative and links to key documentary evidence.

4.2 The purpose of the exercise is to assess the design of the Council's control framework on a corporate level. Officers assess the Council's compliance with each requirement on a scale out of 10.

4.3 Areas for improvement are identified and actions added to the improvement plan section at the end of each code principle. An analysis by officers of the previous year's improvement actions then forms the starting point in future iterations of the CGC exercise. This helps officers to understand changes to the control framework that have taken place in the previous year.

4.4 As with previous years, updates were requested from directorates on the current status of improvement actions identified during the previous year's annual assurance exercise and CGC self-assessment. Completed improvement actions were then incorporated into the 2021/22 CGC self-assessment to evidence the improvements in controls that had been achieved.

4.5 Relevant improvement actions from individual assurance schedule returns have been replicated in the 2021/22 CGC self-assessment where these will have an impact on the corporate design of the Council's controls.

4.6 A CGC Self-Assessment workshop took place on 29 June 2022, to populate and score the evidence submitted. Scoring was based on the key below:

Self-assessment scoring key:	
0	no evidence provided
1-2	insufficient and/or poor-quality evidence provided
3-4	insufficient but some good quality evidence provided
5-6	predominantly good quality evidence provided but some gaps and improvements required
7-8	significant amounts of good quality evidence provided with minor improvements required
9-10	requirement fully met with significant amounts of strong evidence provided

4.7 The document was then reviewed by the Corporate Leadership Team (CLT).

4.8 The exercise and scoring regime do not attempt to rate how effectively or consistently controls have been applied. This is instead undertaken during the population of assurance schedules at a service area level. These are reported to Governance, Risk and Best Value Committee separately and individually.

4.9 Together these exercises combine to provide a holistic look across the Council's control framework, incorporating both design and application. The structure of assurance schedules is under continuous review to ensure that areas identified as requiring attention in preceding CGC self-assessment exercises are sufficiently addressed in returns from individual Directorates.

2021/22 Self-Assessment (position 31 March 2022)

4.10 Officers considered that overall the design of the framework was appropriate for the period assessed. There were a number of areas that were adequate but required improvement to ensure controls were more robust. There were also areas where further improvement was required, however improvement actions were identified and most already being implemented or under development.

4.11 It was also acknowledged that the Council's Internal Audit Opinion for the same period identified failings in the consistent application of some controls. There exists a close relationship between the design of controls, which the CGC seeks to assess, and the application of such controls as highlighted by Internal Audit in this case. The failure to apply controls consistently can be in part caused by poor design. This was accounted for in the scoring of the self-assessment exercise and has been reflected in the improvement actions detailed in the document.

4.12 As reported last year, an Internal Audit report published on 13 July 2020 looked at the implementation of assurance actions and the linkage to the annual governance statement. This found that there was no Council wide control framework to ensure the complete and accurate collation, management and resolution of service area assurance findings. In turn this identified that annual assurance schedule returns from Directorates may include control gaps in relation to existing open assurance findings. A number of management actions were agreed and have now been fully implemented. This has been reflected in the scoring.

4.13 Areas where officers felt there the requirement had been fully met with significant amounts of strong evidence provided (score 9 or 10) or there were significant amounts of good quality evidence with only minor improvements required (score 8) were:

4.13.1 Ensuring this is reflected in policies and processes that are regularly reviewed and monitored for compliance;

4.13.2 Ensuring the organisation's ethical standards permeate all aspects of the organisation's culture and operation and are reflected in its policies and procedures;

4.13.3 Ensuring the organisation's ethical standards are understood and upheld by external providers of services;

4.13.4 Demonstrating commitment to adherence to the rule of the law and regulations while ensuring individuals fulfil their responsibilities and optimise available powers to the benefit of all;

4.13.5 Dealing with breaches, corruption and misuse of power effectively;

4.13.6 Demonstrating an open culture through decisions that have been subject to consultation and/or engagement, are public, evidenced, impact assessed and, where necessary, justification for confidentiality explained;

4.13.7 Ensuring effective engagement with clarity of purpose, objectives and intended outcomes;

4.13.8 Developing partnerships based on trust, shared commitments, a challenge culture and added value;

4.13.9 Ensuring effective engagement with clarity of purpose, objectives and intended outcomes;

4.13.10 Developing effective communication methods that encourage, collect and evaluate views and experiences while ensuring inclusivity;

4.13.11 Ensuring consideration of future needs and the impact of decisions on future generations;

4.13.12 Having a sustainable vision for the organisation which sets out strategy, forward planning and impact on stakeholders;

4.13.13 Supporting decision makers to take decisions based on objective information and rigorous analysis, whilst considering best value, risk, stakeholder views and future impacts;

4.13.14 Establishing and implementing robust planning and control cycles that take into account stakeholder input, risks and are adaptable to changing circumstance;

4.13.15 Establishing effective KPIs and capacity to generate performance information that allows for the quality of services and projects to be assessed/measured regularly;

4.13.16 Ensuring that budgeting and resource planning is informed by realistic revenue and capital estimates and aims to deliver objectives, strategies and plans in a sustainable manner;

4.13.17 Ensuring that the budgeting process and financial strategy are sustainable whilst considering objectives, service priorities, affordability and medium/long-term plans;

4.13.18 Regularly reviewing and improving effectiveness through performance monitoring, benchmarking and other methods to achieve defined outcomes;

4.13.19 Developing strategies and plans for the most appropriate model of delivery and allocation of resources to achieve the best possible outcomes;

4.13.20 Ensuring clarity on roles, responsibilities and expectations for members and officers in terms of relationships and decision making;

4.13.21 Developing the capability of members and officers through the encouragement and provision of appropriate training and continued professional development tailored to their respective roles;

4.13.22 Ensuring arrangements are in place to consider leadership effectiveness and staff performance;

4.13.23 Ensuring arrangements are in place to support and maintain the health and wellbeing of the workforce;

4.13.24 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor;

4.13.25 Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and that its recommendations are listened to and acted upon;

4.13.26 Ensuring that financial management is integrated at all levels of planning and control, and supports the achievement of outcomes and short-term financial and operational performance;

4.13.27 Elected member and senior management owned annual reporting on performance, best value and resource stewardship;

4.13.28 Ensuring that robust arrangements for assessing compliance with Corporate Governance Code principles, publishing results and improvement actions are in place for the Council and jointly managed services;

4.13.29 Ensuring that performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations; and

4.13.30 Ensuring that internal audit arrangements provide assurance on governance arrangements and risks from 3rd party service delivery and that this is reflected in the annual governance statement.

4.14 Areas where officers felt the design of controls were insufficient where only some good quality evidence was provided (score 3 or 4) or where improvements were required including gaps in evidence (score 5 or 6) were:

4.14.1 Developing a leadership culture based on values, integrity and public interest that is communicated and understood by all and forms the basis of a framework for decision making and action;

4.14.2 Ensuring that policies and plans are sustainable and balance the needs of all economic, social and environmental stakeholders;

4.14.3 Ensuring that risk management is embedded and clearly allocated in decision making throughout the organisation;

4.14.4 Ensuring that risk management and internal control strategies, policies and arrangements are aligned with achieving objectives and evaluated on a regular basis;

4.14.5 Ensuring that data is properly managed, accurate and of a good quality;

4.14.6 Writing and communicating reports to the public and other stakeholders in a transparent manner which facilitates accountability and accessibility;

4.14.7 Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met; and

4.14.8 Ensuring that recommendations from Internal Audit, External Audit, peer challenge, reviews and inspections are welcomed and acted upon.

Future Improvements

4.15 The annual assurance and CGC self-assessment processes and their effectiveness will continue to be reviewed on an ongoing basis to ensure they remain fit for purpose and adapt to reflect best practice developments

5. Next Steps

5.1 Work will continue to re-align and refine the CGC within the overall Corporate Governance Framework to ensure a continuous review and improvement.

6. Financial impact

6.1 There are no direct financial impacts as a result of this report.

7. Stakeholder/Community Impact

7.1 The process of reporting and senior management oversight of the CGC serves to strengthen the control environment and where appropriate prompt mitigating actions.

8. Background reading/external references

8.1 Governance, Risk and Best Value Committee, 10th August 2021, Corporate Governance Framework Self- Assessment 2020/21

8.2 Governance, Risk and Best Value Committee, 3rd November 2020, Corporate Governance Framework Self- Assessment 2019/20

8.3 Governance Risk and Best Value Committee, 17th September 2019, Corporate Governance Framework Self-Assessment 2018/19

9. Appendices

9.1 Appendix 1 – The City of Edinburgh Council Corporate Governance Code Self-Assessment 2020/21

9.2 Appendix 2 – Comparison of 2018/19, 2019/20 and 2020/21 Scoring

The City of Edinburgh Council Corporate Governance Code Self-Assessment 2021/22

Self-assessment scoring key:	
0	no evidence provided
1-2	insufficient and/or poor quality evidence provided
3-4	insufficient but some good quality evidence provided
5-6	predominantly good quality evidence provided but some gaps and improvements required
7-8	significant amounts of good quality evidence provided with minor improvements required
9-10	requirement fully met with significant amounts of strong evidence provided

Principle 1	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Supporting principle	1.1 Behaving with Integrity and Demonstrating Strong Commitment to Ethical Values	
Requirement of the Council's Code	1.1.1 Developing a leadership culture based on values, integrity and public interest that is communicated and understood by all and forms the basis of a framework for decision making and action.	**Score out of 10: 6**

Evidence of compliance and links

The Council is on a journey to strengthen the leadership culture and support improved decision making at officer level. This though involves cultural change with officers and is not yet embedded throughout the organisation. Decision making at committee level is strong and there is a robust framework that is supported by a suite of governance documentation, that is regularly reviewed by officers and elected members.

There is strong and demonstrable commitment from the Corporate Leadership Team (CLT) to promote a strong organisational culture that behaves with integrity, adheres to the rule of law and that is value led. Examples of this come from the establishment of strong corporate values that underpin the culture we are trying to create. The priority of CLT, to develop the leadership culture within the organisation, has included creating a Wider Leadership Team (top 100 managers) and ensuring that all managers across the organisation have undertaken leadership training which was values led. CLT have regular away days where they reflect on their leadership. This is an ongoing process in a complex organisation and leadership development training has been reviewed by HR and updated.

From a legal and compliance perspective we have an independent whistleblowing process to ensure concerns raised are investigated independently, with oversight from the Council's Monitoring Officer, reporting to the Governance, Risk and Best Value Committee and notification of investigation outcomes to the relevant Executive Committee Convener.

The Council ensures that it has a robust framework in place including:

- A Member/Officer Protocol sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties.
- Mandatory training sessions provided for Elected Members on their obligations under the Councillors' Code of Conduct.
- Comprehensive induction and training programme for Elected Members that includes mandatory, essential and developmental sessions on a wide range of responsibilities, skills and areas of topical interest.
- A Scheme of Delegation that sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensuring sufficient and appropriate scrutiny.
- Councillors' register of interests and expenses and membership of organisations published in full on the Council's website as part of individual online Councillor profiles.
- The Council's Whistleblowing Policy encourages a culture of disclosure of wrongdoing that is much wider than that covered by public interest disclosure legislation. Our whistleblowing arrangements are a key risk management tool and widely seen as an exemplar across the public sector.
- The Monitoring Officer has an independent reporting line to the Chief Executive and his independent reports are considered by Council.
- The Chief Internal Auditor has an independent reporting line to Governance, Risk and Best Value Committee and direct access to the Chief Executive.
- The Council's People Strategy 2021-24 is essential in making sure we can deliver our Business Plan: *Our Future Council, Our Future City. The People Strategy is built around the 3 keys themes of 'Living our Behaviours, Maximising our Capability and Performance and Enhancing Our Colleague Experience*
- The Council's Strategic Workforce Plan 2021-24 and associated action plan sits alongside our People Strategy
- The Council's Business Plan: Our Future Council, Our Future City 2021-24 is a further evolution in the culture of the organisation. It sets out the priorities for the next three years and the new Planning and Performance Framework will be used to ensure ownership is taken of delivery and drive the way we work and deliver services.
- Our Employee Code of Conduct and the Council's values of Putting Customers First, Honesty and Transparency, Working Together and Forward Thinking are included as part of our colleague performance framework and sets out our expectations. New employee induction and onboarding is focussed on our four values, so all new starts understand the importance of living these values in the early days of their employment with the Council.
- Principles and our values are communicated regularly to staff, are on our internal intranet and inform the build and delivery of learning and development interventions. The performance conversations model is built around our values. The completion of looking back and looking forward conversations is formally reported and recorded in the CLT Workforce Dashboard, monthly and to F&R Committee on an 8-weekly cycle. We reviewed our values through a cultural audit in 2021 as part of our new People Strategy. In 2022/23, we will be replacing our values as part of our work to be a purpose led council with 3 key behaviours of Respect, Integrity and Flexibility.
- There is strong and demonstrable commitment from the Corporate and Wider Leadership Teams to drive cultural change and leadership development with development sessions taking place. The Council's Wider Leadership Team (WLT) of approximately 100 operational managers in the Council meets monthly.
- The Council developed the leadership in the box resource which is available to all leaders. It a virtual box which contains our Leadership Framework and a range of leadership courses and resources such as our leadership learning portal, myLearning Hub. During 2021/22 we have been engaging with leaders from across the Council to review what they need to be the best managers and leaders they can be and we refreshed our leadership development offering and this continues to be reviewed to ensure fitness for purpose/alignment to council priorities.
- There are regular communication channels from CLT members, including Andrew Kerr and Executive Director vlogs which ensure that information is disseminated across the wider Council network

We completed a 'culture capture' to understand more about our organisational culture and what's important to our people. We paired the outputs from this exercise with work already underway to identify a common sense of purpose and three key behaviours that we can 'sign up to' as an organisation. This work supports having a culture where all our people feel valued and included, are treated fairly and equally, and where they can be happy, well and productive. This will be taken forward during 2022/23 and embedded across the organisation.

Whilst a strong operational framework exists to ensure that employees behave with integrity (for example established Council policies and decision-making processes), it is important that it is effectively applied, with employees held accountable where they do not behave with integrity or demonstrate strong commitment to ethical values. This is achieved through the Council's performance framework, with ongoing employee conversations and formal 'looking backwards' conversations, and through the relevant Council policies (Performance Management and Disciplinary).

Following a motion to Council, an independent review of whistleblowing and organisational culture relevant to the raising of and responding to concerns of wrongdoing involving the Council, its members, officers and colleagues was commissioned. This has now been completed and the Council accepted all of the recommendations arising from the independent inquiry and culture review in full. An implementation plan was produced and is monitored and reported to committee on a regular basis.

Requirement of the Council's Code	1.1.2 Ensuring this is reflected in policies and processes that are regularly reviewed and monitored for compliance.	Score out of 10: 7
Evidence of compliance and links	The Council's Corporate Policy Framework mandates the annual review of policies which must be approved by Council or the responsible Executive Committee. The Council's Policy Register maintains a central public facing record of all council policies. A council policies toolkit is available on the Council's intranet site. This includes first and second-line responsibilities, consultation and engagement strategies for new policies, a how-to guide, guide to policies and annual review, examples, a policy template for committee reporting and detail on how to comply with the Integrated Impact Assessment (IIA) process. The most recent review of the Policy Management Framework was reported to CLT in May 2021. This resulted in the IIA process being further embedded in the policy process to ensure that all sustainability and ethical considerations are taken into account when creating new policies or refreshing existing policies. IIA documents and reporting have recently been updated. ▪ The Council consults and engages with stakeholders on policies and procedures, e.g. Trade Unions, relevant service providers, legal advisers and our colleague networks. ▪ Assurance Statements for Council policies are reviewed and are considered as being current, relevant and fit for purpose. These are reported to the relevant Committee. Working closely with the Communications Team, relevant information is cascaded to staff via Managers' news and the internal intranet pages are updated as necessary. ▪ A programme of policy review is in place and digital learning modules are available to Council colleagues to enhance their understanding of key policies when they need this. Employment policies are subject to GRBV Committee policy assurance with a revised process having been agreed at the GRBV Committee in September 2017 which will provide further scrutiny. ▪ Process automation and design controls for core HR, Finance Procurement and Debt Recovery processes are tested by internal audit and aligned to the Council's ongoing Enterprise Resource Planning (ERP) programme. ▪ Report template and guidance are regularly updated and incorporate reporting of adherence to council business plan commitments and policy implications.	

Requirement of the Council's Code	1.1.3 Ensuring the organisation's ethical standards permeate all aspects of the organisation's culture and operation and are reflected in its policies and procedures.	Score out of 10: 7
Evidence of compliance and links	Council values are an integral part of our strategic planning and performance management frameworks. The council has embedded mechanisms to ensure ethical standards are permeated across the organisation. ▪ The Integrated Impact Assessment (IIA) mechanism is built into policy making and decision making through the Council's committee reporting and policy templates. ▪ Scrutiny of internal and external audit reports by Governance, Risk and Best Value Committee. ▪ The Council's Whistleblowing Policy mandates an independent service provider with authority to decide on the categorising of disclosures and investigations, with investigation outcomes reported quarterly to the Governance, Risk and Best Value Committee. ▪ Consideration of The Standards Commission for Scotland Hearing results by Council. ▪ The Council's Business Plan: Our Future Council, Our Future City 2021-24 is a further evolution in the culture of the organisation. This focus sets out the way we will work and the way we will deliver services. We will be reviewing our values through a cultural audit in 2021 as part of our new People Strategy. ▪ Equality and Diversity Framework 2021-2025 ensures that citizens are able to use Council services and join in with the life and work of the city ▪ The Planning and Performance Framework was agreed by the Policy and Sustainability Committee in June 2021. The Framework set out our approach to effective planning and performance management in the Council and ensures that the Priorities and Outcomes in the Business Plan are translated into clear actions aligned to performance measures which are appropriately monitored, actioned and delivered. Performance is published via the website. ▪ As a public authority, the values of public service delivery are at our core, we work in partnership with communities and service partners to deliver services of benefit to our people. Policies, procedures and codes of conduct for both members and officers are aligned with the Nolan Principles on the Standards for Public Life as well as professional/regulatory codes of practice for relevant groups. ▪ Employee Code of Conduct sets out the Council's values and describes how we carry out our business and the standards of conduct we expect from our colleagues. ▪ Disciplinary Code provides details of the conduct, attitude and behaviours expected of employees. ▪ Colleague Performance Management Framework is designed to support managers and employees to have open, honest, and supportive performance conversations. ▪ The Avoidance of Bullying and Harassment at Work Policy covers management of complaints in relation to bullying and harassment at work. The focus is on early intervention and resolution by managers, to ensure complaints are dealt with quickly. ▪ Equality and Diversity Policy has the purpose of ensuring that all our employees are treated fairly, equally and with respect in their working lives covering: pay and benefits and terms and conditions of employment; dealing with grievances and disciplinary issues, dismissal, redundancy; parental leave and flexible working; recruitment, promotion, training and development. ▪ The equality and diversity framework 2021 to 2025 outlines how we meet our legal duties under the Equality Act 2010 and the Public Sector Equality Duty. It integrates planning and performance and provides links between our business plan, key strategies, and other plans. It sits within the Council's performance framework. ▪ The Council's People Strategy and Strategic Workforce Plan for 2021-2024 provides a clear line of sight from the Council's Business Plan and describes the people opportunities and challenges the Council faces over the short, medium and long term and sets out the key strategic people themes we need to address in order to deliver our commitments. ▪ The Council's response to Serious Organised Crime is facilitated through a Council-wide group. This includes coordinating disparate services to ensure consistency of approach, governance and reporting, and compliance to the duties outlined in Scotland's Serious Organised Crime Strategy. ▪ Contract Standing Orders – establish the principles of transparency, equal treatment, non-discrimination and proportionality in how the Council procures its goods, services and works. ▪ Grant Standing Orders – provide guidance, controls and regulate the grant application and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). ▪ The Council's Monitoring Officer (the Council's Service Director – Legal and Assurance) actively investigates any significant issues coming to his attention, whether through whistleblowing, complaints or other avenues. This has on occasion resulted in reports to Full Council, demonstrating scrutiny at the highest level and that any issues are actively managed. ▪ The Council's Information Governance team manages the Council's Corporate Complaints Framework and the relationship with the SPSO. The Council's current complaints policy was agreed by CP&S Committee in August 2018 and is reviewed annually. ▪ Since April 2018, new leaders joining the City of Edinburgh Council and newly promoted leaders within the Council are invited to a welcome event. This takes place every 4-6 weeks, led by the Chief Executive. During Covid, these events continued and were held virtually. The aim is to welcome new leaders, help them understand their leadership role, help to develop their leadership skills and introduce them to our leadership culture. New leaders are also expected to complete relevant essential learning on key council policies as part of their induction. A dedicated space has been created on the Council's e-learning platform for new leader essential learning. ▪ The Pensions and Trusts Committee adopted, on behalf of Lothian Pension Funds, the United Nations Principles for Responsible Investment and a revised Statement of Investment Principles in March 2008. ▪ Material non-compliance with standards is reported to Committee. For example minor non-compliance with Public Sector Internal Audit Standards was reported to Governance Risk and Best Value Committee on 31 July 2018. There have been no further PSIAS non conformances since 2018.	

- The roll out of the new risk framework through the refreshed Enterprise Risk Management Policy has included renewed governance and a consistency of approach to ensure there is an appropriate relationship with risk. To support this work additional resource has been added into each of the directorates.

Supporting principle	1.2 Relationship with External Providers	
Requirement of the Council's Code	1.2.1 Ensuring the organisation's ethical standards are understood and upheld by external providers of services.	**Score out of 10: 7**
Evidence of compliance and links	The Council has strong controls in place to ensure external providers of services understand the organisation's aims and ethical standards. A number of open internal audit actions on first-line supplier and contract management are currently being progressed. ▪ The Council's Annual Assurance Process, which seeks assurance on ethical standards, includes significant Council companies and the Joint Boards. This process informs the Annual Governance Statement reported to Governance, Risk and Best Value Committee before Full Council as part of the un-audited financial accounts. ▪ The Council's Contract Standing Orders are the legal and operational rules for how the Council buys goods, services and works from external providers. The Contract Standing Orders require all contractual arrangements entered into to comply with the Council's equality and sustainability requirements and policies, to encourage fair working practices and payment of the Living Wage and, where appropriate, contractual or procurement arrangements shall include the use of community benefit clauses. Under the Contract Standing Orders service areas must engage with Commercial and Procurement Services for all proposed purchases in excess of £25,000 in value, to help ensure the Council's strategic procurement objectives, as set out in the Sustainable Procurement Strategy adopted in March 2020, are secured through that purchasing activity, including those relating to ethical procurement which includes relevance of award criteria relating to fair work practices and supply or use of ethically- or fairly-traded products as applicable. During the height of the Covid-19 pandemic temporary changes to the Contract Standing Orders were approved by the Leadership Advisory Panel to provide greater oversight on proposed third party spend at that time, these changes having now been rescinded. ▪ As part of the procurement process for goods and services, the Council has set standards to manage integrity, compliance and monitoring, taking into account but not limited to, ethical and fair work practices. It is noted that should a contract be adopted from the Scottish Government Framework these standards are also included within the procurement documentation. Service areas may give a weighting to these standards (where applicable) as part of the procurement process and contractual commitments around this will be monitored throughout the duration of the contract term. ▪ Following a risk assessment where the Council has agreed an action which is non-compliant with Contract Standing Orders, the action is recorded and noted publicly via Committee meeting transparency obligations and providing challenge to the decision. ▪ Service area use of Public Contracts Scotland (PCS) is approved by Commercial and Procurement Services, in order to ensure PCS users have the required knowledge and skills to use PCS and at the same time ensure the Council's Contract Standing Orders are adhered to and the Council's strategic procurement objectives secured. ▪ Template procurement documentation including terms and conditions is drafted with advice from Legal Services. On larger projects and bespoke contracts, specific legal advice is obtained. Legal obligations imposed upon contractors cover the Council's ethical standards in relation to matters such as community benefits, environmental and sustainability impact and workers' rights. The Council's Fair Trade Policy, Sustainable Procurement Policy, Charter against Modern Slavery and Construction Charter Commitments and sustainable procurement objectives are also included in the tender submission documents where appropriate. ▪ The Council's Grant Standing Orders apply (with certain exceptions) to all grants made by or on behalf of the Council including those in accordance with directions by the EIJB. The Grant Standing Orders require that the allocation and subsequent use of grant funding must reflect the priorities of the Council its subsidiaries and partners and where appropriate the Edinburgh Integration Joint Board. The Grant Standing Orders provide guidance, controls and regulate the grant application, assessment and award process to third parties to improve social, environmental and economic outcomes for Edinburgh's citizens and communities. Grant agreements require the grant recipient to have in place proper employment, recruitment and selection practices, disclosure checks where appropriate and comply with all equal opportunities' requirements. ▪ The Council's Standard Conditions of Grant states that organisations in receipt of a grant should have policies and practices in place which should minimise any detrimental environmental impacts and complement the Council's commitment to protecting and improving Edinburgh's environment for future generations, that organisations must make a commitment to mainstream equalities and rights in accordance with the Equality Act 2010 and comply with a range of Council policies and aims. The Council expects grant funded organisations to adopt policies which comply with fair work practices and promote fair and equal pay, including the Living Wage and in terms of its practices employing staff and volunteers and in providing services, the organisation should be able to demonstrate that it: advances equality of opportunity; fosters good relations; and eliminates any unlawful discrimination, harassment and victimisation. ▪ The Contract and Grants Management team ensure effective ongoing management of third-party contracts (once procured) by Directorates and Divisions. The team provides ongoing support to all Council service areas with management of their third party supplier risks, and contract (and sub contract) performance management, helping ensure services adhere to the Council's contract management framework, comprising a contract management manual and toolkit to support Divisions and that consistent contract management processes are applied across the Council in line with the contract management principles and Executive Director responsibilities for contract management specified within the Council's Contract Standing Orders. ▪ Commercial and Procurement Services have a programme of contract management compliance reviews, focused on the Council's highest risk contracts, to further support service area contract management and the roll out of a My Learning Hub – Contract and Grants Management module, with Heads of Service being advised which of their contract managers have completed the module. ▪ The Council has established a Grant Managers Forum and a Contract Managers Forum, which meets regularly, chaired by Commercial and Procurement Services, to help support service areas in their application of the Grant Standing Orders and the Contract Standing Orders. ▪ The Council prepares an annual procurement report, which is reported to Committee, then submitted to the Scottish Government and published on the Council's website, to give transparency to the Council's external spend with suppliers, and report on its compliance with the procurement regulations and performance against its procurement strategy. ▪ The Council has a Sustainable Procurement Strategy 2020-2025 that was approved by Committee prior to its adoption.	

Supporting principle	1.3 Respecting the rule of law	
Requirement of the Council's Code	1.3.1 Demonstrating commitment to adherence to the rule of the law and regulations while ensuring individuals fulfil their responsibilities and optimise available powers to the benefit of all.	**Score out of 10: 8**
Evidence of compliance and links	The Council is committed to adhering to the rule of law and has a strong framework to ensure effective controls are in place and respond to changes in legislation. This has been clear during the Covid-19 pandemic as the Council has responded to the Coronavirus Act 2020 and Coronavirus (Scotland) Act 2020 and all subsequent legislation, regulation and guidance. ▪ The Council has appointed statutory officers as follows: Monitoring Officer, Head of Paid Service, Service Director: Finance and Procurement (section 95 officer), Chief Education Officer, Chief Internal Auditor, Chief Social Work Officer and Data Protection Officer. ▪ Procedure is in place for the Service Director: Finance and Procurement (section 95 / chief financial officer) to withdraw reports that have not received the appropriate financial sign-off. ▪ Members are encouraged to seek advice from senior officers on legislative and regulatory matters and are offered appropriate training. ▪ Employee Code of Conduct approved by Corporate Policy and Strategy Committee in August 2012.	

- The Section 95 Officer/Chief Financial Officer's responsibilities are set out in the Financial Regulations.
- The Section 95 Officer/Chief Financial Officer is a standing member of the Corporate Leadership Team.
- The Integration Joint Board is tasked with delivering its vision for a caring, healthier, safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together; with other partners; and those who use services and communities. A Strategic Plan 2019-22 has been agreed and published. The Council is also co-signatory to the Scheme of the Establishment of the Edinburgh Integration Joint Board (EIJB) and as such complies with the legislative requirements of the Public Bodies (Joint Working) (Scotland) Act 2014.
- The Chief Social Work Officer provides an annual report to the Policy and Sustainability Committee.
- The Council's Health and Safety Senior Manager provides an annual report on health and safety performance to the Finance and Resources Committee.
- The Internal Audit Annual Opinion, a requirement of Public Sector Internal Audit Standards (PSIAs), includes the required details on Internal Audit independence.
- Renewed focus on the internal control environment through delivery of the annual internal audit plan continues to identify areas for improvement and is helping drive better understanding and focus on closing agreed management actions which should create a more strongly controlled environment.
- Team Central was implemented in July 2018. The system helps to ensure that control weaknesses identified by Internal Audit are appropriately addressed by timely implementation of agreed management actions and provision of evidence by management to confirm that the actions have been effectively implemented and sustained, and ensure that risks identified in Internal Audit reports are being appropriately managed. Where management actions have not been implemented by the agreed date, details are provided monthly to the Corporate Leadership Team and quarterly to the Council's Governance, Risk and Best Value Committee.
- Internal Audit progress is reported to the Corporate Leadership Team on a monthly basis, reviewing progress with management actions and with the delivery of the internal audit plan.
- Committee Terms of Reference and Delegated Functions and Scheme of Delegation to Officers are regularly reviewed. These terms of reference and delegated functions set out the powers delegated by the City of Edinburgh Council to its officers, committees and sub-committees pursuant to the Local Government (Scotland) Act 1973.
- Contracts of employment, job descriptions, the Employee Code of Conduct, HR policies and the Scheme of Delegation to Officers are clear on the responsibilities given to job roles and/or individuals.
- Promotion of codes of conduct of regulatory bodies such as Scottish Social Services Council (SSSC) and General Teaching Council Scotland (GTCS).
- The council has developed with its partners a Local Outcome Improvement Plan and Locality Improvement Plans, to ensure the planning and partnership working arrangements in the city meet the legislative requirements set out in the Community Empowerment (Scotland) Act
- The Community Empowerment (Scotland) Act additionally sets out a range of duties to allow community bodies to ask the Council, or other public bodies, to be involved in decisions and have a greater role in improving outcomes for their communities. This includes the establishment of participation requests and duties in relation to asset transfer. The Council approved its approach for managing participation requests in March 2018 and reviewed its existing asset transfer policy to ensure it meets the new legal requirements.
- HR have established Right to Work, PVG, SSSC and Driver checks for Council Officers and have jointly developed and implemented IR35 compliance arrangements with Procurement.
- The Policy and Sustainability Committee approved the Council Health and Policy and Council Smoke Free Policy in December 2020. The Finances and Resources Committee approved the Corporate Health and Safety Strategy and Plan 2020–2022.
- The annual Council Health and Safety Performance review was submitted to Finance and Resources Committee, reflecting the Council health and safety performance and adherence to Scottish Government, Health Protection Scotland and National Health Service infection control, standard during the COVID 19 pandemic.
- The Council's Risk Appetite Statement includes Legal and Compliance as an Enterprise Risk, which ensures consideration and effective communication throughout the organisation.
- Health and Safety issues are escalated, where appropriate, to the CLT and Council Monitoring Officer on a weekly basis (for significant events out with the weekly report – Service Directors and the Council Monitoring officer).
- The Council's Diversity and Inclusion Strategy and Prejudiced Based Incident reporting aims to ensure all colleagues are treated with dignity and respect in the workplace. We will not tolerate harassment, bullying, discrimination or abuse in any form.

Requirement of the Council's Code	1.3.2 Dealing with breaches, corruption and misuse of power effectively.	**Score out of 10: 8**
Evidence of compliance and links	Following a motion to Council, an independent review of whistleblowing and organisational culture relevant to the raising of and responding to concerns of wrongdoing involving the Council, its members, officers and colleagues was commissioned. The process will help to determine whether or not we have a positive, open, safe and supportive whistleblowing and organisational culture in the Council – and what improvements we can make. The controls currently in place are: ▪ The Monitoring Officer is the Service Director, Legal and Assurance and was appointed by Council on 4 February 2016. Allegations of corruption or misuse of power are considered by the Monitoring Officer, who acts independently of the Council. He has the power to conduct investigations and report his findings to full Council. ▪ Legal Services will report breaches of legal and regulatory provisions to senior management (primarily through the Service Director, Legal and Assurance and Monitoring Officer). Serious breaches may be dealt with by the Monitoring Officer. Other breaches will be addressed by Legal Services providing appropriate advice to service areas and monitoring implementation of that advice. Legal Services are also consulted in relation to complaints from the public which allege non-compliance with laws or regulations. ▪ Employees at all levels will report breaches of the Council's statutory obligations under the data protection legislation to the Council's Data Protection Officer via the Information Governance Unit. This is done through an established breach reporting procedure. High risk breaches will then be reported by the Data Protection Officer to the UK Information Commissioner. ▪ The Council's Whistleblowing Policy mandates an independent service provider with authority to decide on the categorising of disclosures and manner of investigations, with investigation outcomes reported quarterly to the Governance, Risk and Best Value Committee. The whistleblowing service is subject to regular re-procurement with elected member input in the design of procurement requirements. ▪ The Council's risk management framework requires divisions and directorates to record the risks associated with any potential breaches of applicable regulations or policies in risk registers and implement appropriate actions to ensure that they are addressed. ▪ Internal Audit will also report any instances of breaches or non-compliance with applicable regulations and policy where these are identified through delivery of the audits included in the Council's annual internal audit plan. ▪ Scrutiny of internal and external audit reports by Governance, Risk and Best Value Committee. ▪ The Corporate Health and Safety Strategy and Plan 2020- 2022 was approved by the Finance and Resources Committee (December 2020) ▪ Monitoring arrangements have been introduced to ensure that recommendations and management actions resulting from whistleblowing and Monitoring officer investigations are completed. Internal Audit will dip sample completed actions on an ongoing basis. ▪ Relevant policies and procedures and reporting mechanisms are in place e.g. the introduction of Prejudiced Based Incident reporting: ▪ Disciplinary Procedure - A revised Disciplinary Policy for Local Government employees was approved by the Policy & Sustainability Committee on 26 June 2020 and went live 30 November 2020 ▪ Anti-bribery Policy ▪ Fraud Prevention Procedure	
Principle 1 - Improvement plan	1) Implement the Council's People Strategy 2021-24 built around three strategic themes – living our behaviours, maximising our capacity and performance and enhancing our colleague experience and review our values through a cultural audit. (Strategy approved April 2021) 2) Develop a training programme to support the Council's Accident recording system.	1) Service Director, Human Resources

	3) Review Grant Standing Orders – *these have been reviewed*. 4) Implement the Equality and Diversity Framework 2021-2025 (Framework approved April 2021) 5) Implement a new Council wide Planning and Performance Framework to support the mobilisation of the Business Plan 6) Strengthening of policy framework through full Implementation of 2019 audit actions 7) Review Member/Officer Protocol 8) Review of the Scheme of Delegation to be carried out following the Senior Management structural review. 9) By the end of 2022, all policies within the Health and Social Care Partnership will be reviewed, updated and a review framework will be put in place. *The Edinburgh Health and Social Care Partnership have reviewed the relevant policies and work is required to update the policies but due to the system pressures faced in Social Care this has not been progressed yet and is unlikely to be complete by the end of 2022. Colleagues will continue to work where possible to update relevant policies*. 10) Review the Council's controls following the External Review into the Council's culture. 11) Further develop the use and review effectiveness of Integrated Impact Assessments (IIA) 12) Develop a Corporate Governance Framework - to map, review and report on our existing controls 13) Roll out and embed the Operational Risk Framework 14) Implement the recommendations arising from the independent inquiry and culture review as well as delivering on our People Strategy and Strategic Workforce Plan 2021-24 15) Review of the governance arrangements regarding the Council's trusts 16) Review of the political management arrangements of the Council	2) Service Director, Legal and Assurance 3) Service Director, Finance and Procurement 4) Service Director, Human Resources 5) Head of Strategic Change and Delivery 6) Service Director, Legal and Assurance 7) Service Director, Legal and Assurance 8) Service Director, Legal and Assurance 9) Chief Officer, IJB 10) Service Director, Legal and Assurance 11) Head of Policy and Insight 12) Service Director, Legal and Assurance 13) Service Director, Legal and Assurance 14) Service Director, Human Resources 15) Interim Executive Director of Corporate Services 16) Service Director, Legal and Assurance

Principle 2	**Ensuring openness and comprehensive stakeholder engagement**	
Supporting principle	**2.1 Openness**	
Requirement of the Council's Code	2.1.1 Demonstrating an open culture through decisions that have been subject to consultation and/or engagement, are public, evidenced, impact assessed and, where necessary, justification for confidentiality explained.	**Score out of 10: 8**
Evidence of compliance and links	The Council is committed to ensuring open and transparent decision-making and that people and communities are engaged in the process of policy development ahead of decisions being taken. We always consult on all major decisions of the Council. Ensuring open decision making is fundamental to ongoing trust in the democratic process. As budget pressures only increase over the coming years, trust from the public is fundamental and to that end the Council intends to redouble its efforts through its Change Strategy. ▪ The Access to Information Act 1985 schedule 1 requirements regarding exempt information are implemented throughout policy and procedure. Training on the act is provided for key officers and elected members as part of the Governance Framework Training Session. ▪ Webcasting of Council and major committees, with online access to archive recordings for five years. Access to historic archive recordings is maintained indefinitely through the Council's Archives Service. ▪ All Council and Committee reports and decisions are recorded and are available on the CEC website. This allows stakeholders to subscribe to receive meeting papers. ▪ The committee report template and guidance includes standard sections that provides the necessary information for elected members to take decisions with clear explanation of key considerations. ▪ The committee report template includes the requirement to conduct an Integrated Impact Assessment on relevant equalities and sustainability considerations and detail its outcomes. A public record of these is maintained on the Council's website. ▪ Any decisions that are taken by officers under urgency provision require a report to the next committee detailing the decision taken and the reasons. See Committee Terms of Reference and Delegated Functions . ▪ Council Diary arrangements reported to Council annually. ▪ The Scheme of Delegation sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensure sufficient and appropriate scrutiny. ▪ Copies of agendas, minutes and reports for all Council and committee meetings are held by Edinburgh City Archives. ▪ Members have the opportunity to challenge officers submitting reports at Agenda Planning Meetings and committee. ▪ Petitions procedure streamlined as part of the review of political management arrangements. (June 2017). ▪ Deputations (representative of a group or organisation speak at a committee meeting on a subject of their choice) are welcomed to feed into policy making at Council and Committees. ▪ Statutory requests for information are dealt with via an established process. Council responses are routinely made publicly available through its FOI Disclosure Log. ▪ Complaints made to the Council are dealt with under the Council's Complaints Procedure, which has a clear outline of responsibilities, timescales and escalation routes to the Scottish Public Services Ombudsman. This procedure is available on our website for the public and on the Orb for staff. There is a Corporate Complaints Management Group which promotes and facilitates better complaints management throughout the organisation. A Strategic Complaints Group was established in August 2021 to oversee significant customer engagements.	

- Annual Performance reports, Performance updates reports, and Local Government Benchmarking Framework reports can be found on the Strategy, Performance and Research pages of the Councils' website. The Council's performance reporting takes into consideration appropriate feedback to the relevant stakeholders of any decisions taken by Council by using appropriate communication routes.
- The Council regularly consults and engages with stakeholders and members of the public on its plans and policies. Methods to seek feedback include surveys, focus groups, public meetings, and involving relevant stakeholders in participatory budgeting and local community planning. Details on how to find out about and participate in consultations and records are available via our Consultation Hub.
- Honesty and transparency is enshrined in the protocol for member officer relations in decision-taking and advice giving.
- Financial impact reporting arrangements are embedded in the financial regulations.
- Contract Standing Orders ensure that proper procedures are adhered to throughout the procurement process and that there is compliance with relevant sustainable development and equality requirements required by law and co-production with key stakeholders is planned as appropriate. Contract Standing Orders demonstrate the Council's compliance with the general principles of equal treatment, non-discrimination, transparency and proportionality.
- Procurements must not be designed with the intention of unduly favouring or disadvantaging any potential tenderer. Contract Standing Orders clearly demonstrate the Council's open approach to tendering processes and details relevant values and associated purchasing procedures for all potential contracts including appropriate approval and delegation levels. The Council also reports awards of contract and related activity conducted through delegated authority to committee every 6 months, to provide greater transparency of such purchasing activity.
- Grant Standing Orders – provide guidance, controls and regulate the grant application and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB).
- Locality Improvement Planning - each locality has produced a locality improvement plan based on a significant programme of community engagement with local stakeholders and the wider community. The engagement was delivered by a range of partners involving a wide variety of methods and focussing on service users and people experiencing the greatest inequality. Through this process communities of place, interest and identity identified their priorities and will continue, through ongoing dialogue and engagement, to influence the design and delivery of services to improve outcomes in their areas.
- Community Planning - The Edinburgh Partnership governance model offers the opportunity to enhance community planning arrangements at all spatial levels in the city. A key area of the locality-based working has been to involve communities in decision making on the use of devolved funds such as the Community Grants Fund. This role has further been strengthened with the ongoing use of participatory budgeting, such as Leith Chooses, which has increased local democratic decision making, promoted a greater understanding of public budgets and encouraged communities to develop their own solutions to issues.
- Service Developments – the development of facilities and new services are planned and delivered in consultation with local communities with changes and improvements seeking to reflect identified local need where possible e.g. upgrades to local playparks; library service refurbishments
- Participatory Budgeting – local communities are increasingly involved in having a say on the allocation of public funds through participatory budgeting, going beyond the traditional small grants model to examine opportunities within mainstream spending, with the development of a range of creative ways both digital and events based to engage greater numbers of local people. E.g. £eith Chooses
- Place Improvements – linked to the bullets above, Locality teams are regularly engaged in significant local stakeholder consultation on wider public realm projects – eg. Trams to Newhaven, Meadowbank Redevelopment, Regeneration of Craigmillar Town Centre, India Quay etc, as well as very localised engagement and consultation regarding locally prioritised environmental improvement projects, reported back through Neighbourhood Networks
- Consultation Policy – an organisation-wide policy was introduced to ensure all consultation activity was self-assessed against quality criteria, and high-assessed activity was subject to a critical review process and sign-off by a multidisciplinary panel. The Policy also introduces minimum timescales for consultation activity. This action improves quality of activity and ability of stakeholders to participate in activities.

Supporting principle	2.2 Engaging comprehensively with institutional stakeholders	
Requirement of the Council's Code	2.2.1 Ensuring effective engagement with clarity of purpose, objectives and intended outcomes.	Score out of 10: 8
Evidence of compliance and links	Engagement with institutional partners is facilitated through a number of different forums as well as more bilateral relationships. The council has strong relationships with the rest of the public sector through the Edinburgh Partnership, the business community through the Edinburgh Business Forum, the NHS through the IJB and the Edinburgh Third Sector, neighbouring local authorities through City Region Deal governance and the Scottish Government and other Scottish local authorities through our membership of COSLA and the Scottish Cities Alliance. Engagement with institutional stakeholders can take a variety of forms and is determined by the nature of the relationship and the activity being undertaken. Further evidence of our engagement includes: ▪ Engagement with the Scottish Government through our Membership of COSLA and the Scottish Cities Alliance. ▪ Development of regional partnerships through new regional governance arrangements taken forward by the Edinburgh and South East Scotland City Region Deal which include the six regional authorities, both governments and their agencies and the tertiary and third sectors. A Joint Committee to take this forward has been formally established as has a Regional Enterprise Council which will provide private and third sector leadership to regional engagement. ▪ The business community through the Edinburgh Business Forum as well as a number of sector-based groups such as The Edinburgh Planning Forum and the Edinburgh Tourism Action Group. ▪ Key resilience stakeholders are engaged through the Multi-Agency Scottish Resilience Structure. ▪ In reporting to Committee, all consultation and engagement activities relating to Council decisions are outlined and required to be published as part of reports. ▪ The work of localities and strategic partnerships is informed through ongoing dialogue with community and partner agencies, together with dedicated engagement programmes, to ensure all activity reflects the aspirations and priorities of communities. ▪ The city's Community Planning Partnership (Edinburgh Partnership) formally endorsed and approved the EP Community Plan 2018-28, on 30 October 2018. The Plan sets out the partnership's commitment to work together to reduce poverty and inequality within the city and improve the quality of life for all. The plan identified the issues that require sustained joint action to make a difference and is based on what communities have identified are issues for them and their areas. It is focused on three strategic themes: enough money to live on, access to work, learning or training opportunities and making sure people have a good place to live. The Plan was approved by the EP Board, which comprises 19 representatives drawn from public, third sector and community bodies. ▪ To better support partnership work at a local level, the Council and its partners work to four co-terminus locality areas. In addition, the Council and its partners have established four Locality Community Planning Partnerships as part of the new community planning governance arrangements. Membership includes statutory partners, community representatives and have flexibility to co-opt additional representatives at a local level to include other relevant partners. A key role for the Locality Community Planning Partnerships is to set priorities and monitor progress of the Locality Improvement Plans. There was a pause for around 6 months during 2020 due to COVID, but meetings resumed in Autumn 2020 as online meetings and are well attended. ▪ The Council and its partners are also focused on addressing citywide issues through four strategic partnerships covering community safety, children's services, community learning and development and city outcomes to address poverty and inequality ▪ Engagement with Trade Unions through; Joint Consultative Group (Elected members, TUs and Officers); Partnership at work (CLT & TUs); HR/TU weekly meetings; Directorate consultative forums (Directorate Leadership teams and local TU representatives). Additionally, where we are required to undertake collective consultation then we do so e.g. organisational reviews, policy development etc	
Requirement of the Council's Code	2.2.2 Developing partnerships based on trust, shared commitments, a challenge culture and added value.	Score out of 10: 8

Evidence of compliance and links	The Council has a robust framework for partnership working which can be seen through the Edinburgh Partnership, the Integration Joint Board and City Region Deal Framework. This partnership approach has encouraged innovation and facilitates collaborative engagement. ▪ The Edinburgh Partnership (EP) is made up of a Board, four strategic partnerships, four locality partnerships and 13 neighbourhood networks. The EP Board is not an incorporated body. The partnership operates in a spirit of mutual respect and partnership working. Each member has equal standing. The EP Community Plan 2018-28 includes three strategic priorities that have been agreed on the basis of resourced commitments being made by community planning partners. The aim of the partnership is to work together to address common problems and to hold partners to account in terms of partnership services. ▪ During 2018 the EP Board carried out a review and consultation of its governance arrangements and developed a Local Outcome Improvement Plan (Community Plan) in response to the legal requirements of the Community Empowerment (Scotland) Act 2015. The new plan states the ambitions to further strengthen approaches to change, challenge and effective partnership working in tackling poverty and inequality in the city. Locality Improvement Plans, also a legal requirement, were approved in November 2017 following a period of extensive consultation with communities and public and voluntary sector partners. ▪ To better support partnership work at a local level, the Council and its partners work to four co-terminus locality areas. In addition, the Council and its partners have established four locality community planning partnerships as part of the new community planning governance arrangements. These provide the platform for improving service coordination and partnership activity in each area, with a key focus on progressing priorities set out within the Locality Improvement Plan for the area. The delivery of the Locality Improvement Plan requires commitment from a much wider partnership contribution at a local level, with partners aligning resources to shared commitments. ▪ The Council and its partners are also focused on addressing citywide issues through four strategic partnerships covering community safety, children's services, community learning and development and city outcomes to address poverty and inequality ▪ The Community Safety Partnership is responsible for coordinating a multi-agency response to promote community safety, to reduce reoffending and to tackle antisocial behaviour across the city. Improving community safety and effective reduction in reoffending depends on a complex, multi-agency and multi-sector approach to the delivery of a wide range of both universal and specialist services. This multi-agency approach to community safety has strengthened the locality focus which allows for closer engagement with neighbourhoods and is set out in Edinburgh's Joint Community Safety Strategy 2020- 2023. ▪ The Edinburgh Integration Joint Board (EIJB) is a formally constituted decision-making body set up under the provisions of the Public Bodies (Joint Working) (Scotland) Act of 2014. It is a formal board whose membership comprises Non-Executive Directors of NHS Lothian and Elected Members of City of Edinburgh Council. It is required to act as a single body rather than the sum or 'sides' of its membership and its operational requirements are set out in the agreed Scheme of Integration. The IJB is required to have in place as its accountable officers a Chief Officer and Chief Finance Officer and it sets out its aspirations in its Strategic Plan. ▪ The operational element which delivers the IJB's strategic intention is the Edinburgh Health and Social Care Partnership (EHSCP). Led by the Chief Officer and Executive team the partnership brings together the operational, planning and delivery oversight of a range of adult social care services with a number of community health and hospital-based services in Edinburgh. The aim is to improve the health and wellbeing of citizens by joining up the planning and delivery of health and social care services previously delivered separately by The City of Edinburgh Council and NHS Lothian. ▪ The IJB also includes, as non-voting members, professional, carer and service user members to ensure that all views are incorporated in planning and instructing strategic objectives. ▪ Council Health and Safety Forum with Trades Unions meets quarterly to ensure appropriate level of consultation and engagement on health and safety matters. ▪ Partnership meetings with trade unions take place on a regular basis at a council wide and service area level. We consult trade union colleagues on people related/cultural change developments, e.g. new and revised HR policies, change etc. The Council recognises eight trades unions for the purposes of collective bargaining. To help the consultation and negotiation process, the trades unions have appointed a staff side secretary covering all non-teaching staff and another covering teaching staff. The Council has a Working Together Protocol, which sets out the way that management and the trades unions should work together to achieve their shared goals and common interests and the behaviours expected from both sides. ▪ The Council has set up a range of colleague networks. These networks support colleagues support colleagues who share a common protected characteristic. The aim of each network is to: develop strong, productive working partnerships with managers and colleagues; help inform our approach to ensuring respect and equality in the workplace; tackle barriers to progression, and create a more inclusive working environment. ▪ The full City Region Deal was agreed in July 2018 by the City Region and both National governments. It consists of a range of partners, including six councils, four universities and the involvement of the business and third sectors. Internal Audit completed a review of City Deal Funding Processes in June 2020 operated by the Council on behalf of regional partners – which had an overall effective (green) outcome. ▪ The Council is participating in key national activities as an active member of COSLA and SOLACE, along with engaging in local activities.

Supporting principle	**2.3 Engaging with individual citizens and service users effectively**	
Requirement of the Council's Code	2.3.1 Ensuring effective engagement with clarity of purpose, objectives and intended outcomes.	**Score out of 10: 7**
Evidence of compliance and links	The Council has made significant efforts over recent years to improve the way we engage and consult with citizens and communities moving towards a significantly more digitally enabled approach. There is however more work to do to sustain and broaden our approach in this regard to ensure we are improving outcomes. The pandemic placed significant restrictions on our ability to reach seldom-heard citizens, especially those who are digitally excluded. Where possible, the Council has deferred consultation activity, but we have also seen more use of online discussion tools and engagement through social media, which has resulted in more online responses. This suggests that most citizens may be more aware of Council activity than before the pandemic. ▪ A wide range of engagement activities are carried out, ensuring opportunities are provided in ways that are appropriate for communities of place, interest and identity to express their needs and views on services and future provision to inform service development and delivery. This included an extensive exercise to engage the community to inform the development of the Locality Improvement Plans required under the Community Empowerment (Scotland) Act 2015. ▪ Meaningful engagement is the primary aim of the neighbourhood network approach, which provides opportunities for all members of the community to participate, influence and shape activity on an ongoing basis. ▪ Guidance on community engagement policies and approaches is produced and cascaded to staff and members as appropriate. This includes the formal adoption of the National Standards for Community Engagement by Council in March 2017. ▪ Communities are encouraged and supported to be involved in a wide variety of ways, for example a series of workshops were held across localities leading to the development of the Locality Improvement Plans. ▪ The Council has a Consultation Framework which provides guidance to officers on deciding whether the appropriate approach to an issue is communication, engagement or consultation. ▪ The Council communicates on its budget proposals with workshop groups representing colleague stakeholder groups. This has recorded high engagement levels and positive feedback. ▪ Complaints Policy approved by Policy & Sustainability Committee. ▪ The work to develop the Integration Joint Board's understanding of the local population is done through ongoing dialogue with service user and partner agency representation at regular JSNA (Joint Strategic Needs Assessment) stakeholder group meetings.	
Requirement of the Council's Code	2.3.2 Developing effective communication methods that encourage, collect and evaluate views and experiences while ensuring inclusivity.	**Score out of 10: 7**
Evidence of compliance and links	The Council has made significant efforts over recent years to improve the way we engage and consult with citizens and communities. Improvement in consultation and plain English with citizens.	

	The pandemic placed significant restrictions on our ability to reach seldom-heard citizens, especially those who are digitally excluded. Where possible, the Council has deferred consultation activity, but we have also seen more use of online discussion tools and engagement through social media, which has resulted in more online responses. This suggests that most citizens may be more aware of Council activity than before the pandemic. ▪ The Council regularly consults and engages with stakeholders and members of the public on its plans and policies. Methods to seek feedback include surveys, focus groups, public meetings, and involving relevant stakeholders in participatory budgeting and local community planning. Details on how to find out about and participate in consultations and are available via our Consultation Hub. ▪ The Council has established corporate accounts on the following social media platforms Twitter, Facebook, Pintrest, Flickr ,YouTube and LinkedIn. A specialist account has been established to enable officers in Customer Services to address specific concerns raised by members of the public. ▪ Due to essential restrictions put in place to limit the spread of COVID-19, to inform the decisions made within the 2021/22 budget process, workshop groups were held with Council colleagues and Edinburgh citizens between, all using the Council's group engagement tool. The workshops focused on residents' experiences, priorities and views on potential service changes in light of the pandemic. – Need 22/23 process. ▪ The locality improvement plans set out effective mechanisms for providing feedback on how stakeholder views have informed service development and delivery as well as ongoing performance monitoring. This is a core element of the National Standards for Community Engagement which have been adopted by the Council. ▪ Engagement activity is designed to address the involvement of all stakeholders, with mapping and demographic data informing approaches. ▪ Engagement in feedback activities through public performance reports or local engagement events forms a critical element of the partnership's work, with this informing the development of plans and strategies including LIPs and LOIPs. The EP focuses on co-production approaches to ensure the views of citizens are taken into account. The establishment of the neighbourhood networks is designed to strengthen the partnership's approach to ensuring communities influence and shape community planning in the city. ▪ EP supports the Edinburgh Equality and Rights network (EaRN) to ensure communities of interest are engaged with and supported in community planning activity.
Requirement of the Council's Code	2.3.3 Ensuring consideration of future needs and the impact of decisions on future generations. **Score out of 10: 7**
Evidence of compliance and links	The Council's Business Plan: Our Future Council, Our Future City 2021-24 will guide and focus our priorities, deliver real improvements and build on our success as a capital city with such a high quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city. The Planning and Performance Framework drives strategic planning and performance management. Following approval of the Business Plan, the performance framework was approved in June 2021 and provides a further opportunity to embed a culture of performance management across the Council. The development and approval of the Business Plan directly responses to key strategic findings set out in the City of Edinburgh Council's Best Value Assurance Audit published in November 2020. ▪ The Council uses population projections to anticipate future need at below city-level, enabling us to project overall demand for services and anticipate long-term need. ▪ Edinburgh's 2050 City Vision principles of Fair, Pioneering, Welcoming and Thriving were agreed by the Council in June 2020. ▪ The Council's Business Plan: Our Future Council, Our Future City 2021-24 will guide and focus our priorities, deliver real improvements and build on our success as a capital city with such a high quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city. ▪ The Change Strategy framework was published in 2019 and runs until March 2023. ▪ The Integration Joint Board is tasked with delivering its vision for a caring, healthier, safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together; with other partners; and those who use services and communities. A Strategic Plan 2019-22 has been agreed and published ▪ The Council's Financial Regulations and accompanying Finance Rules set out the requirement for Executive Directors to consider on an ongoing basis their respective budgets, including active management of risks and service pressures, delivery of approved savings and appropriate application of service investment. Taken together, these actions contribute to ensuring that the Council's overall expenditure is maintained within budgeted levels and that financial sustainability is secured in accordance with the financial strategy. ▪ The Council had maintained revenue expenditure within budgeted levels for twelve successive years. While the 2019/20 outturn was adversely affected very late in the year by the initial impacts of the pandemic, a balanced position was achieved in 2020/21. In setting the 2021/22 budget, the level of the Council's unallocated reserves was significantly increased and, following the receipt of additional funding late in 2020/21, provision for the on-going impacts of the pandemic similarly enhanced. Regular revenue monitoring reports are submitted to Finance and Resources Committee and Full Council. Under the Scheme of Delegation only Full Council can approve the accessing of reserves. ▪ All new budget proposals are subject to detailed officer and political scrutiny at the development, implementation and subsequent delivery stages. In addition, all Committee and Council reports require authoring officers to consider liaising as appropriate with Finance staff, the financial implications of planned actions, including the adequacy of budget provision, timing of costs and savings and any specific risks around implementation, informed by specific report writing guidance in this area. The Service Director: Finance and Procurement additionally requires to sign off the financial implications sections of all relevant reports, with the right to withdraw reports from Committee agendas where this is not undertaken enshrined in the Financial Regulations. ▪ The Council maintains a detailed five-year financial framework and a ten-year capital plan. In addition to capturing changes in the Council's key income and expenditure drivers, the revenue plan incorporates the current and future financial implications of all material approved plans and actions, including the estimated continuing costs of the pandemic allowing decisions to be taken in the knowledge of their anticipated impact on delivery of the Council's key priorities. The Treasury Management Strategy is reviewed and subject to annual approval by the Council. ▪ Decisions on any new borrowing are rooted in consideration of their prudence, affordability and sustainability, with levels of external borrowing assessed against a suite of prudential indicators as part of the annual budget motion and corresponding loans charge provision made within the budget framework. ▪ The Council has approved its approach to participation requests as required by the Community Empowerment (Scotland) Act and reviewed its existing asset transfer policy to ensure compliance with the new legal duties. Asset transfers require committee approval and this control was utilised successfully in the transfer of Duncan Place Resource Centre. ▪ The 2050 Edinburgh City Vision was welcomed and endorsed by the Policy and Sustainability Committee on 11 June 2020. ▪ The council supported the work of the Edinburgh Poverty Commission which concluded at the end of 2020 and its recommendations are being taken forward through the Edinburgh Partnership Board and the Council End Poverty in Edinburgh Delivery Plan 2020-30. ▪ The City Mobility Plan 2021-2030 sets out the Council's strategic approach to sustainable, safe and effective movement of people and goods around Edinburgh up to 2030 ▪ The City Plan 2030 is in development looking at the development needs of the City. The City Plan will set out how we develop the city sustainably over the next ten years. ▪ The Council is developing a net zero strategy to address the climate emergency, and strategically plan for the cities energy needs in a sustainable way. The Policy and Sustainability agreed the Council Emissions Reduction Plan on 30 November 2021. ▪ The Integrated Impact Assessment (IIA) mechanism is built into policy making and decision making through the Council's committee reporting and policy templates.
Principle 2 - Improvement plan	1) To fully establishing and embed Local Community Planning Partnerships 2) To continue to implement the community engagement model which strengthens the role of communities in service delivery and decision-making processes, and through the work of the Community Empowerment Team. This model for engagement supports the planning and delivery of major projects, for example 20-minute Neighbourhoods.
	1) Service Director, Culture and Wellbeing 2) Service Director, Culture and Wellbeing

	3) Implement a new Council wide Planning and Performance Framework to support the mobilisation and monitoring of the Business Plan. 4) Once the medium-term implications of the pandemic become clearer, develop a five-year revenue budget framework and initiate development of a savings programme to address the significant projected funding gaps in 2023/24 and 2024/25 – *Medium-term financial plan in development.* 5) Agree, publish and progress the City Plan 2030 6) Edinburgh Partnership Survey – the Council and its Edinburgh Partnership partner organisations will launch a new survey in 2023 to monitor local outcomes and resident views.	3) Head of Strategic Change and Delivery 4) Service Director, Finance and Procurement 5) Head of Policy and Insight 6) Head of Policy and Insight

Principle 3	**Defining outcomes in terms of sustainable economic, social, and environmental benefits**	
Supporting principle	**3.1 Defining outcomes**	
Requirement of the Council's Code	3.1.1 Having a sustainable vision for the organisation which sets out strategy, forward planning and impact on stakeholders.	**Score out of 10: 8**
Evidence of compliance and links	Edinburgh's 2050 City Vision principles of Fair, Pioneering, Welcoming and Thriving were agreed by the Council in June 2020 with the express intention of ensuring we have a city that meets the needs of future generations. The Council's Business Plan: Our Future Council, Our Future City 2021-24 will guide and focus our priorities, deliver real improvements and build on our success as a capital city with such a high quality of life to end poverty, to become a net zero city by 2030 and to improve the wellbeing of our residents across the whole city. The Planning & Performance framework drives strategic planning and performance management. Following approval of the Business Plan, the Planning & Performance Framework was approved in June 2021 and will provide a further opportunity to embed a culture of performance management across the Council. The development and approval of the Business Plan directly responses to key strategic findings set out in the City of Edinburgh Council's Best Value Assurance Audit published in November 2020. ▪ The Council's Business Plan: Our Future Council, Our Future City 2021-24 was agreed in February 2021 ▪ An approach to respond and monitor actions to address the findings within the City of Edinburgh Council's Best Value Assurance Audit was agreed in February 2021. ▪ Locality improvement plans have been developed to meet the requirements of the Community Empowerment (Scotland) Act 2015. Development has been informed by extensive engagement in each of the four localities to ensure the views of the community are taken into account and that plans are tailored to fit the individual needs and aspirations of each area. The development process for the plans has been subject to an Integrated Impact Assessment and the plans screened under Schedule 2 of the Environmental (Scotland) Act 2005. The priorities set out in the Locality Improvement Plans 2017-22 were reviewed and updated in 2020 to ensure they were still relevant. ▪ The Council's People strategy set the roadmap (2017-2020) for our People Agenda, addressing short to medium term priorities and actions coupled with longer term work which is transformational in nature. Our People Strategy 2021-2024 was presented to Policy & Sustainability Committee in April 2021 which will continued to build on the work which needs to continue, but which will also ensure alignment to drive the delivery of our Business Plan 2021-2024 priorities ▪ Colleague networks have been established and meet regularly. ▪ The People Board has been established and meets regularly. ▪ The Council's budget process is founded upon priority-based principles, with additional demographic-related investment provided on an annual basis and proportionately lower savings requirements applied to the priority areas set out in the Business Plan. ▪ The Council was one of the first in Scotland to introduce a long-term financial plan, doing so in 2009. The expenditure and income assumptions underpinning the plan are subject to at-least six-monthly review, with the results considered by the Finance and Resources Committee. ▪ The Council's budget strategy has sustainability at its core, with, for example, no capital or other investment approved without assurance over its longer-term affordability. ▪ In acknowledging the potential for closer integration of financial and non-financial information to inform decision-making, a "Budget Book" has been created for Elected members to give them additional information and context when making complex budget decisions. Breaking down the approved expenditure by service area and directorate to show how our money is spent in a clearer and more transparent way. ▪ The mainstreaming of participatory budgeting forms a key action to achieve the Council's strategic aim of listening to citizens and empowering communities in all we do, set out in the Council Business Plan. Further, the Council committed to maintain new relationships and groups built up as a response to Covid-19 and support communities with Community Asset Transfers and Participatory Budgeting.	
Supporting principle	**3.2 Sustainable economic, social and environmental benefits**	
Requirement of the Council's Code	3.2.1 Ensuring that policies and plans are sustainable and balance the needs of all economic, social and environmental stakeholders.	**Score out of 10: 6**
Evidence of compliance and links	The Council's Integrated Impact Assessment incorporates the following areas: Equality, Human Rights, Sustainability, Environment and Economy. It has been developed to support us to meet our legal duties, including those arising from the Environmental Impact Assessment (Scotland) Act and the Climate Change (Scotland) Act, and will be used as evidence for the Fairer Scotland Duty. It is carried out for any plan, strategy or proposed service change that may have an impact on equalities, the environment or the economy. Further, each report to Committee must include an assessment of the impact on sustainability. This area has been reviewed by Internal Audit and improvements are currently being progressed through open audit actions. ▪ The Council's Equality, Diversity and Rights Framework ensures that citizens have a fair access to services and are able to use these services and join in with the life and work of the city. ▪ The Council's Equality and Diversity Policy was agreed at Committee on 8 August 2017. ▪ Economic and social benefits are not specified requirements when policy and planning decisions are taken, however they are fundamental in the Council's Business Plan and are therefore implicit in the decision making of the Council. ▪ The Committee Report writing template and guidance includes a requirement for authors to detail all relevant information to ensure that the decisions being taken are open and transparent where benefits and impacts are in conflict. ▪ The Council has a robust approach to risk management and this is incorporated explicitly in all reports to Committee on decisions to be taken. The report template also requires officers to explicitly consider the financial impacts of any decisions taken.	

	▪ The Council's Business Plan: Our Future Council, Our Future City 2021-24 forms part of a robust strategic framework that connects the strategic vision of the Council and its partners to the detailed plans that guide the delivery of our frontline services. This framework ensures that all Council plans and strategies are driven by and focused towards the delivery of a single shared vision for the city and our services. This framework will comprise the 2050 City Vision, Community Plan and Local Development Plan, Locality Improvement Plans, Council Strategies and Directorate Business Plans. ▪ Petitions procedure implemented as part of review of political management arrangements. (June 2017). ▪ Deputations (representative of a group or organisation speak or provide a written submission at a committee meeting on a subject of their choice) are welcomed to feed into policy making at Council and Committees. ▪ The Council's Policy and Insight service gathers extensive information about the social and demographic attributes of residents and analyses this to provide input into policy decisions. ▪ The Council consults and engages about service prioritisation and policy with residents through its budget engagement activity. ▪ The new community plan (LOIP) was established in October 2018. ▪ The Council's Sustainable Procurement Strategy, adopted in March 2020, has seven key strategic objectives to guide the Council's purchasing activity, one of which is to contribute to the Council's net carbon target. ▪ In July 2020 the Council responded to the Edinburgh Climate Commission, signed the Edinburgh Climate Commission's Climate Compact in December 2020 and has developed a carbon scenario tool to evaluate and inform the council of the carbon impact of projects and investment decisions. The Policy and Sustainability agreed the Council Emissions Reduction Plan on 30 November 2021.
Principle 3 - Improvement plan	1) Once the medium-term implications of the pandemic become clearer, develop a five-year revenue budget framework and initiate development of a savings programme to address the significant projected funding gaps in 2023/24 and 2024/25 2) Develop a detailed programme of activity and associated timescales to allocate 1% of externally provided funding by means of Participatory Budgeting 3) Update the 'Budget Book' going forward. — 1) Service Director, Finance and Procurement; 2) Service Director, Finance and Procurement; 3) Executive Director of Corporate Services

Principle 4	**Determining the interventions necessary to optimise the achievement of the intended outcomes**	
Supporting principle	**4.1 Determining interventions**	
Requirement of the Council's Code	4.1.1 Supporting decision makers to take decisions based on objective information and rigorous analysis, whilst considering best value, risk, stakeholder views and future impacts.	**Score out of 10: 7**
Evidence of compliance and lines	The Council has a strong framework to support decision makers, in particular elected members. This is even more important in a changing environment with the Council having a minority administration. How elected members are supported, and the information provided to enable strong scrutiny and decision making, has to be flexible as those needs crystallise. The Council needs to continually adapt to ensure it is agile enough to maintain this strong framework. A clear framework exists for officer decision making; including the Scheme of Delegation, financial instructions from the Council and Contract Standing Orders. Enhanced and earlier scrutiny of approved budget proposals has contributed positively to the proportion subsequently delivered. There is still a need in some cases however for financial decisions taken by individual service areas to take greater account of monetary and other impacts elsewhere within the Council, such that best overall use is made of scarce resources. To Council operates to the decision-making framework established by the Scheme of Delegation and Committee Terms of Reference and Delegated Functions. This establishes where accountability and responsibility lie for key strategic and operational powers, with Elected Members and Officers feeding into both areas as appropriate. In response to the Covid-19 emergency; specifically, to establish quick and agile decision making, manage the pressure on staff, and prioritise frontline services; interim political management arrangements were implemented. Interim arrangements were regularly reviewed and approved by committee and Council as the impact and restrictions of the pandemic changed. From 1 September 2020, all committees were reinstated meaning the Council's political management arrangements were back operating normally (and remotely) from that date. To respond to Covid-19 emergency the following groups were established: Council Incident Management Team (CIMT), chaired by the Chief Executive; Directorate Incident Management Teams, with escalation to CIMT; Specialist Incident Management Teams: Health and Social Care Command, chaired by EHSCP Head of Operations; Personal Protective Equipment (PPE), chaired by the Chief Procurement Officer; Shielding, chaired by the Executive Director of Corporate Services; Vulnerable and Volunteering, chaired by the Executive Director of Education and Children's Services Cross-Council Risk Forum, convened and chaired by the Service Director, Legal and Assurance, and weekly meetings with the Trade Unions, including on specialist subjects such as PPE. The CIMT and directorate IMTs have provided a clear, easy to understand and effective governance structure for organising services during the emergency. They have met with differing frequency during the pandemic, operating flexibly to ensure the Council could react rapidly to any arising issues. **Elected Members** ▪ Committee report template and guidance is regularly reviewed and includes standard sections requiring authors to detail consultation and engagement, sustainability impact, equalities impact, financial impact, measures of success and risk, policy, compliance and governance impact (most recently in Jan/Feb 2019). ▪ The Council has implemented a Committee Management System (modern.gov). This updates the online committee paper archive system allowing for better search facilities and provides functionality which allows for the secure electronic transmission of private committee reports and information. A bespoke committee paper app has been provided to elected members which allows for secure access and personal annotation of committee reports. ▪ Workshops and briefing notes are regularly used to support Committee reports. ▪ Members have the opportunity to challenge officers submitting reports and ask questions at both agenda planning meetings and committee. ▪ All Council and Committee reports and decisions are recorded and are available on the CEC web site via Council papers online , from May 2003). ▪ Regular email, face-to-face and one-to-one briefings take place with elected members. ▪ Deputations (representative(s) of a group or organisation to speak or provide a written submission at a committee meeting on a subject of their choice) are welcomed at Council and Committees. ▪ Petitions process, established in 2012, engages and involves citizens in the democratic process. The process was reviewed in June 2017, to ensure a speedier resolution for petitioners. ▪ The Council has developed a Change Strategy to ensure it is improving performance whilst managing its budgets	

- A wide range of engagement activities are carried out, ensuring opportunities are provided in ways that are appropriate for communities of place, interest and identity to express their needs and views on services and future provision to inform service development and delivery.
- The Council's Locality Improvement Plan development sought the views of communities on the use of assets and the delivery of services in a local context, across organisational silos.
- Examples of cross stakeholder focus groups (with all party elected member representation) e.g. to develop our Diversity & Inclusion Strategy & Plan

Corporate

- The operational elements of the development of the Council's strategic vision (drafting and defining strategic proposals) are managed by the Policy and Insight Service and presented to elected members at committee level for approval.
- The Adaption and Renewable Programme was established to respond to the Covid-19 Pandemic consisting of five interlinked programmes, each with a Senior Responsible Officer from within the Council's Senior Management Team and support by a programme management approach.
- The Council's performance framework was agreed in November 2018 and is designed to drive a performance culture.
- The Councils Planning and Performance Framework supports the delivery and monitoring of the Business Plan through the underpinning Key Performance Indicators. It is designed to drive a performance and continuous improvement culture in the organisation.
- The Commercial and Procurement Service have three Commercial Partners, each with responsibility to liaise and work with different service areas across the Council. The Commercial Partners report to senior management within their service area on procurement activity and compliance. This ensures that good practice and areas of concern can be identified and feed into operational decisions.
- The Council Contract Standing Orders provide the 'rule-book' for procurement and purchasing of supplies, services and works from which a framework of controls is implemented. Commercial and Procurement Services has continued to improve compliance using our Purchase to Pay (P2P) processes to maximise controls available, in parallel implementing new controls for compliance.
- Regular engagement with service areas continues across all Directorates, providing 'dashboard' type reporting and enabling review, analysis and adherence in relation to contractual spend, purchase to pay process, CSOs etc. This ensures the Council is continuously reviewing its performance in relation to best value for procurement of goods and services, offering opportunity for intervention where necessary, to enable achievement of the defined needs.
- The scope of contract purchases continues to be reported to Finance and Resource Committee on a 6-monthly basis, whilst the Council's Annual Report is both reported to Committee and subsequently submitted to the Scottish Government in order to comply with our obligations under the Procurement Reform (Scotland) Act 2014. This offers transparency in detailing both the scope of procurement activity (both backward and forward looking) and a review of compliance against the Council's Procurement Strategy, with a view to self-evaluation and continuous improvement.
- The Corporate Leadership Team (CLT) is a body of Executive Directors and Chief Executive, with input from other senior officers, which considers strategic and operational matters, including areas of regulatory compliance, policy compliance, risk and equalities.
- CLT review audit action follow up, HR performance and Health and Safety data monthly to ensure appropriate scrutiny.
- CLT lead a Monthly Change Board to manage the delivery of major change. This board has agreed a project management tool kit that will ensure all significant projects have full business cases developed prior to committee approval and that benefits are tracked and measured.
- The Council's Wider Leadership Team (WLT) of approximately 100 operational managers in the Council meets monthly. This supports CLT in decision-making by the provision of an operational sounding board and feedback loop on important decisions.
- Risk Appetite Statement

Supporting principle	4.2 Planning interventions	
Requirement of the Council's Code	4.2.1 Establishing and implementing robust planning and control cycles that take into account stakeholder input, risks and are adaptable to changing circumstance.	Score out of 10: 7
Evidence of compliance and links	Alongside the rest of the UK, Edinburgh has been responding to the COVID-19 global pandemic. The Council's Incident Management Team first met on 27 February 2020 to consider how the Council responded to the COVID-19 crisis. Decisions were guided by three principles: to protect vulnerable residents; to keep staff as safe as possible; and to continue to deliver as many services as possible. The Adaption and Renewal Programme was established to respond to the Covid-19 Pandemic; consisting of five interlinked programmes which were aimed at managing the recovery of the city and the organisation from the coronavirus pandemic as well as focusing on the future needs of the city. The programme was built from the Council's agreed priorities of Sustainability, Poverty and Wellbeing and was designed around 5 interlinked work programmes with clear overlaps and interdependencies: public health advisory board; service operations; change, people and finance; sustainable economic recovery, and life changes. Dedicated resources were in place from Policy and Insight to support all 5 programmes with a central Programme Management Office created to provide overall programme management support, map dependencies and track risks. ▪ The Business Plan ensures that Council strategy, the City Vision, the Community Plan, the budget plan, the people plan and Directorate Business Plans reflect the priorities of the public, elected members, partners and our people. ▪ A monthly Change Board with representatives from the Corporate Leadership Team (CLT) and project leads provides oversight of key projects. ▪ The CLT Risk and Assurance Committee meets quarterly and is supported by directorate and relevant divisional risk and assurance committees. ▪ Planning and Performance Framework sets out the Councils approach to effective planning and performance management including an annual cycle of service planning and review, frequent performance monitoring at all levels in the organisation and Elected Member scrutiny. It is designed to drive a performance and continuous improvement culture in the organisation. ▪ Urgent decision provision is included within the Committee Terms of Reference and Delegated Functions. These provisions have been used throughout the pandemic period. The External Auditor's 2019/20 Annual Report to the Council and the Controller of Audit found that Edinburgh responded promptly and effectively in its political management arrangements to the Covid-19 crisis ▪ The Scheme of Delegation sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensure sufficient and appropriate scrutiny. In response to the Covid-19 pandemic, the Chief Executive has had to use powers under urgency provisions on a number of occasions, these decisions have been reported to the appropriate committee (Leadership Advisory Panel and Policy and Sustainability Committee). ▪ As part of the Terms and Conditions (T&C's) issued in a tender process, the T&C's detail that the delivery of goods and services may be varied (adaptable) if they follow the conditions, to allow for changing circumstance. In some cases, there is a detailed Change Control Notice. This notice is submitted to the Council, signed by the Service Provider and then assessed and responded to by the Council. ▪ The Contract Management Framework sets out the detailed requirements for the conduct of contract management activity within the Council. A suite of operational documents to support the monitoring and delivery of successful contract outcomes and a central support team to provide guidance and continuity of process and procedure is also in place. An effective and consistent application of this framework by all Council contract owners and managers should ensure that this risk is effectively managed; that procured services achieve Best Value for the duration of the contract; and also support efficient service delivery.	

- Commercial and Procurement Services have a programme of contract management compliance reviews, focused on the Council's highest risk contracts, to further support service area contract management and the roll out of a digital learning contract management module, with Heads of Service being advised which of their contract managers have completed the module.
- Resilience is a statutory, cross-council activity involving internal and external consultation and engagement with a range of partner organisations and stakeholder interests including planning, risk assessment, warning and informing and exercising, as set out in The Civil Contingencies Act 2004, Contingency Planning (Scotland) Regulations 2005, Preparing Scotland: Scottish Guidance on Preparing for Emergencies and other relevant legislation and guidance, including those related to emergency powers
- Public Sector Internal Audit Standards require Internal Audit to develop a risk based annual plan that determines the priority of Internal Activity in order to provide assurance on the design and effectiveness of the controls established across the Council to manage its most significant risks. This plan should also be aligned with the Council's strategies and goals.
- The Council's Corporate Leadership Team (CLT) reviews progress with implementing management actions to address the risks associated with open Internal Audit findings monthly, with quarterly reporting to the Governance, Risk, and Best Value Committee.
- HR provision of assurance on an annual basis
- The Operational Risk Management Framework and renewed Risk Committees ensure the escalation of risk by design, which in turn allows for early intervention and active management of risks.
- The proactive response of the Council to the Ukraine crisis is a demonstrative example of the design of the controls in place allowing CEC to adapt to the challenge as it arose.

- An Annual Workforce Controls Report and Quarterly Workforce Dashboards are presented to CLT and to Finance & Resources Committee covering the following:
  - the number of Full Time Equivalent (FTE) employees, the type of contract they are employed through and the turnover of new starts and leavers;
  - trends on absence rates, including the top five reasons for short and long-term absence;
  - the cost of the pay bill, including the cost associated with new starters and leavers, overtime and agency workers;
  - insight relating to our performance framework including the percentage of annual conversations carried out and recorded.

Requirement of the Council's Code	4.2.2 Establishing effective KPIs and capacity to generate performance information that allows for the quality of services and projects to be assessed/measured regularly.	**Score out of 10: 8**

Evidence of compliance and links

The Councils Planning and Performance Framework was approved by Policy and Sustainability in June 2021. The framework sets out our approach for Planning and Performance management including the annual cycle of service planning and review, KPI/target methodology and benchmarking, performance monitoring, Elected Member scrutiny. It is designed to drive a performance and continuous improvement culture in the organisation.

- Progress against the delivery of our Business Plan is tracked by a Council-wide Planning & Performance Framework. A key component of the framework is a well-defined suite of performance indicators which are used to measure progress against the 3 Priorities and 15 Outcomes in the Business Plan. Key performance indicators have been established through engagement with service area senior managers as part of the planning and performance framework.
- The Annual Performance report which includes analysis of the Business Plan KPIS and a progress update on the key projects/plans driving delivery of the 15 Business Plan outcomes, is submitted to the Policy and Sustainability Committee and thereafter Full Councils. Each year a further two Performance Update reports are submitted to Policy & Sustainability Committee. Additionally, each year a report on the Local Government Bench Marking Framework is also submitted to the Policy & Sustainability Committee. Reports are published on the Strategy, Performance and Research pages of the Council website.
- Alongside the Business Plan Planning & Performance Framework, more detailed KPIS are developed for key strategies/plans and where appropriate progress and performance reports are submitted to relevant Committee meetings.
- The Governance, Risk and Best Value Committee was established to take the lead role as the Council's main scrutiny panel and is convened by a senior opposition member. The Executive Director of Corporate Services attends meetings in person, supported by other members of the Corporate Leadership Team (CLT).
- The Committee has the ability to review any of the Council's activities, to require action or further reports and to call witnesses to support its debate.
- The Accounts Commission's 2016 Best Value Audit Report stated that the Governance, Risk and Best Value Committee 'provides effective scrutiny of the Council's operations and performance' and in its 2020 Best Value Assurance Audit report provided examples of effective scrutiny of the committee.
- The Council has responded to external scrutiny, in the form of external audit and inspection reports, with improvement plans which are reported to the appropriate committees.
- The Council Companies' Hub was established in June 2016 to improve officer scrutiny of Council companies, including risks. It clarifies roles and responsibilities, good governance, elected members' duties as councillors and the mitigation of conflicts of interest.
- The Annual Assurance Schedule issued to all Heads of Service, Service Directors, Executive Directors, Council Companies and Joint Boards includes sections on risk and performance.
- The Corporate Risk Team regularly meet with partners to ensure that where shared risks exist these are considered and assigned to appropriate owners. Some examples of these meetings are with representatives from NHS Lothian in relation to the EIJB/EHSCP, representatives from Edinburgh Trams to consider operational risks from the existing tram system, and the tram extension project to consider project and future operational risks.
- The Commercial and Procurement Service works with service areas, suppliers and Policy and Insight to ensure spend and service level, including KPI data, is available to measure performance of the contract during its life and prior to re-tender. This ensures the Council is procuring goods and services which meet its defined needs. This allows us to ensure that the contract is being managed regarding capacity, value for money and delivering savings both financially and in-service efficiencies. Service areas also monitor suppliers to ensure the general T&Cs of the contract are being met and that all sustainable and community benefits are being realised.
- As part of the Council's Governance arrangements, regular reviews of project governance and management is carried out on larger projects and recommendations for improvements acted upon.
- A monthly Change Board with representatives from the Corporate Leadership Team and project leads provides oversight of key projects. A range of project information including status updates is provided to board members.

Requirement of the Council's Code	4.2.3 Ensuring that budgeting and resource planning is informed by realistic revenue and capital estimates and aims to deliver objectives, strategies and plans in a sustainable manner.	**Score out of 10: 7**

Evidence of compliance and links

The Council's revenue and capital budget frameworks are underpinned by regular and proactive review of the full range of factors influencing the costs of delivering its services and the resources available to fund them. The budget framework thus now reflects provision for significant additional sums in respect of these on-going COVID-related impacts, as well as an increased level of unallocated general reserves and COVID-specific reserves funding.

In 2020/21 the Council operated in a climate of unprecedented uncertainty, the enduring impacts of which remained unclear. These impacts required a wholesale review of revenue budget framework assumptions, including anticipated on-going increases in expenditure and reductions in income, as well as re-assessing the management of service pressures and delivery of savings assumed in setting an indicative three-year balanced budget in February 2020. The budget framework thus now reflects provision for significant additional sums in respect of these on-going COVID-related impacts, as well as an increased level of unallocated general reserves and COVID-specific reserves funding.

- The Council has an on-going system of review in place with regard to its main expenditure and income drivers. The contents of the revenue budget framework are subject to at-least six-monthly formal reporting, reflecting as appropriate updated grant funding estimates, population and wider demographic projections, inflationary forecasts (including pay awards) and cost impacts of legislative and other changes. The results of the most recent assessment were reported to the Finance and Resources Committee on 16 June 2022. The effectiveness of this overall approach was favourably assessed as part of these assumptions and the effectiveness of the overall approach were favourably assessed as part of the Council's recent Annual Audit Report. The update report did, however, re-emphasise the need to initiate a structured medium to longer-term savings programme to address

significant projected funding gaps in future years. In recognising this urgency, a dedicated project lead has been appointed. Directorates have been requested to identify potential options, captured by means of a standard template detailing service and performance impacts, risks and dependencies, with reference to the priorities set out in the Council's business plan.

- Budget reporting is presented regularly to SMTs, monthly to CLT and quarterly to Finance and Resources Committee.
- While, as mentioned at 4.2.2, maintaining financial sustainability remains one of the Council's key on-going challenges, revenue expenditure was contained within approved levels for twelve successive years without recourse to unallocated reserves which remain at the level set out in its Financial Strategy.
- Capital expenditure and income projections are similarly based on up-to-date prudent assessments of likely receipt levels, grant funding, asset condition, Council commitments and priorities and other relevant data. By assisting service areas to develop realistic expenditure plans and promptly identifying instances of potential project delays, the level of expenditure slippage recorded across the programme has been significantly reduced in recent years, comparing very favourably with other authorities and realising savings in loans charge expenditure contributing to addressing wider savings targets. As with the revenue budget strategy, however, the latest update incorporates additional sums in recognition of upward pressure on labour and materials costs, as well as wider inflation, on project costs.

Supporting principle	**4.3 Budgeting and financial sustainability**	
Requirement of the Council's Code	4.3.1 Ensuring that the budgeting process and financial strategy are sustainable whilst considering objectives, service priorities, affordability and medium/long-term plans.	**Score out of 10: 7**

Evidence of compliance and links

The Council has a duty to ensure that its revenue and capital spending plans are prudent, affordable and sustainable whilst supporting the delivery of its priority outcomes. With this in mind, proposals are developed against the backdrop of a longer-term framework, recognising that the need for efficiency, transformation and prioritisation in the Council's services is a recurring one. The Council has acknowledged that it will need to reduce the overall staffing numbers through service redesign and prioritisation if it is to secure financial stability. The Council has also undertaken a strategy of the incorporation within the revenue and capital frameworks of significant resources to address historic underinvestment in the Council's estate and recognising the potential additional revenue liabilities of changes to the estate going forward.

The budget framework now reflects provision for significant additional sums in respect of on-going COVID-related impacts, as well as an increased level of unallocated general reserves and COVID-specific reserves funding.

The Council continues, however, to face significant financial challenges resulting from increased demand for services, inflation, legislative reform and increased citizen expectations, as well as the continuing financial impacts of the pandemic. These factors are set against a backdrop of core grant funding (accounting for around three quarters of the Council's overall income) that is not keeping pace.

While the Council has approved a balanced budget for 2022/23, we face significant financial challenges going forward. Current projections indicate a need to deliver at least £63m of recurring savings in 2023/24, increasing to £144m over the five-year period to 2026/27.

The urgent need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21. In recognising this urgency, Directorates have been asked to develop potential options, captured by means of a standard template detailing service and performance impacts, risks and dependencies, with reference to the priorities set out in the Council's business plan. These proposals will be subject to a process of co-design between the incoming administration and officers and form the basis of public consultation in Autumn 2022.

Strategic

- The Council's budget strategy affords relative protection to key service areas and priorities within an overall position that emphasises the need for both revenue and capital expenditure and income to remain in balance over the medium term.
- While recognising the Council's legal responsibility to set a balanced revenue budget for the following financial year by 11 March, both the revenue and capital budget-setting processes adopt a whole-life approach, capturing the expenditure and income implications of approved or proposed actions not just for the following but also subsequent years. In this vein, the approved 2018/23 revenue and capital budget frameworks, in acknowledging historic underinvestment in the corporate estate, include significant additional resources to address this backlog, as well as adopting a more proactive and planned maintenance approach and recognising potential additional revenue liabilities of changes to the estate going forward.
- The Council's capital plan similarly adopts a longer-term timeframe and is informed by explicit consideration of Council priorities, thereby maximising the level and effectiveness of investment available to take forward key initiatives with reference to the principles contained within the Asset Management Strategy and relevant Asset Management Plans.
- In addition to the direct impacts of specific proposals, the medium-term financial plan takes account of the wider implications of the Council's activity in such areas as the associated required levels of pay award and on-cost provision, fees and charges income and enabling investment. The framework also recognises that demand for the Council's services mirrors changes in the population as a whole and therefore makes explicit provision for the impact of demographic-led growth in such areas as school education, older people's care and services for those with physical and/or learning disabilities. The framework also reflects the financial impact of future changes such as approved increased employer National Insurance and anticipated changes in grant funding.
- The Council's financial framework incorporates modelling of a number of key income and expenditure variables and, by adopting a three-year timeframe, seeks to provide a contingency against material changes in any of these key factors influencing the overall savings requirement.
- While acknowledging current demands and pressures within its financial planning processes, the Council has also placed an increased emphasis on preventative investment in recent years, with notable successes achieved in term of both improved outcomes and cost savings in the area of home care reablement and looked-after children's services. The Council's Business Plan: Our Future Council, Our Future City 2021-24 recognises the crucial role such a preventative approach will play going forward, forming a key pillar of the Council's future operating model.
- The Council's Business Plan: Our Future Council, Our Future City 2021-24 sets out Council ambitions for the next three years. It was presented to Council at the same time as the Budget 2021/26 to ensure our priorities guide the financial stability of the organisation.

Operational

- While work is underway to introduce further integration of the revenue and capital budgets, the process also takes account of the indirect impacts of changes in demand for Council services, such as additional property and school meal costs linked to growth in the number of pupils within the Council's schools.
- The Council's budget framework is underpinned by a comprehensive and regular review of the key factors influencing the Council's need to spend and the likely level of resources available to support that spend over the medium- to longer-term, be it due to demographic trends, inflationary pressures, legislative reform, grant funding or other changes. The results of these assessments are reported to the Council's Leadership Team and the Finance and Resources Committee on an at-least six-monthly basis, allowing the adequacy of the Council's actions to be framed against not just the immediate savings requirement but also the medium-term financial position. This medium-term perspective also informs the assessment of the adequacy and proposed use of the Council's reserves in striking an appropriate balance between meeting specific liabilities as they fall due and supporting required transformation through, for example, spend to save investment or meeting staff release costs to secure recurring employee cost savings.
- A Workforce Controls Panel, which reviews and challenges all vacancies that arise (except those pre-approved posts, such as Teacher, which are agreed by CLT) is in operation. This has added stronger rigour to vacancy management and workforce cost controls.
- The Council has implemented a single workforce dashboard and management information (MI) process to provide the organisation with consistent, regular, and accurate workforce MI/data to facilitate workforce controls, strategic workforce planning, and to measure performance. Reporting has now been implemented a Council, Directorate, and Division/Service level (for certain measures) to provide reliable insight into a range of workforce

	controls. The recent implementation of workforce dashboards at Directorate level provides regular MI on the monthly variation in Full Time Equivalent (FTE)/costs (by contract type – permanent, Fixed Term Contract (FTC) acting up/secondment and apprentice), and trend analysis to support workforce management controls.	
Principle 4 - Improvement plan	1) To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan. 2) Embed the understanding of the Risk Appetite Statement across the Council 3) Once the medium-term implications of the pandemic become clearer, develop a five-year revenue budget framework and initiate development of a savings programme to address the significant projected funding gaps in 2023/24 and 2024/25	1) Service Director, Legal and Assurance 2) Service Director, Legal and Assurance 3) Service Director, Finance and Procurement

Principle 5	Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Supporting principle	**5.1 Developing the entity's capacity**	
Requirement of the Council's Code	5.1.1 Regularly reviewing and improving effectiveness through performance monitoring, benchmarking and other methods to achieve defined outcomes.	**Score out of 10: 7**
Evidence of compliance and links	The Councils Planning & Performance Framework was approved in June 2021and will provide a further opportunity to embed a culture of performance management across the Council. Difficult decisions will undoubtedly be required if investment in delivering the Council's priority outcomes is to be sustained. All areas of the Council need to contribute to addressing these financial challenges, both to secure sustainability and secure best value in the delivery of its services. ▪ The Council considers the findings of all Audit Scotland national reviews. These are reported to elected members at appropriate committee for consideration. ▪ The Edinburgh Partnership (EP) engages appropriately in all matters relating to communities and working in collaboration to ensure the added value can be achieved. All partners share a single vision for the city that: 'Edinburgh is a thriving, successful and sustainable capital city in which all forms of deprivation and inequality are reduced.' The Edinburgh Partnership provides a consistent mechanism to gather partner and community views on service delivery. ▪ In line with Scottish Government legislation the Edinburgh Integration Joint Board was formally established in April 2016, with responsibility for planning the future direction and overseeing the integration of health and social care services for the citizens of Edinburgh through the Edinburgh Health and Social Care Partnership. The Integration Joint Board is tasked with delivering its vision for a caring, healthier, safer Edinburgh through taking actions to transform how Council and NHS services and staff teams work together; with other partners; and those who use services and communities. ▪ The Community Safety Partnership is responsible for coordinating a multi-agency response to promote community safety, to reduce reoffending and to tackle antisocial behaviour across the City. Improving community safety and effective reduction in reoffending depends on a complex, multi-agency and multi-sector approach to the delivery of a wide range of both universal and specialist services. This multi-agency approach to community safety has strengthened the locality focus which allows for closer engagement with neighbourhoods. The Edinburgh Joint Community Safety Strategy 2020-2023 has been jointly agreed to support this approach. ▪ The Joint Committee oversees the implementation of the City Deal with the intention of creating further opportunity for regional collaboration and capacity.	
Requirement of the Council's Framework	5.1.2 Developing strategies and plans for the most appropriate model of delivery and allocation of resources to achieve the best possible outcomes.	**Score out of 10: 7**
Evidence of compliance and links	Building on the Change Strategy, The Council's Business Plan: Our Future Council, Our Future City 2021-24 sets out Council ambitions for the next three years. The Adaption and Renewable Programme managed the recovery of the city and the organisation from the coronavirus pandemic as well as focusing on the future needs of the city. The programme was built from the Council's agreed priorities of Sustainability, Poverty and Wellbeing and was designed around 5 interlinked work programmes with clear overlaps and interdependencies: public health advisory board; service operations; change, people and finance; sustainable economic recovery, and life changes. The Council has moved into phase 2 of the Digital and Smart City Strategy, developing further areas online and building an automated easy access knowledge base for council services. Our Smart City Strategy is also in planning with funding ring fenced to allow us to progress Smart Waste and Smart Housing programmes, where we will be able to proactively and efficiently monitor services across the city. ▪ A Member/Officer Protocol sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties. ▪ Building on the Change Strategy, The Council's Business Plan: Our Future Council, Our Future City 2021-24 sets out Council ambitions for the next three years. ▪ The Council's customer transformation programme - 38 transactions now having been made available online. ▪ 90% + of staff are now able to work remotely, including learning and teaching staff to SEEMIS, allowing greater flexibility to operate. We have developed our Contact Centre remote technology to allow the same level of Management Information and monitoring to be carried out across all service lines. ▪ The Council has a People Strategy in place, agreed at committee in April 2021. ▪ The Council produces monthly Workforce Dashboards, which provide clear insight into the capacity and performance management of its workforce, including the use of flexible/complementary workforce to supplement services and overtime/additional hours expenditure. This will change to quarterly dashboards aligned to our People Strategy Themes in 2022/23. ▪ The Council continues to benchmark its performance through the Local Government Benchmarking Framework and reports this annually to Full Council. ▪ The Council annually benchmarks a number of functions using the CIPFA corporate service benchmarking club arrangements ▪ Benchmarking on health and safety performance is carried out with other Local Authorities in Scotland each year this is presented to the Council's Health and Safety Group. ▪ The Council's adoption of participatory budgeting provides an important mechanism to enable communities to identify priorities and make decisions on the allocation of resources to improve the quality of life in the city. This has provided residents with an opportunity to influence the allocation of resources to meet their needs and circumstances.	
Supporting principle	**5.2 Developing the capability of the entity's leadership and other individuals**	
Requirement of the Council's Code	5.2.1 Ensuring clarity on roles, responsibilities and expectations for members and officers in terms of relationships and decision making.	**Score out of 10: 7**

Evidence of compliance and links	It is important that all new and existing members and officers are clear on their roles and responsibilities. We have improved our approach to onboarding and induction as this is a critical time in setting members and employees up for success. New elected members take part in a welcome event, are offered an experienced buddy and take part in classroom based essential learning in their first few weeks in office. In relation to employees, we have developed a new candidate portal for new recruits joining the Council and make it easier for them to complete some essential learning. We have also created Setting You/Them up for Success Guides and a Welcome Event hosted by the Chief Executive and Council Leader every 4-6 weeks. These have been taking place virtually during the Covid-19 pandemic. This helps develop capability early in a new employee's career with the Council. Our approach to performance focuses on the importance of having clarity conversations with all employees, setting clear goals and a development plan which is reviewed regularly through 1-1 check-ins and annual reviews. All operational governance documentation is subject to review annually and forms part of any review of the political management arrangements. ▪ Procedural Standing Orders for Council and Committee Meetings establish procedure for the conduct for such meetings and the decision-making process. ▪ Following the Local Government elections in May 2017 the Governance – operational governance framework was further reviewed (29 June 2017) to meet the aims and aspirations of the newly elected Council. ▪ The Council modified its political management arrangements in August 2019 to further improve its decision-making effectiveness. In March 2020 and May 2020 in response to the COVID-19 pandemic, emergency arrangements were put in place to deal with the significant issues facing the Council. Political Management arrangements were also reviewed in August 2020, December 2020 and March 2021 to respond to the pandemic. The 2019/20 Annual Audit concluded that the Council has responded promptly and effectively in its political management arrangements to the COVID-19 crisis. ▪ There has been a reduction of eight to six executive committees and change of committee remits to ensure a more balanced structure. These committees ensure that there is significant business at all committees to ensure a joined-up approach to Council services, allowing sufficient focus and time to the business of the committee. ▪ The Council's political management arrangements have been amended a number of times during this period, in response to the Covid-19 pandemic. ▪ Committees have the authority to refer reports to other Committees for specific review and scrutiny. This recognises the role and input of each particular committee but nevertheless provides clarity on the decision maker. For example, the Best Value Assurance Audit report was considered by Policy and Sustainability Committee (1st December 2020), Governance, Risk and Best Value Committee (8th December 2020) Council (10 December 2020) and ▪ A significant addition to the remit of the executive committees is strategic development. This allows the Local Development Plan and the corporate infrastructure investment programme that comes out of it, to be aligned with housing and economic policies. ▪ There is also additional scrutiny by the Policy and Sustainability Committee of health and social care services provided, recognising the Integration Joint Board's role but also the duties and responsibilities of the Council. ▪ The Governance, Risk and Best Value Committee retained its current cross cutting scrutiny remit within the model and also takes the lead role as the Council's main scrutiny panel. ▪ Committee Terms of Reference and Delegated Functions set out the powers delegated by the City of Edinburgh Council to its committees and sub-committees pursuant to the Local Government (Scotland) Act 1973. ▪ The Scheme of Delegation sets out the powers delegated by the City of Edinburgh Council to officers, pursuant to the Local Government (Scotland) Act 1973. The Scheme facilitates the efficient conduct of Council business by clearly setting out the nature and extent of the powers delegated to officers by the Council, thereby ensuring that decisions are taken at an appropriate level and ensure sufficient and appropriate scrutiny. Specific reference to the Chief Executive's responsibilities can be found at Paragraph 4.1. The Committee Terms of Reference and Delegated Functions contains a paragraph at A4.1 that allows in the event of a decision which would normally be made by the Council or a Committee and requires to be made urgently between meetings of the Council or Committee; the Chief Executive or appropriate Executive Director, in consultation with the Convener or Vice-Convener, to take a decision, subject to the matter being reported to the next meeting of the Council or Committee. In response to the Covid-19 pandemic, the Chief Executive has taken a number of decisions and reported to the next committee. ▪ Financial Regulations . The Regulations clearly set out the responsibilities of Executive Directors with regard to budget management and the securing of best value with regard to resources entrusted to them. The Regulations also clarify Elected Members' role with regard to setting the Council's financial strategy and scrutinising the effectiveness of its financial management arrangements ▪ Contract Standing Orders apply (with certain exceptions) to all contracts made by or on behalf of the Council for the procurement of the execution of works, the supply of goods and materials to the Council, and/or for the provision of services. ▪ Grant Standing Orders – provide guidance, controls and regulate the grant application, evaluation and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). Roles and responsibilities are set out and require for each grant that the relevant Executive Director or the Chief Officer of the EIJB appoints a Grant Monitoring Officer to set targets, to oversee the process, manage any issues with individual recipients and ensure outcomes are achieved and managed. Elected members are reminded of their duties under the Councillors' Code of Conduct and on conflicts of interest. Procedures for determining the process and award procedure are set out and if and how these may be departed from. ▪ The Member-Officer Protocol sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties. Throughout 2020 Officers and Members have been working to develop a refreshed Member-Officer Protocol to further clarify roles and responsibilities. This will be finalised within 2021. ▪ A suite of performance indicators have been developed to measure the Business Plan 2017-2022 progress and success at each level of the strategic planning framework. Indicators will be presented via dashboards and will include financial, workforce and customer elements to give a balanced view of performance against outcomes and commitments. Performance will be scrutinised by Elected Members in June 2021 and the Council's Corporate Leadership Team. ▪ The Council Leader was appointed as Convenor of the Corporate Policy and Strategy Committee (now Policy and Sustainability Committee) on 22 June 2017. ▪ The leader of the Council undertakes the Chief Executive's performance conversation. ▪ The Council's Planning & Performance Framework KPIs is reviewed regularly by Senior Management Teams and the Corporate Leadership Team. Performance is reported to Committee through a full annual Performance report as well an additional two interim performance update reports each year. Furthermore an annual cycle of service planning and review is undertake to ensure that the key actions required to deliver the Business Plan outcomes remain on track. This regular review gives the Council the opportunity to ensure the outcome-based measures which join up priorities across service areas and partnerships continue to be effective. ▪ The Council's New Candidate Portal has been a positive development in our approach to employee onboarding. ▪ Setting You and Setting Them up for Success Guides and the Council's New Colleague Welcome Event have supported employees and their line managers to improve the induction and onboarding experience and help employees to develop the capabilities they need early in their employment. ▪ The Performance Framework was co-produced with employees and is designed to support employees and their managers to have engaging and constructive performance conversations. It offers a blend of templates, tools and tips to support our people to be the best they can be.

Requirement of the Council's Code	5.2.2 Developing the capability of members and officers through the encouragement and provision of appropriate training and continued professional development tailored to their respective roles.	**Score out of 10: 7**
Evidence of compliance and links	Learning and Development for officers starts with on-boarding and induction, through to essential learning and continuing professional development. There is a blend of classroom-based learning, e-learning, coaching and on-the-job training. Essential learning programmes have been adapted to enable virtual delivery during the pandemic. Dependent upon job role and statutory requirements, employees are supported and funded to achieve relevant qualifications. As part of the Council's Talent Strategy, during 2020/21, an Inspiring Talent Programme was launched for colleagues aspiring to more senior roles within the organisation. Training and development provision for elected members could be expanded and improved, with the need identified for regular classroom-based programmes running throughout the year based on feedback from training needs analysis, elected member and officer requests. ▪ Council People Strategy and Strategic Workforce Plan was reported to Committee in April 2021. A new People Board has been established to oversee implementation/determine priorities etc.	

- The Open Framework agreement for Learning and Development was reported to Finance and Resources Committee in November 2017. The framework has been running for enabling the Council to take a more strategic approach to the procurement of learning and development. A new framework agreement will be implemented in November 2022.
- A comprehensive induction programme for elected members was developed for implementation following the Scottish Local Government election in May 2017. An Autumn Winter programme of elected member training and development was carried out in October/November 2017 based on the outcome of a training needs analysis exercise.
- An Elected Members' Resources section was created on the Orb in preparation for the new Council following the Local Government election in May 2017. A wide range of information is available, including roles and responsibilities, code of conduct, training and development materials, key strategies and policies and city/ward information.
- Elected members are provided with ongoing briefings, briefing notes and presentations on topics of relevance and reminder emails highlighting resources available.
- Regular meetings with conveners and vice conveners (weekly and/or fortnightly), briefings for member groups, 121 meetings on individual projects.
- Monthly colleague welcome events hosted by Chief Executive and Council Leader have been taking place virtually throughout the pandemic.
- There is ongoing job specific induction and essential learning across the Council. This has been taking place virtually throughout the pandemic in 2020/21.
- Role related learning was identified and mapped out for all frontline roles.
- The Council has developed and launched 'Leadership in a Box', including our Leadership Framework, myLearning Hub Learning Experience Platform, digital learning and classroom-based workshops, including support for new leaders and an Inspiring Talent Programme. Leadership Ambassadors and Early Adopter Teams were established to support all of the above and to assist with evaluation. This continues to be reviewed and will be refreshed to ensure it is meeting needs of leaders and aligned to our Council priorities in 2022/23.
- Mandatory Cyber Security Training
- We continue to offer New Leader Induction (being converted to virtual delivery) and essential learning.

Requirement of the Council's Code	5.2.3 Ensuring arrangements are in place to consider leadership effectiveness and staff performance.	**Score out of 10: 7**
Evidence of compliance and links	We continue to invest in leadership and talent development, starting with new leader induction, essential learning for leaders around key Council policies and supporting our leaders to embed our new approach to performance to achieve the cultural change we need to enable the Council to achieve its vision. In 2020/21, performance scoring was not implemented due to the COvid-19 pandemic response. ▪ We continue to invest in our Wider Leadership Team (WLT) which meets monthly to work together on key issues and learn from each other and from external speakers. ▪ Our Performance Framework incorporates key elements of looking ahead and looking back performance conversations and giving and receiving feedback throughout the performance year. We have supported our leaders to embed the approach through Conversation Spotlight workshops which have been delivered throughout the period. The Performance Management framework has at its core the principle of both what employees are delivering as well as the 'how'. Colleague wellbeing has been a key priority for 1-1s and looking ahead and looking back conversations throughout the pandemic. ▪ Under the Performance Framework all GR1-12 employees are in scope for performance review. The is regularly scrutinised and reported via the Workforce Dashboard. ▪ There has been investment in developing and offering wellbeing tools and resources for our leaders throughout 2020/21, including Be Well to Lead Well Sessions. There is also a Regular Wellbeing Roadshow programme. The Council achieved a national Chartered Institute of Personnel and Development award for its work on colleague wellbeing during the pandemic.	

Requirement of the Council's Code	5.2.4 Ensuring arrangements are in place to support and maintain the health and wellbeing of the workforce.	**Score out of 10: 8**
Evidence of compliance and links	The wellbeing of our workforce remains a critical area of concern for us and has been a key priority in 2021/22. We seen a decrease in long-term absence, with the majority attributed to long-term conditions relating to stress, depression and mental fatigue. Whilst much has been done, we are committed to a renewed focus on this agenda through a combination of revised policies to drive the right culture and behaviour, training to develop skills in our leadership population to support employees with wellbeing issues and knowledge and awareness for our employees. The overarching aim of our approach is one of prevention and engagement with available support. Our wellbeing strategy is based on 3 key pillars of mental, physical and financial wellbeing. Due to the Covid-19 pandemic, we developed and promoted a range of wellbeing tools and resources including virtual wellbeing roadshows, virtual wellbeing workshops, individual and team wellbeing check in tools, PAM Assist, Let's Talk, Coaching Bank and Chaplaincy support. COVID update. We have also developed and launched a specialist risk assessment tools for colleagues who were required to shield during the pandemic, and we have created a range of tools and resources to support home working such as the Colleague Guide to Home Working' ▪ Occupational Health and EAP - The Council has procured the services of an Occupational Health provider to ensure we are able to gain independent professional advice to support colleagues with absence, including ill health retirement and reasonable adjustments. There is a focus on mental health and physical conditions whereby colleagues can be referred for early prevention without waiting until the condition is so sever it causes absence. ▪ We provide a free confidential employee assistance programme for all colleagues who would like confidential advice ranging from bereavement to healthy body healthy mind. This includes trauma counselling and Cognitive Behavioural Therapy. ▪ A wellbeing and sickness absence workshop has been developed taking a holistic approach starting with line manager awareness and focusing on supportive conversations. This includes mental health awareness and enables managers to arrange the right support or guide the employee to engage in the support available. ▪ Availability of support mechanisms is regularly communicated through manager's newsletter and internal communications, including our coaching bank, PAM Assist, chaplaincy support and our Let's talk service. ▪ Creation of a space on the Council's website for colleagues who are 'hard to reach' dedicated to Covid-19 and the support that is available to them. ▪ Made use of colleague payslips for messaging around available support. ▪ Staff Benefits We provide broadly the same level of benefits as most large employers to meet a range of lifestyles including: - ○ Enhanced annual leave entitlement and a range of special paid and unpaid leave ○ Flexible working options ○ Enhanced Maternity, Paternity, Adoption and Shared Parental Leave provision ○ Childcare Vouchers (for existing members) ○ Ride to Work Scheme ○ Ethical financial services through a credit union membership including loans, savings and mortgages. ○ Season ticket loans ○ Car benefit scheme - salary sacrifice car lease scheme ○ Local Government Pension Scheme	

	○ Scottish Teachers' Superannuation Scheme ○ New Benefits Platform - VIVUP ▪ The Annual Report on Health and Safety Performance was reported to the Finance and Resources Committee reflecting the Council health and safety performance and adherence to Scottish Government, Health Protection Scotland and National Health Service infection control, standard during the COVID 19 pandemic. tbc ▪ Quarterly dashboard reporting on Health and Safety is reported to the H&S Group for scrutiny and challenge. This is reported annually to the Finance and Resources Committee. ▪ A range of colleague wellbeing resources and support	
Principle 5 - Improvement plan	1) To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan. 2) Develop a detailed programme of activity and associated timescales to allocate 1% of externally provided funding by means of Participatory Budgeting.	1) Service Director, Legal and Assurance 2) Service Director, Finance and Procurement

Principle 6	Managing risks and performance through robust internal control and strong public financial management	
Supporting principle	**6.1 Managing risk**	
Requirement of the Council's Code	6.1.1 Ensuring that risk management is embedded and clearly allocated in decision making throughout the organisation.	**Score out of 10: 6**
Evidence of compliance and links	The Council has an Enterprise Risk Management Policy and Risk Appetite Statement. . The policy and appetite statement are proportionate and appropriate for the Council and are both reviewed and updated annually and approved by the Policy and Sustainability Committee. Following the outcomes of the Azets Risk Management Internal Audit in July 2020, the operational risk management framework has also been refreshed and is currently being piloted prior to final approval by the Corporate Leadership Team and implementation across the Council. The implementation process will include appropriate education and training to ensure knowledge and understanding of risk management is cascaded, that managing risk is part of managing the organisational culture, and that all employees understand that we all have a role to play in managing risk. The Corporate Risk Team work closely with central business functions (including Internal Audit), Directorates and Services to ensure that risk is managed, reported and escalated in accordance with the Enterprise Risk Management Policy, and that the Risk Appetite is considered when making significant strategic and operational decisions. As part of its Covid-19 response, the Council has established a process to ensure that all new and emerging Covid-19 risks are identified; assessed; recorded; actioned (where possible) and monitored. A separate Covid-19 Risk Management Plan has been maintained that is regularly reviewed by the Council's Incident Management Team and included in the quarterly risk reports provided to the Governance, Risk, and Best Value Committee. ▪ The Council has an established Enterprise Risk Management Policy and Risk Appetite Statement. ▪ The most recent Internal Audit report (July 2020) noted "Overall, we were satisfied that risk management arrangements appear to be embedded across the organisation and are well-integrated with the council's internal audit arrangements" but highlighted a number of areas for improvement in relation to ongoing operational risk management by divisions and directorates across the Council, including the need for improved training. ▪ Council divisions and directorates are responsible for identification; assessment; recording; and management of both strategic and operational risks, and for ensuring that risk is appropriately considered in decision making. ▪ The Corporate Leadership Team (CLT) quarterly risk and assurance committee is chaired by the Chief Executive and is supported by quarterly Directorate Risk and Assurance Committees that are chaired by Directors. ▪ Risk and assurance committees are attended by Corporate Risk Management in a 'critical friend' capacity to confirm that new and emerging risks are identified; assessed; and recorded; and confirm the appropriateness of management's assessment of the effectiveness of established controls and progress with implementation of mitigating actions owned by management to further mitigate their risks. ▪ Divisional and directorate risks are escalated from Service Teams, through Directorate and then into CLT Risk Registers (as appropriate). ▪ The Governance, Risk and Best Value Committee scrutinises the Council's most significant original (inherent) and current (residual) risks as detailed in the Corporate Leadership Team risk register quarterly. ▪ A number of specialist Risk Management Groups have been established (for example the Cyber and Information Security Steering Group (CISSG)) to focus on thematic operational risks across the Council and ensure that knowledge and understanding is cascaded appropriately throughout the organisation. Corporate Risk Management also attends these groups in a critical friend capacity. ▪ Corporate Risk Management and Internal Audit are also available to provide consultancy advice and support to the Corporate Leadership Team; directorates; and divisions in relation to the risk and control aspects of both strategic and operational decisions. ▪ The Internal Audit team designs the Internal Audit Plan to ensure that assurance is provided on the Council's most significant risks. ▪ The Corporate Risk Team may, through the course of their work, identify new and emerging risks for potential inclusion in / addition to the Internal Audit annual plan. ▪ Internal audit findings will be raised that highlight exposure to risks through delivery of the annual Internal Audit plan. The findings and their associated risks are then addressed by management through implementation of agreed management actions. ▪ The Corporate Leadership Team reviews management's progress with closure of open Internal Audit findings monthly, and the position is also reported quarterly to the Governance, Risk, and Best Value Committee. ▪ The Council's Chief Internal Auditor is required (per Public Sector Internal Audit Standards) to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's control environment and governance and risk management frameworks that is based on the outcomes of completed audits and progress with closure of open Internal Audit findings. The opinion is provided to the Governance, Risk, and Best Value Committee and should also be used to inform the Council's Annual Governance Statement. ▪ Exposure to risk may also be identified by external assurance providers such as external audit; the Care Inspectorate; or Education Scotland. It is management's responsibility to ensure that these risks are recorded in risk registers and that appropriate action is taken to ensure that they are addressed. ▪ Risk Management and Internal Audit are included in New Leaders' Induction events to emphasise the importance and relevance of risk management to all managers, and what is expected of them within their teams. ▪ A monthly Risk Forum brings together key officers from Council directorates to discuss any new and emerging Covid-19 and operational service delivery risks. ▪ The operational risk management framework has been approved following a pilot and will be rolled out following procurement of a new risk and audit system. IA and Risk are leading on this with support from the directorates.	
Supporting principle	**6.2 Robust internal control**	
Requirement of the	6.2.1 Ensuring that risk management and internal control strategies, policies and arrangements are aligned with achieving objectives and evaluated on a regular basis.	**Score out of 10: 6**

Council's Code		
Evidence of compliance and links The Institute of Internal Audit's three lines model is operated across the Council: • the first line – Service Areas that own and manage risk; • the second line – teams that oversee or specialise in risk management and developing frameworks and policies, for example, Information Governance; Strategic Change and Delivery; Risk Management; and Corporate Health and Safety; and • the third line – teams that provide independent assurance, above all internal audit.	In June 2018 it was identified that a number of historic management actions to address Internal Audit findings had either not been implemented, or were implemented but had not been sustained, resulting in a total of 30 historic IA findings being reopened and tracked as overdue (26 for the Council and 4 for the Edinburgh Integration Joint Board). Whilst the majority of the Council's 26 findings have now been addressed, a number of current agreed management actions continue not to achieve their agreed implementation dates. Progress towards address open IA findings is reported quarterly to the Governance, Risk, and Best Value Committee. A 'validation' audit is also included in the annual plan to confirm whether management actions implemented to address closed IA findings have been effectively implemented and sustained. All historic actions reopened have now been closed. ▪ The Enterprise Risk Management Policy describes how risk management aligns with the achievement of objectives.. ▪ Assurance on the adequacy and effectiveness of controls in place to mitigate the most significant risks faced by the Council is delivered via completion of the annual Internal Audit Plan. The 2021/22 plan can be located at: Internal Audit Annual Plan 2021/22. ▪ An Internal Audit report is produced at the end of each audit which includes findings that detail any control weaknesses identified and the associated risks. Actions are agreed with divisional and directorate management to ensure that these weaknesses are remediated, and implementation dates for completion of management actions are agreed. ▪ Management's progress with closure of IA findings is monitored using the Team Central system launched in July 2018 and the actions and evidence provided by management are reviewed by Internal Audit prior to closure. ▪ Overdue IA findings are reported monthly to the Corporate Leadership Team (CLT) and quarterly to the Council's Governance, Risk and Best Value Committee. The latest report provided to the Governance, Risk and Best Value Committee can be found at: Internal Audit - Overdue Findings and Late Management Responses. ▪ The Audit Report 2019-20 from Azets undertook a risk management arrangements. As a result, the operational risk management framework has also been refreshed and is currently being piloted prior to final approval by the Corporate Leadership Team and implementation across the Council. Following a pilot, the refreshed operational risk framework was approved by CLT and is now being rolled out on a phased basis across the Council. ▪ As part of its Covid-19 response, the Council has established a process to ensure that all new and emerging Covid-19 risks are identified; assessed; recorded; actioned (where possible) and monitored. A separate Covid-19 Risk Management Plan has been maintained that is regularly reviewed by the Council's Incident Management Team and included in the quarterly risk reports provided to the Governance, Risk, and Best Value Committee. ▪ The Council's Chief Internal Auditor is required (per Public Sector Internal Audit Standards) to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's control environment and governance and risk management frameworks. The opinion is provided to the Governance, Risk, and Best Value Committee and should also be used to inform the Council's Annual Governance Statement. ▪ The Member/Officer Protocol (2016) sets out the roles and responsibilities of Elected Members and Council officers, including the Chief Executive, to ensure clarity when carrying out their respective duties. This is currently under review and will be complete 2021. ▪ Councillors' Code of Conduct – Standards Commission - the standards councillors must apply when undertaking their Council duties. ▪ Anti-bribery policy – introduced in 2012 to strengthen existing anti-corruption measures and to meet the requirements of the Bribery Act 2010. ▪ Register of Elected Members' Interests and Expenses is published on elected member profiles and a hard copy is maintained for inspection – as required by the Standards Commission. ▪ Policy on Fraud Prevention – introduced in 2013 and contains preventative and control measures designed to reduce the risks to the Council from fraud and fraudulent activity. ▪ Anti-bribery Policy and Fraud Prevention Policy are essential learning for all Council employees, with e-learning modules available. ▪ Wide range of internal and external counter fraud activities, including Council Tax, Benefits, parking, school placement and national fraud initiative work ▪ The Council's Monitoring Officer will investigate serious allegations of fraud, corruption or maladministration and report findings and recommendations to full Council. ▪ The Council's Whistleblowing Policy mandates an independent service provider with authority to decide on the categorising of disclosures and investigations, with investigation outcomes reported quarterly to the Governance, Risk and Best Value Committee and thereafter to the relevant executive committee convener. ▪ Contract Standing Orders (February 2021) – regularly updated essential legal and operational rules for all Council staff to follow when procuring a contract, including escalation processes to Legal and Risk, ensuring that all procurements meet strategic objectives of the Council and achieve best value. ▪ Grant Standing Orders – provide guidance, controls and regulate the grant application and award process throughout the Council and on behalf of the Edinburgh Integration Joint Board (EIJB). ▪ There are also a number of additional third line of defence assurance providers who assess the adequacy and effectiveness of the Council's controls in addition to Internal Audit. These include (for example) External Audit (who assess the adequacy and effectiveness of the Council's key financial controls and audit the financial statements); The Care Inspectorate; the Scottish Housing Regulator; the Health and Safety Executive; and the Information Commissioners Office.	
Requirement of the Council's Code	6.2.2 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.	**Score out of 10: 9**
Evidence of compliance and links	▪ During 2021/22, Internal Audit fully conformed with all aspects of the requirements of the Public Sector Internal Audit Standards. Including the requirement to maintain an internal quality assurance programme. The next quinquennial IA external quality assurance review was completed in March 2022 in line with PSIAS requirements. ▪ The annual Internal Audit Plan is driven by the Council's organisational objectives and priorities, and focuses on providing assurance on the Council's most significant risks that may prevent achievement of objectives. objectives. Internal Audit is also required to provide ongoing coverage across all remaining Council services on a rolling five-year basis. ▪ Recognising that the Council's risk profile significantly changed in response to Covid-19, the 2021/22 IA annual plan continues to provide appropriate assurance on new and emerging Covid-19 risks. ▪ The Governance, Risk and Best Value (GRBV) Committee's remit includes agreeing internal audit plans and ensuring internal audit work is properly planned with due regard to risk, materiality and coverage, and scrutinising final Internal Audit reports. The Council's 2021/22 Internal Audit Plan was approved by the Governance, Risk and Best Value Committee in March 2021 ▪ The scopes of individual audit reviews detailed in the annual Internal Audit plan are designed to review and test the adequacy of the design and operating effectiveness of the governance, risk management frameworks and key controls established to support service delivery and (where relevant) compliance with applicable legislation. Where risk management and/or governance frameworks are considered as either high or medium risk in the context of individual audit reviews, these areas will be included in scope ▪ The Council's Chief Internal Auditor is required (per Public Sector Internal Audit Standards) to provide an independent and objective annual opinion on the adequacy and effectiveness of the Council's control environment and governance and risk management frameworks. The opinion is provided to the Governance, Risk, and Best Value Committee and should also be used to inform the Council's Annual Governance Statement. ▪ Annual Assurance Exercise – seeks assurance from executive directors, service directors, heads of service, significant Council companies and joint boards over a wide range of controls and requirements which is then certified by the responsible executive director/chief officer to inform the drafting of the Annual Governance Statement. This is also overseen by the Governance, Risk and Best Value Committee. ▪ The Council's risk management framework is continuously reviewed, and improvements are implemented as appropriate. ▪ The Council's Risk Appetite Statement and Enterprise Risk Management Policy are approved by GRBV Committee.	
Requirement of the Council's Code	6.2.3 Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and that its recommendations are listened to and acted upon.	**Score out of 10: 7**
Evidence of compliance and links	The Council has a centralised, independent audit committee which is chaired by an opposition elected member. The Council's GRBV committee is independent as the Council's main scrutiny committee as well as its audit committee. It is linked with the Council's decision-making bodies, having a relationship that both supports and challenges the services under the oversight of the executive committees. However, the Committee has the power to act on its own accord with no need for executive committee permission and its power to call any elected member or officer to the committee provides it the ability to effectively scrutinise. The effectiveness of the committee was reviewed as part of the 20/21 Internal Audit plan with actions in response to recommendations agreed by the GRBV Committee and officers. Actions are monitored as part of the standard quarterly review of audit actions. .	

- The Accounts Commission Best Value Audit Report 2016 stated that the Governance, Risk and Best Value Committee 'provides effective scrutiny of the Council's operations and performance.'. and in its 2020 Best Value Assurance Audit report provided examples of effective scrutiny of the committee.
- Committee Terms of Reference and Delegated Functions require the Governance, Risk and Best Value Committee to be convened by a senior opposition member. The Executive Director of Resources attends meetings in person, supported by other members of the Corporate Leadership Team.
- The Committee has the ability to review any of the Council's activities, to require action or further reports, and to call witnesses to support its debate.
- The Committee has a role in the Council's governance framework for its companies, scrutinising their past performance on an annual basis.
- The Committee receives quarterly and annual whistleblowing monitoring reports, including investigation outcomes and proposed management actions, and approved the introduction of a new process to monitor the implementation of management actions during the reporting period. The Council's independent whistleblowing service provider has direct access to the committee on request and the committee can request sight of full investigation reports and call on investigating officers and council officers to attend its meetings in private session to account for their actions.
- The Council has responded to external scrutiny, in the form of external audit and inspection reports, with improvement plans which are reported to the appropriate committees.
- GRBV also reviews and performs scrutiny on the CLT risk register; monitors progress with delivery of the Internal Audit Plan; and scrutinises all Internal Audit reports.

Supporting principle	**6.3 Managing data**	
Requirement of the Council's Code	6.3.1 Ensuring that data is properly managed, accurate and of a good quality.	**Score out of 10: 6**
Evidence of compliance and links	The Council has a strong centralised Information Governance Unit that monitors and assesses compliance with its statutory obligations under information governance legislation. While the Council has embedded processes for capturing and mitigating information risk, e.g. breach reporting and data protection assessments, 'digital by default' practices have created challenges around ensuring that the Council manages its data appropriately. The continual evolution of ICT tools. e.g. M365, means that the Council's information governance requirements need to adapt and extend to new environments. The Council is subject to various pieces of Scottish and UK information legislation. UK data protection legislation governs how personal data is collected, managed and used by organisations. UK and Scottish information access legislation (Freedom of Information (Scotland) Act 2002, Environmental Information Regulations (Scotland) 2004, INSPIRE Scotland Regulations 2011, Re-use of Public Sector Information Regulations 2015, and the Pupils Educational Records (Scotland) Regulations 2003), governs how public authorities must deal with requests for information that are made to them. Finally, the Public Records (Scotland) Act 2011 governs how Scottish public authorities must manage their public records in accordance with best practice and standards. ▪ The Council's Information Governance Policy set out the Council's approach to the collection, storage, use, sharing and security of information, including employee roles and responsibilities. The Policy is supported by an information governance framework consisting of detailed guidance, procedures and mandatory training for all employees. The framework is promoted through an annual communications plan which includes various awareness raising initiatives and training events. Additional guidance has been provided to employees on managing data during the lockdown. ▪ The Information Governance Unit maintains a series of Council-wide registers that document and classify how data, information and records should be managed in the Council. The Record of Processing details why and how personal data is processed by the Council, and the Council's Record Retention Schedule details how long information and records should be retained in line with statutory requirement and business need. ▪ The Council explains how it manages its data, information and records to the public through various means. Its records managements arrangements are published in its statutory Records Management Plan, its personal data collection arrangements through its Privacy Notices, and how it provides access to information and records through its Publication Scheme. ▪ Data Protection Assessments are carried out when new processes for handling personal data are introduced, or existing ones updated. This ensures compliance with all data protection principles and ensures that information risks are properly identified and appropriately managed. Procedures are in place to support information sharing arrangements within the organisation. ▪ The Council has standard access to information processes for the public that ensure its compliance with relevant legislation and its commitment to transparency and accountability. This includes personal data, environmental data and general information held by the Council. ▪ Standard information governance related terms and conditions are included within Council contracts. ▪ The Employee Code of Conduct gives clear guidance for employees on the use of Council Assets, Systems and Information. ▪ Policy on Fraud Prevention aims to uphold the highest standard of conduct and ethics in all areas of the Council's work. ▪ The ICT Acceptable Use Policy gives clear guidance on effective use of technology, providing opportunities to communicate and interact internally, with partners and with the public. The Policy outlines the standards of conduct that are required of staff when using all electronic communications and systems. ▪ An Information Board has been established to facilitate better information management across the Council. ▪ A Cyber and Information Security Steering Group, chaired by the Executive Director of Resources was approved by CLT and meets monthly. The Executive Director of Resources is also the Scottish Government Executive Director lead for cybersecurity arrangements. The Council has achieved Cyber Essentials, Public Services Network (PSN) accreditation and is working towards Cyber Essentials Plus accreditation. These accreditations provide assurance on the effectiveness of the Council's network security controls. ▪ Vulnerability Scanning has been implemented across the Council's corporate network. ▪ Senior Management Teams regularly monitor performance of their services as part of the Council's Performance Framework. A key element of this involves senior officers analysing the performance data in advance of the performance discussion to identify areas of good practice and areas for improvement. The quality and accuracy of the data is assessed at this point to ensure that the performance information is robust. ▪ An annual information governance maturity assessment is undertaken Council-wide to measure compliance against policy and legislation. Its findings are reported to Directors, the Information Board and the Cyber and Information Security Steering Group. ▪ Data quality is also reviewed and audited as part of statutory returns (for example Local Government Benchmarking Framework, Children's Social Work Services returns) to ensure performance information is robust and accurate. ▪ Established management information and reporting supports service managers with their operational decision making and allows for comparisons and trends over time to be analysed with confidence. ▪ All contract extensions and reviews require a check to ensure that necessary clauses on information governance obligations have been included.	

Supporting principle	**6.4 Strong public financial management**	
Requirement of the Council's Code	6.4.1 Ensuring that financial management is integrated at all levels of planning and control, and supports the achievement of outcomes and short-term financial and operational performance.	**Score out of 10: 7**
Evidence of compliance and links	The Council operates a tiered framework of financial planning and control, with regular updates provided to Senior Management Teams, the Council Leadership Team and elected members. There are, however, opportunities to improve transparency in financial reporting and improvements to the internal control framework are also required to provide increased assurance as to their effectiveness.	

	▪ The Council's Financial Regulations set out the responsibilities of Executive Directors in managing their respective budgets within approved levels. To this end, Finance staff work closely with service managers in supporting the development and delivery of robust savings measures, as well as providing timely advice facilitating the management of risks and pressures and, where necessary, highlighting issues where a service- or Council-wide response may be required. ▪ Given the constraints under which all service areas are necessarily working, the role of Finance staff continues to combine the functions of support and challenge, with an increasing emphasis upon informing decisions about the relative prioritisation afforded to services as a route towards longer-term sustainability. ▪ Technical and more general management training has been delivered to all professional accountancy staff for onward dissemination of the principles of good financial management throughout the organisation. Principal Accountants attend service senior management team meetings and the Finance function is represented on the boards of all of the main transformational projects, as well as project assurance reviews. ▪ The Council has a comprehensive system of revenue and capital monitoring in place and the summarised position is regularly considered at Service Management Teams and the Corporate Leadership Team. The focus of this monitoring has been realigned more specifically towards high-risk, material and/or more volatile areas, allowing available staffing resource to support a range of key initiatives within the Council. ▪ The Council's internal control framework was examined as part of the 2018/19 Annual Audit process and assessed to be well-designed and effective in supporting the Council's wider governance framework and in the 2020/21 Annual Audit Report to the Council did not find any significant weaknesses in the Council's accounting and internal control systems. ▪ As part of the wider new elected member induction process, the Finance function has supported improving the financial literacy of members through the provision of dedicated, well-attended sessions on local government finance, financial statementsand treasury management. Officers are also assigned to work with each political group in developing its budget proposals and advising on wider financial matters.	
Principle 6 - Improvement plan	1) Further roll out of the Council's new Operational Risk Management Framework and refreshed Enterprise Risk Management Policy and Risk Appetite Statement will be undertaken during 2021/22 2) Further roll out Operational Risk Framework and Project Management Risk Approach 3) Embed risk management process through effective and robust training/engagement 4) Implement the proposed governance and assurance model to ensure that there is sufficient capacity and skills available across the Council to support effective governance and risk management activities and ensure that key controls established to manage significant risks continue to operate effectively. 5) The effectiveness of the Governance, Risk and Best Value Committee was reviewed in the 21/22 Internal Audit Plan. To complete all management actions. 6) Improvement action for next year – itrent improvements – HR to add	1) Service Director, Legal and Assurance 2) Service Director, Legal and Assurance 3) Service Director, Legal and Assurance 4) Service Director, Legal and Assurance 5) Service Director, Legal and Assurance 6) Service Director, Human Resources

Principle 7	**Implementing good practices in transparency, reporting, and audit to deliver effective accountability**	
Supporting principle	**7.1 Implementing good practice in transparency**	
Requirement of the Council's Code	7.1.1 Writing and communicating reports to the public and other stakeholders in a transparent manner which facilitates accountability and accessibility.	**Score out of 10: 6**
Evidence of compliance and links	The Council's reports have a strong focus on decision-making and the information required to make those decisions. The committee report template and guidance includes standard sections that provides the necessary information for elected members to take decisions with clear explanation of key considerations. Access to reports is good with a robust focus on ensuring private reports are kept to a minimum and thus most decision making is done in public. ▪ The Council's procedural standing orders ensure compliance with requirements outlined in the Local Government (Access to Information Act) 1985. ▪ Council minutes are concise and provide all necessary information as required by the Local Government (Scotland) Act 1973. ▪ Training on the Access to Information Act is provided for key officers and elected members as part of the Governance Framework Training Session. ▪ All Council and Committee reports and decisions are recorded and are available on the CEC website (from May 2003). ▪ Webcasting of Council and major committee meetings – webcasts available for 5 years online and then by request via the Council archive. ▪ New report templates and guidance are routinely introduced, the latest of which was in November 2018. This stresses the importance of using plain English and includes standard sections including an executive summary. ▪ The Modern.Gov committee management system was implemented in late 2019. This updated the online committee paper archive system allowing for better search facilities and provided functionality which allows for the secure electronic transmission of private committee reports and information. A bespoke committee paper app has been made available to elected members and members of the public which allows for secure access, archiving and personal annotation of committee reports.	
Supporting principle	**7.2 Implementing good practices in reporting**	
Requirement of the Council's Code	7.2.1 Elected member and senior management owned annual reporting on performance, best value and resource stewardship.	**Score out of 10: 7**

Evidence of compliance and links	As part of the Council's Planning & Performance Framework a full Annual Performance report is submitted to Council as well as two interim Performance Update reports each year. Additionally, officers produce additional analysis on the Local Government Benchmarking Framework which is also submitted to Policy and Sustainability Committee on an annual basis Various governance and risk management documents are published and available to elected members and senior management. This includes CLT Risk Register, Internal Audit Plan, Internal Audit reports and the Internal Audit annual opinion. ▪ Annual Publication of performance against the Business Plan. Plus an additional two interim Performance Update reports submitted to the Policy & Sustainability Committee. ▪ Annual publication of performance against Community Plan indicators and targets. ▪ Annual performance report on the Integration Joint Board (IJB) including 23 National Indicators and progress report of its strategic direction to IJB. ▪ Annual submission to Local Government Benchmarking Framework on various performance indicators including indicators relating to value for money and stewardship of resources. ▪ Annual submission to Scottish Public Services Ombudsman of Council complaints. ▪ Various thematic annual submissions to stakeholders e.g. Education returns, Scottish Social Housing Charter Indicators, financial submission to Scottish Government etc. ▪ Results of Edinburgh People Survey are reported and acted upon. ▪ Regular performance discussion within service areas on operational performance. ▪ Regular CLT performance meeting discussing service level performance. Senior Managers accountable for their area performance providing comments for indicators along with service improvements. ▪ Edinburgh by Numbers is an infographic report with collection of city facts and figures for people who do business here. The Locality Profile Tool provides a range of key statistical data at ward level and allows for comparison between wards. ▪ Various thematic reports e.g. on Educational Attainment are available to access online. ▪ The Council publishes performance information regularly to inform our customers and stakeholders about progress towards delivery of strategic aims and outcomes. This demonstrates our ability to be transparent and accountable and our commitment to seeking continuous improvement. ▪ A "Budget Book" has been created for Elected members to give them additional information and context when making complex budget decisions. Breaking down the approved expenditure by service area and directorate to show how our money is spent in a clearer and more transparent way.
Requirement of the Council's Code	7.2.2 Ensuring that robust arrangements for assessing compliance with Corporate Governance Code principles, publishing results and improvement actions are in place for the Council and jointly managed services. — **Score out of 10: 7**
Evidence of compliance and links	Assessing compliance with the Corporate Governance Code (CGC, Previously CGF) in 2016/17 highlighted many areas where improvement was required in the process for collecting the data. A review took place with input from elected members which identified weaknesses and identified improvement actions to ensure the CGC is a more effective tool in improving processes and practices across the council. Timetabling and content of both the CGC and the Annual Directorate Assurance Exercise continue to be developed to allow for both processes to inform and complement each other and the Council's Annual Governance Statement. Until the links between the improvement actions of directorates, the framework, assurance schedules and the annual governance statement are strengthened, the framework will only have a limited impact. ▪ A Corporate Governance Code Self-Assessment Exercise, following the Cipfa/SOLACE recommended format, is undertaken annually and submitted in full to the GRBV Committee. ▪ The CG Framework Code self-Assessment Exercise is reviewed by the Council's CLT and it seeks to apply improvements when identified. ▪ The self-assessment for the period 1 April 2018 - 31 March 2019 was reported to the GRBV Committee on 17 September 2019. ▪ The self-assessment for the period 1 April 2019 – 31 March 2020 was reported to GRBV Committee on 03 November 2020. ▪ Regular review and enhancement of the annual assurance exercise is undertaken to ensure that evidence requirements and quality of output are able to inform production of the Council's Governance Statement.
Requirement of the Council's Code	7.2.3 Ensuring that performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations. — **Score out of 10: 8**
	The Council adopts a number of means to improve the transparency of its financial affairs, including relevant commentary in its Annual Accounts, production of the annual Key Facts and Figures publication and supplementary information to accompany the issuing of Council Tax bills. ▪ The Council's financial statements have been prepared by the statutory deadline and without subsequent qualification every year since 1997/98. ▪ The financial statements are accompanied by a management commentary that includes a range of key financial performance indicators, prepared in accordance with professional standards and with prior-year comparator and background information. A summarised version of the statements is also produced. The Council also actively participates in the Local Government Benchmarking Framework and other performance improvement networks to examine opportunities to adopt and share best practice with other local authorities and public-sector bodies. ▪ The Council additionally prepares an annual Key Facts and Figures document that provides, in an accessible format, details of its revenue and capital budgets and associated key activities.
Supporting principle	**7.3 Assurance and effective accountability**
Requirement of the Council's Code	7.3.1 Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met. — **Score out of 10: 6**
Evidence of compliance and links	Partnership working within Edinburgh is strong and the community planning partnership has strong support and commitment from all partners. However, decision making remains with individual partners so although accountability is defined it is not always clear to those observing the Partnership. Health and Social Care has different arrangements from the rest of the council through the IJB and we are working within a legislative framework. Issues raised in regard to Marketing Edinburgh indicate that improvements are needed in the Council's ALEOs arrangements regarding decision making if ALEOs are experiencing distress or have a lack of executive leadership. ▪ Arrangements for scrutiny and accountability for services directed by the IJB were agreed in the scheme in May 2016. The Scheme will be reviewed in 2022 (delayed from 2020 due to Covid-19 pandemic). There is a need, however, to further clarify roles and responsibilities within the complex accountability arrangements of the IJB. EIJB, CEC and NHS Lothian all have duties and responsibilities out of the creation of the IJB. ▪ Council Companies' Hub established in June 2016 to improve the officer scrutiny of Council companies. It clarifies roles and responsibilities, good governance, elected members duties as councillors and the mitigation of conflicts of interest. ▪ Annual performance reporting by Council Companies to the responsible Executive Committee and GRBV has commenced, with a report template and guidance produced in November 2018.. ▪ The Council's Chief Executive holds regular one to one meetings with Chief Executives of the Council's key ALEOs. ▪ The Edinburgh Partnership (EP) is made up of a Board, four strategic partnerships, four locality partnerships and 13 neighbourhood networks. The EP Board is not an incorporated body. The partnership operates in a spirit of mutual respect and partnership working. Each member has equal standing. The EP Community Plan 2018-28 includes three strategic priorities that have been agreed on the basis of resourced commitments being made by community planning partners. The aim of the partnership is to work together to address common problems and to hold partners to account in terms of partnership services.

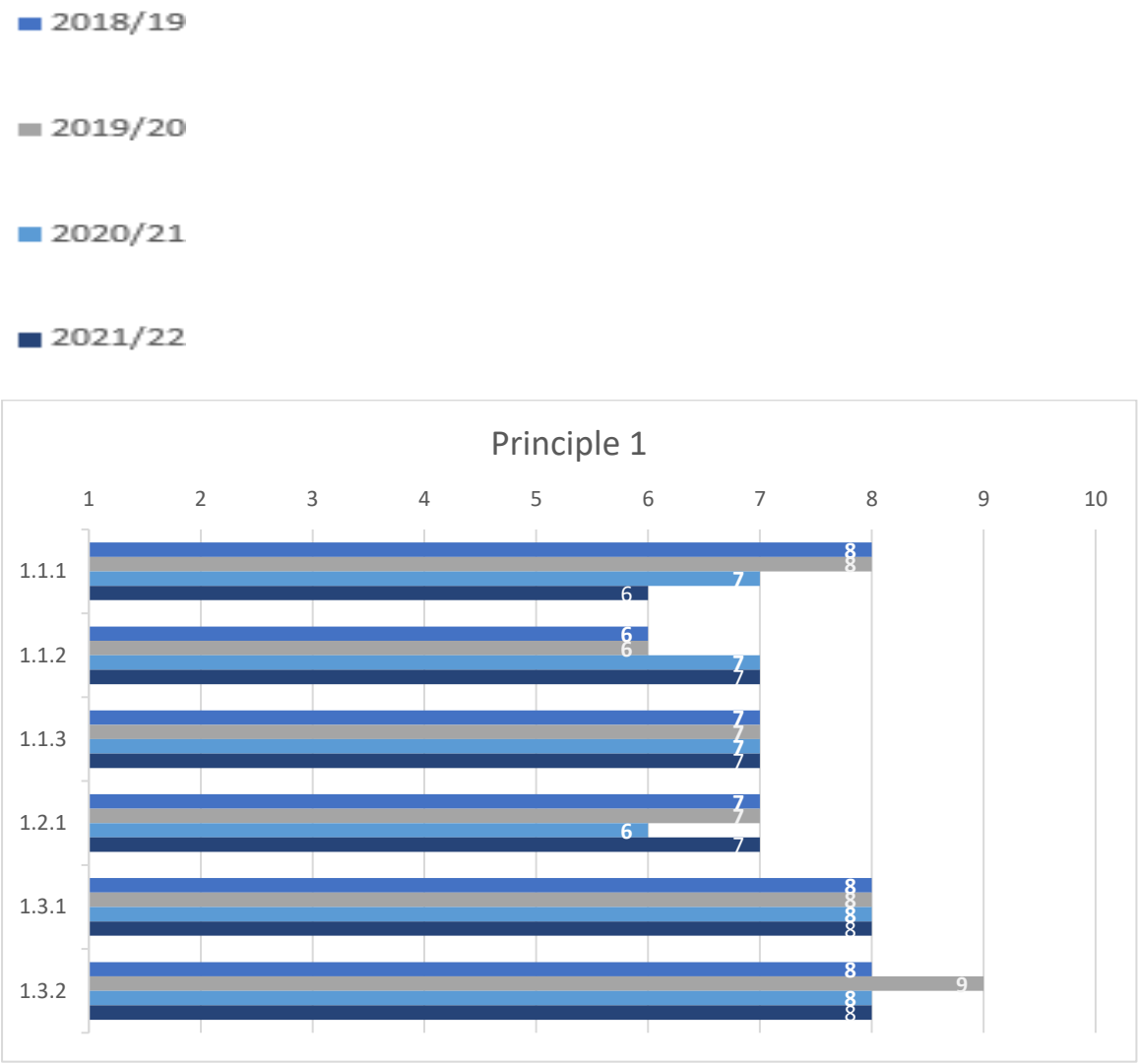
- The Edinburgh Partnership (EP) is made up of a Board, four strategic partnerships, four locality partnerships and 13 neighbourhood networks. The EP Board is not an incorporated body. The partnership operates in a spirit of mutual respect and partnership working. Each member has equal standing. The EP Community Plan 2018-28 includes three strategic priorities that have been agreed on the basis of resourced commitments being made by community planning partners. The aim of the partnership is to work together to address common problems and to hold partners to account in terms of partnership services.
- During 2018 the EP Board carried out a review and consultation of its governance arrangements and developed a Local Outcome Improvement Plan (Community Plan) in response to the legal requirements of the Community Empowerment (Scotland) Act 2015. The new plan states the ambitions to further strengthen approaches to change, challenge and effective partnership working in tackling poverty and inequality in the city. Locality Improvement Plans, also a legal requirement, were approved in November 2017 following a period of extensive consultation with communities and public and voluntary sector partners. The priorities set out in the Locality Improvement Plans were reviewed and updated in 2020 to ensure they were still relevant.
- A record of partners who deliver statutory services is maintained through a Service Level Agreement (SLA) register. This is regularly reviewed and input provided by all service areas.

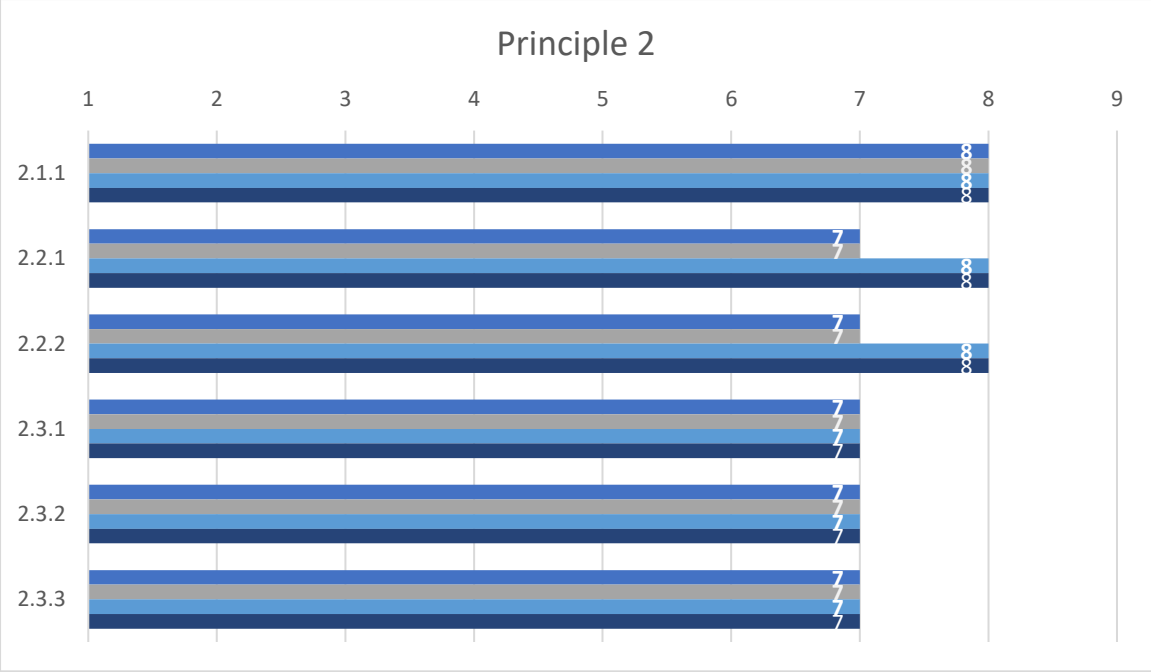
Requirement of the Council's Code	7.3.2 Ensuring that internal audit arrangements provide assurance on governance arrangements and risks from 3rd party service delivery and that this is reflected in the annual governance statement.	**Score out of 10: 8**
Evidence of compliance and links	Third party or supplier management risk is a consistent theme that is reflected in a number of specific risks included in the CLT risk register, and has been covered by a number of recent audits. Due to Covid-19 and the subsequent delay to signing off internal audits there was not the opportunity to include as much detail in the Annual Governance Statement. This continues to be a significant risk for the Council as not all IA findings have yet been addressed, and new and significant weaknesses in supplier management controls continue to emerge. Additionally, supplier management risk increased significantly during Covid-19, and the subsequent IA annual plans for 20/21 and 20/21 adjusted to focus on this increased risks. Completed audits that focused on supplier management risk included: ▪ Covid-19 supplier relief arrangements; ▪ Spaces for People; ▪ Procurement and Allocation of Personal Protective Equipment; and ▪ Public and Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) Schools Contract Management ▪ Parking and Traffic Regulation An additional audit was also added to the 2020/21 IA annual plan at management's request that focused on the adequacy of the Council's supplier management arrangements in relation to a specific high risk contract. Management continue to progress management actions in response to recommendations. Management is also working through the relevant supplier management findings raised in the audits detailed below to ensure that the risks identified have been mitigated. ▪ Contract management and Construction Scheme Industry Payment Deductions audit (July 2019); ▪ Unsupported Technology (Shadow IT) (August 2020). Management findings for the following audits which included supplier management issues were closed in 2021/22: ▪ CGI Subcontract Management (November 2019); ▪ Brexit Risk and Supply Chain Management (August 2020); ▪ CGI Partnership Management and Governance (July 2020); and	

Requirement of the Council's Code	7.3.3 Ensuring that recommendations from Internal Audit, External Audit, peer challenge, reviews and inspections are welcomed and acted upon.	**Score out of 10: 6**
Evidence of compliance and links	In June 2018 it was identified that a number of historic management actions to address Internal Audit findings had either not been implemented, or were implemented but had not been sustained, resulting in a total of 30 historic IA findings being reopened and tracked as overdue (26 for the Council and 4 for the Edinburgh Integration Joint Board). All 30 re-opened historic audit actions have now been closed. Progress towards address open IA findings is reported quarterly to the Governance, Risk, and Best Value Committee. A 'validation' audit is also included in the annual plan to confirm whether management actions implemented to address closed IA findings have been effectively implemented and sustained. ▪ Implementation of agreed management actions to support closure of Internal Audit findings raised is monitored with validation performed to confirm that controls gaps have been addressed prior to closure. All overdue findings and supporting agreed management actions and findings (those that have not achieved their initial implementation date) are reported monthly to the Council's Corporate Leadership Team and quarterly to the Governance, Risk and Best Value Committee. The latest report is located at Internal Audit - Overdue Findings and Late Management Responses ▪ Historically an annual validation audit is also included in the IA plan. This assesses whether controls to address historic controls gaps have been implemented and sustained. ▪ Coverage and assessment of these areas forms an integral part of the annual assurance exercise in preparation for the writing of the Annual Governance Statement, submitted to council with the unaudited annual accounts. ▪ The Council's Strategy & Communication service along with Finance lead on the Annual Audit report of Council services to support statutory duties and use external scrutiny to ensure services benchmark with their peers. The Audit Report is scrutinised by the Governance, Risk and Best Value Committee and an improvement plan is developed to ensure actions identified in the report are acted upon. ▪ Following a Scottish Government Building Standards Division audit of the Council's Building Standards Service in 2017, a number of areas for improvements were identified as a prerequisite for continued verification of the service. Customer engagement through Stakeholder panel, quarterly newsletters and a programme of strategic engagement are ongoing. A programme of continuous improvement across the operational aspects of the service ensure change is being embedded and Building Standards achieved reaccreditation for a period of 2 years in the 20/21 period (1 May 2021 – 30 April 2023). The appointment as verifier is conditional on sustained and improved performance as well as adherence to actions set out in the Building Standards Improvement Plan, this progress is reported regularly to the Planning Committee. ▪ Additional assurance resource has been in put in place in each of the directorates to reflect that the need for assurance implementation which had been identified was being taken seriously across all areas of the Council.	
Principle 7 - Improvement plan	1) Progress a review of Governance and Assurance in relation to the Council's Arm's Length External Organisations. Audit complete August 2021. Complete management action. 2) The effectiveness of the Governance, Risk and Best Value Committee was reviewed in the 21/22 Internal Audit Plan. To complete all management actions. 3) Review of the Council's service level agreements and shareholder agreements with its ALEOs 4) Roll out of equalities guidance across the Council on how to write accessible reports. .	1) Service Director, Legal and Assurance 2) Service Director, Legal and Assurance

		3) Interim Executive Director of Corporate Services 4) Head of Policy and Insight

Appendix 2 – Comparison of 18/19, 19/20, 20/21 and 21/22 Scoring

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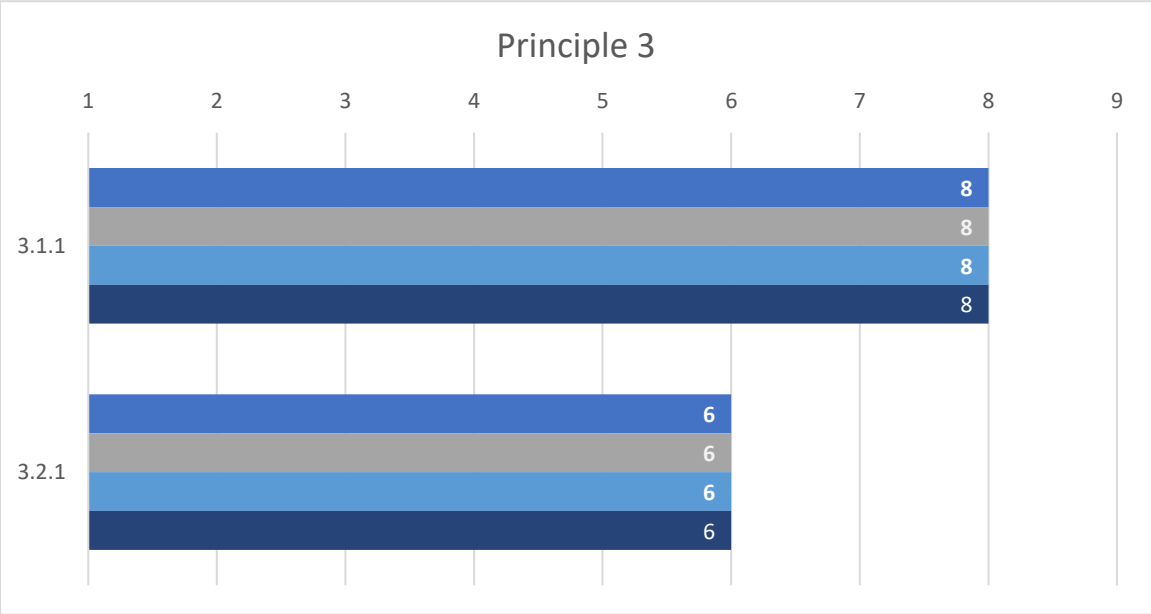
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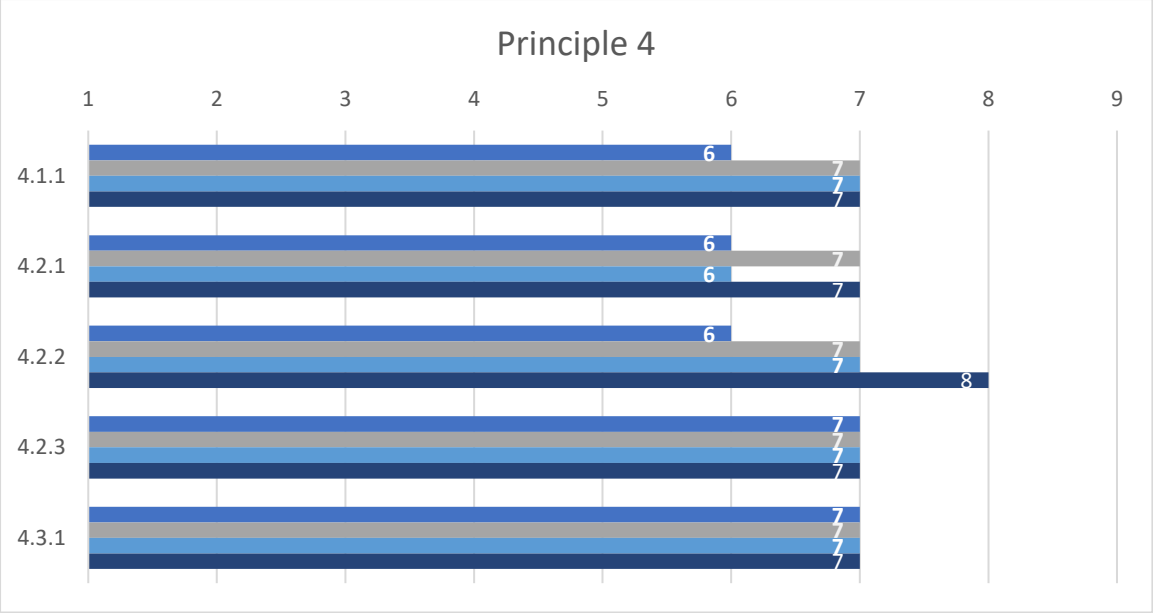
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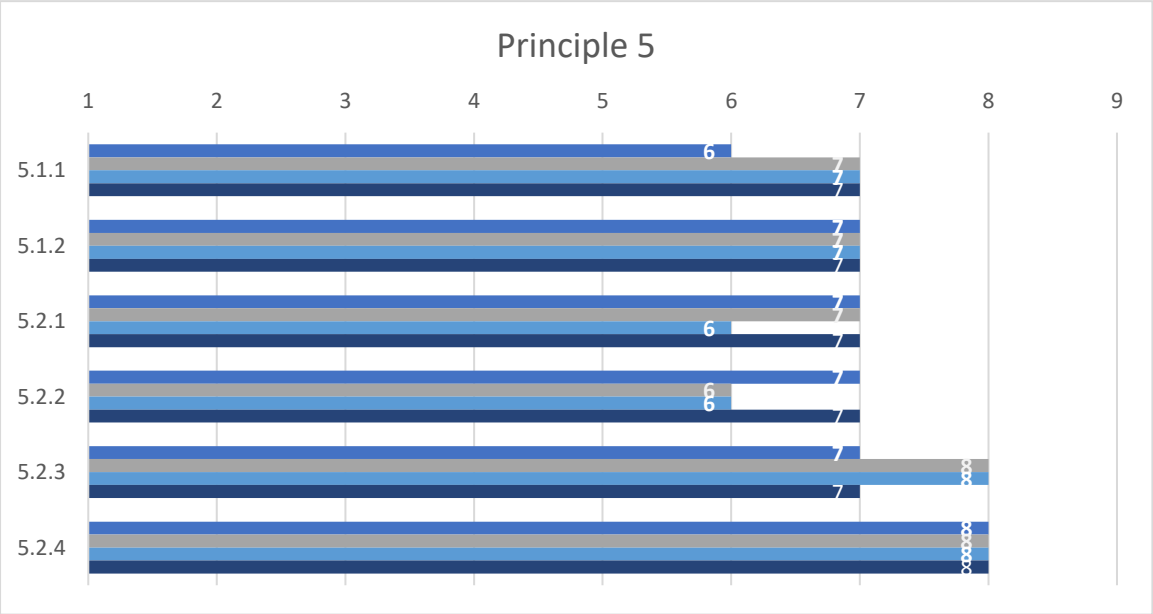
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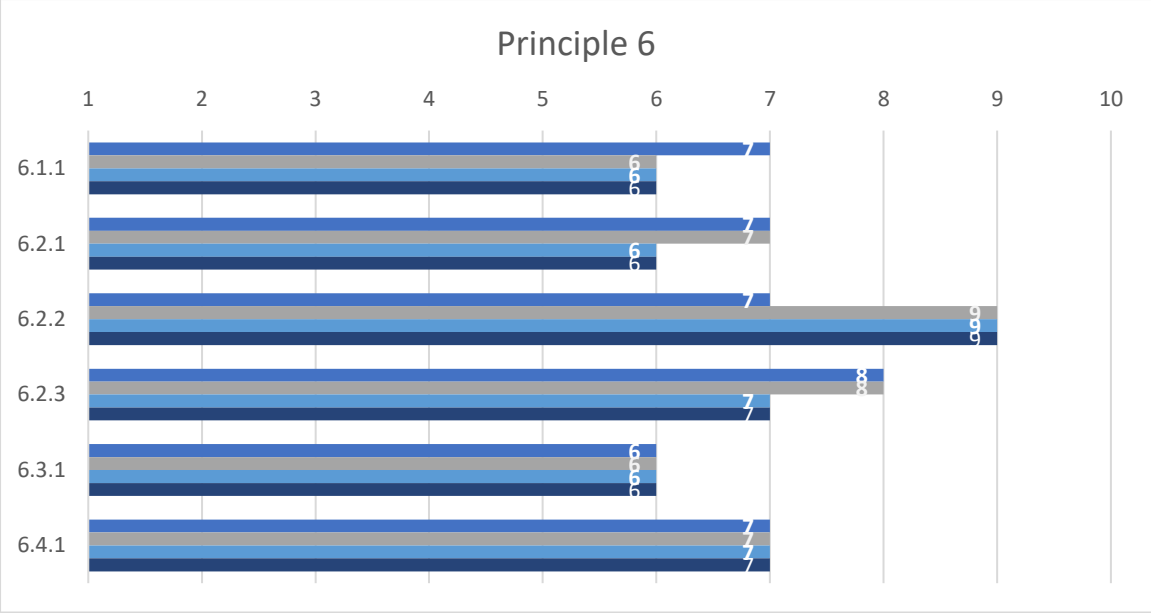
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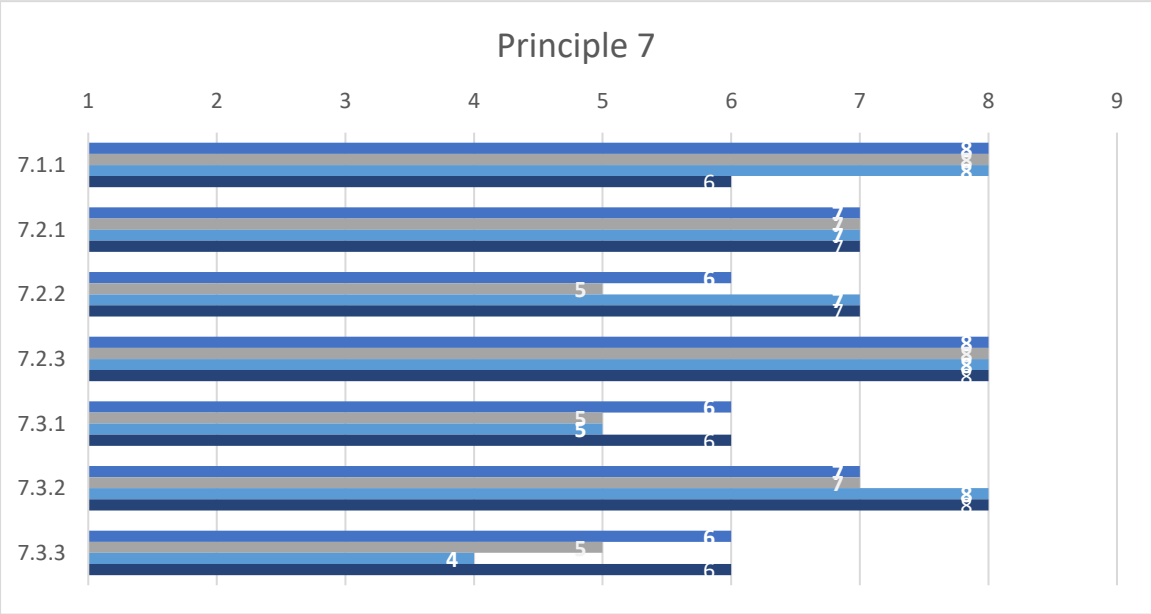
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Governance, Risk and Best Value Committee

10.00am, Tuesday, 23 August 2022

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 2021-22

1.1.2 Note that the Partnership annual assurance schedule 2022-23 would be submitted for scrutiny to GRBV in 12 months.

Judith Proctor

Chief Officer – Edinburgh Health and Social Care Partnership

Contact: Jay Sturgeon, Senior Executive Assistant - Edinburgh, Health and Social Care Partnership

E-mail: Jay.Sturgeon2@edinburgh.gov.uk | Tel: 0131 529 5350

Report

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 2021-22 for the Edinburgh Health and Social Care Partnership (the Partnership) to Governance Risk and Best Value Committee (GRBV) 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 Service Directors, 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 Service Director within the Partnership.

4.3 This was then taken as the basis of the Chief Officer's assurance statement which is attached as appendix 1. The Chief Officer's 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 2022.

4.4 As part of the completion of the assurance statement for 2022, the Partnership felt that there was partial compliance in the following areas:

4.4.1 Risk Management

4.5 As part of the process an improvement plan has been developed and included as appendix 2 covering the areas identified as partially compliant with responsible officer and deadlines included. Due to the significant impact of Covid19 and system pressures 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 2 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 2021-2022 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 2021 - 22

Appendix 2 - Annual Assurance Action Plan

Appendix 1 – 2021/22 Partnership Annual Assurance Schedule

1	Internal Control Environment	Assessment of Compliance	Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code. For information only.	Relevant service area controls	Improvement Actions
1.1	I have internal controls and procedures in place throughout my directorate that are proportionate, robust, monitored and operate effectively.	Compliant	No	Annual Internal Audit Plan (based on most significant risks to the Council) CLT Change Board - programme/project management framework, Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV, Community planning – Edinburgh Partnership, Community Plan, Contingency planning and business continuity arrangements EIJB – scrutiny and accountability arrangements agreed through scheme Enterprise Risk Management	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, anti-bribery, fraud, code of conduct, Regular staff 1:1s. All reports include a section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.	During the past year significant progress has been made to close outstanding IA management actions with a 70% reduction in outstanding management actions. For management actions arising out of more recent audits, there is a clear process that works well, and time made available for progress to be monitored. Timelines are met in the majority of cases and a clear route to escalate if issues arise.

1.2	I have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Compliant	No	Policy and Risk Management Procedure External validation/review eg. external audit, independent assurance providers, GRBV quarterly scrutiny of top risks, GRBV scrutiny of CLT risk register, delivery of Internal Audit Plan and of all Internal Audit reports Health and safety audits, Informal, and formal reviews eg. internal audit, quality assurance audits Overdue audit recommendations report monthly to CLT and quarterly to GRBV, Policies that mitigate risks eg. Anti-bribery, Fraud Prevention, Whistleblowing, Quarterly corporate risks scrutinised at CLT 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 (eg procurement, standing orders,	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, anti-bribery, fraud, code of conduct, Regular staff 1:1's. All reports include a section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.	There is a continued focus on internal audit management actions to address issues raised through audits. Continuing regular monitoring and reporting progress of directions to partner agencies through Performance and Delivery Committee as well as an annual review.
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	No		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, anti-bribery, fraud, code of conduct, Regular staff 1:1's. All reports include a section on risks, regular performance reporting on key service areas, training on risk in place. Focussed scrutiny on IA	We have made significant progress in closing outstanding IA management actions however do recognise that we still have more to do to close our remaining outstanding management actions and have a clear plan to achieve this.

				project management, health and safety, information governance) Risk Management Procedure, Risk management tools, 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	controls at ET, Audit and Assurance Committee and GRBV.	
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	No		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 in place. Focussed scrutiny on IA controls at ET, Audit and Assurance Committee and GRBV.	There continues to be an increased focus on closing internal audit management actions relating to commissioning. Procurement board will continue to scrutinise commissioning activities and take action to mitigate risks. There is regular scrutiny and monitoring of budgets and funding arrangements through management teams and regular reports to the Executive Team.
2	**Risk and Resilience**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**

			actions mean that a control weakness exists)			
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Partially compliant	No	Budget Planning, CLT Change Board – programme/project management framework, CLT scrutiny Contingency planning and business continuity arrangements Council Business Plan, 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, Quarterly corporate risks scrutinised at CLT, Quarterly Risk and Assurance Committees, 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	Risk register is in place for the Partnership and the EIJB. Risk registers for service teams are being developed in a phased approach. Reports have sections specifically focused on risk. Risk Management approach has been agreed taking into account the way both NHSL and CEC manage risks . The Partnership Risk Committee is now established, focussing on new and emerging risks and horizon scanning.	Continue to work with teams to roll out service team risk registers and ensure there is a clear linkage from the top to the bottom of the organisation in relation to risk. As part of the Partnership's risk management approach, there is a defined and clear escalation route for risks.
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	No		Risk register is in place for the Partnership and the EIJB. Risk registers for service teams are being developed in a phased approach. Reports have sections specifically focused on risk. Risk Management approach has been agreed taking into account the way both NHSL and CEC manage risks . The Partnership Risk Committee is now established, focussing on new and emerging risks and horizon scanning.	Continue to work with teams to roll out service team risk registers and ensure there is a clear linkage from the top to the bottom of the organisation in relation to risk. As part of the Partnership's risk management approach, there is a defined and clear escalation route for risks.

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	No	strategies (eg 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.	Risk register is in place for the Partnership and the EIJB. Risk registers for service teams are being developed in a phased approach. Reports have sections specifically focused on risk. Risk Management approach has been agreed taking into account the way both NHSL and CEC manage risks . The Partnership Risk Committee is now established, focussing on new and emerging risks and horizon scanning.	Continue to work with teams to roll out service team risk registers and ensure there is a clear linkage from the top to the bottom of the organisation in relation to risk. As part of the Partnership's risk management approach, there is a defined and clear escalation route for risks.
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	No		Risk register is in place for the Partnership and the EIJB. Risk registers for service teams are being developed in a phased approach. Reports have sections specifically focused on risk. Risk Management approach has been agreed taking into account the way both NHSL and CEC manage risks . The Partnership Risk Committee is now established, focussing on new and emerging risks and horizon scanning.	Continue to work with teams to roll out service team risk registers and ensure there is a clear linkage from the top to the bottom of the organisation in relation to risk. As part of the Partnership's risk management approach, there is a defined and clear escalation route for risks.
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	Partially compliant	No		Risk register is in place for the Partnership and the EIJB. Risk registers for service teams are being developed in a phased approach. Reports have sections specifically focused on risk. Risk Management approach has been agreed taking into account the	Continue to work with teams to roll out service team risk registers and ensure there is a clear linkage from the top to the bottom of the organisation in relation to risk. As part of the Partnership's risk

	wrongdoing and officer's misconduct.				way both NHSL and CEC manage risks . The Partnership Risk Committee is now established, focussing on new and emerging risks and horizon scanning.	management approach, there is a defined and clear escalation route for risks.
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	No		Resilience Plans are in place for all essential services and reviewed annually. Business continuity risks raised and discussed at a range of governance committees including the Partnership Risk Committee.	Consideration to be given to the configuration of resilience plans for those areas not deemed to be essential.
3	**Workforce Control**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
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	No	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	Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT	

				ticket loans, car benefit scheme, pension schemes) Funding scheme for professional qualifications, HR Policies (Absence Management, Stress Management, Avoidance of Bullying and Harassment, Equal Treatment) Informal and formal reviews eg. 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 Onboarding, induction essential learning and CPD for officers Open framework agreement for Learning and Development People Strategy, Performance Management Framework (Performance Conversations) Policies that mitigate risks eg. Anti-bribery, Fraud Prevention, Whistleblowing, Regular reporting including Health & Safety Performance, absence levels Staff benefits (enhanced	programme in place to share learning on a wide range of topics which include workforce issues.	
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 Council guidance and procedures.	Compliant	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.3	I ensure compliance with the Council's HR policies and procedures across all my service areas, eg. that recruitment and selection is only undertaken by	Compliant	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence	

	appropriately trained individuals and is fully compliant with vacancy approvals and controls.			entitlements leave entitlement, flexible working options, childcare vouchers, ride to work scheme, premium benefits scheme), Wide ranging internal and external counter fraud activity Wider Leadership Team (incl. Learning Sets, Wider Leadership Team programme	support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
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	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
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	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.6	I ensure compliance with essential training	Compliant	No		Staff should complete compulsory training specific to role, annual	

	requirements and support learning and development appropriately, including professional CPD requirements.				review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
3.7	I have arrangements in place to support and manage staff performance e.g. regular 1:1/supervision meetings, performance/spotlight conversations.	Compliant	No		Staff should complete compulsory training specific to role, annual review of policies, online system for recording overtime, absence and performance, induction, personal development, H&S report relating to staff accidents and incidents, managing absence support for managers, WLT programme in place to share learning on a wide range of topics which include workforce issues.	
4	**Council Companies**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
4.1	I have arrangements in place for the oversight and	Compliant	No	Annual Assurance Process (Directorates), Council Companies/ALEOs – Governance		

	monitoring of the Council companies I am responsible for, that give me adequate assurance over their operation and delivery for the Council.			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, Service Level Agreement Register, Shareholder or service level agreements		
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	No			
5	**Engagement and Consultation**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
5.1	My directorate engages effectively with institutional stakeholders, service users and individual citizens, applying the council's consultation and engagement standards with	Compliant	No	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	Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation	

	evidence that the insights gathered are used to shape my directorates activities.			Delivering Services Committee Papers Online, Current partnerships eg. Poverty Commission, Tourism Strategy, EIJB, City Deal, Edinburgh Partnership (LCCPs, Neighbourhood Networks), Edinburgh People Survey, Government partnership working , Have Your Say webpage, multi-agency partnerships multi-channel methodology eg. social media platform development, Networks/user groups – eg. Edinburgh Tenants' Federation, Partnership agreements eg. Police Scotland, Partnership governance arrangements Partnership governance, documentation, Partnership plans eg. Edinburgh Children's Partnership Petitions and Deputations, Policies and procedures (consultation framework), Poverty Commission Public participation – deputations and petitions, Public sector partnerships Publication of Council diary,	approaches across the Partnership, engagement included in report templates, locality plans are in place.	
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 the work of the directorate.	Compliant	No		Communications team supports public engagement activity. Separate communications and engagement plans developed to support specific projects / work programmes. Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation approaches across the Partnership, engagement included in report templates, locality plans are in place. Co-production principles embedded in planning and commissioning, with notable examples of good practice (e.g., Thrive). Carer representation on the EIJB.	

5.3	I have appropriate arrangements in place throughout my directorate for recording, monitoring and managing customer service complaints and customer satisfaction.	Compliant	No	Report template – section on consultation, Stakeholder group meetings, Strategic documentation eg. vision statements, aims, etc, Strategic plans and agreements, Strategy and Performance Hub, Surveys eg. Edinburgh People Survey, Annual Tenant Survey, Third sector partnership working eg. EVOC, Webcasting of Council and major committees, including subtitles	Complaint improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation approaches across the Partnership, engagement included in report templates, locality plans are in place	
5.4	I regularly consult and engage with recognised trade unions.	Compliant	No		Strategic plan consultation, complaints improvement plans for all upheld complaints, EIJB meetings are public and webcast with papers available publicly, petitions and deputations for EIJB and Council committees in place, consultation protocol in place to standardise consultation approaches across the Partnership, engagement included in report templates, locality plans are in place. Staff side representatives from NHS Lothian and CEC sit on the EIJB and participate in Committees.	Ensuring engagement with Trades Unions is embedded into specific engagement plans for major service re-designs.
6.1	**Policy**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**

			actions mean that a control weakness exists)			
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	No	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 communications Information Governance framework Policy Register, Report template and guidance (incorporating adherence to commitments and policy implications)	CEC Annual Assurance Exercise, Audit and Assurance Committee, Committee papers on line, policy register. Regular management teams held which discussion any new or amended policies. Regular sessions with HR to discuss HR led policies. Managers also undertake regular 1:1s with staff to ensure policies are discussed and disseminated accordingly.	
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.	Compliant	No		Annual Assurance exercise, Audit and Assurance Committee, Committee papers on line, policy register. Forward planning (annual cycle of business) identifies areas and timescale/s for policy review etc.	
7	**Governance and Compliance**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**

			control weakness exists)			
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	No	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 eg. SSSC, GTCS, Scheme of Delegation to Officers, Statutory officer appointments and responsibilities, Statutory/lead officers' independent reports to committee eg. Monitoring Officer, Chief Social Work Officer, Chief, Internal Auditor, Whistleblowing Policy	Code of Conduct in place for all employees, committee terms of reference agreed with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken, performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
7.2	I ensure my directorate's activities are fully compliant with relevant Scottish, UK and international legislation and regulations.	Compliant	No		Code of Conduct in place for all employees, committee terms of reference agreed with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken , performance framework in place, leadership /	

					coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
8	**Responsibility and Accountability**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
8.1	My directorate ensures our officers are clear on their roles and responsibilities in terms of relationships and decision making.	Compliant	No	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 Contract Standing Orders, Council Change Strategy: Planning for Change and Delivering Services , Council company monitoring including, Governance Hub, Council Observers on Boards, committee reporting Edinburgh People Survey, Employee Code of Conduct, Grant	Code of Conduct in place for all employees, committee terms of reference agreed with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken , performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns. Fortnightly 1 to 1s offer an opportunity to explore and resolve any specific issues; weekly management huddles and away	

				Standing Orders, Member/Officer Protocol, 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	days also utilised to explore governance issues.	
8.2	I ensure that the Council's ethical standards are understood and embedded across my directorate and are upheld by external providers of services.	Compliant	No		Code of Conduct in place for all employees, committee terms of reference agreed with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken , performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns.	
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	Compliant	No		Code of Conduct in place for all employees, committee terms of reference agreed with annual review, standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken , performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance	

	structures. (i.e SMT reporting)				role, whistleblowing policy to support staff to raise any concerns. Templates in place and embedded to aid with decision making. Established procurement processes followed and scrutinised by the Procurement Board.	
8.4	I consult with elected members as appropriate and as required under the Scheme of Delegation.	Compliant	No		Code of Conduct in place for all employees, committee terms of reference agreed with annual review , standing orders, Disclosure and PVG checks undertaken for some roles, employee induction and partnership specific induction undertaken , performance framework in place, leadership / coaching programme offered to employees. Chief Social Work Officer provides an assurance role, whistleblowing policy to support staff to raise any concerns. Established APM and briefing processes for committee business.	
9	**Information Governance**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**

			control weakness exists)			
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	No	Annual communications plan, awareness raising initiatives and training events, Centralised Information governance unit, Council wide Record of Processing, Data quality reviews and audits form part of statutory returns, Established framework of management information and reporting to support operational decision making and trend analysis, Information Board, Information governance policies, framework, guidance, procedures and toolkit, Information sharing agreements and data protection impact assessments, Locking Client's Record Guidance, Mandatory training for all employees, Staff responsibilities outlined in relevant policies - Employee Code of Conduct, ICT Acceptable Use Policy, Policy on Fraud Prevention Standard data related terms and conditions in all new Council contracts	All FOIs and DPA are co-ordinated centrally. Mandatory training in information governance for all staff undertaken every two years. Employee code of conduct, ICT acceptable use policy, data breaches, Privacy Impact Assessment (PIA) and information security. Reinforced via team meetings.	
9.2	I ensure data sharing arrangements with third parties are recorded, followed and regularly reviewed	Compliant	No		All FOIs and DPA are co-ordinated centrally. Mandatory training in information governance for all staff undertaken every two years. Employee code of conduct, ICT	

	throughout all service areas in my directorate.				acceptable use policy, data breaches, privacy impact assessment and information security. Reinforced via team meetings	
10	**Health and Safety**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
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	No	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 eg. external audit, independent assurance providers, Health and safety audits Health &	Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework within the Partnership embedded. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place.	

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	No	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 (eg procurement, standing orders, project management, health 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 Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework within the Partnership embedded. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place.	
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	No		Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework within the Partnership embedded. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review. Partnership Health and Safety governance arrangements in place.	
10.4	I have a robust governance and reporting structure for Health and Safety in my directorate.	Compliant	No		Member of Council Health and Safety Group, all staff undertake H&S training and agreed under code of conduct. Health and safety framework within the Partnership embedded. H&SC E-learning (mandatory). Regular H&S reports to Executive Team meeting for scrutiny and review.	

					Partnership Health and Safety governance arrangements in place.	
11	**Performance**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
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	No	Annual external reporting eg. 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 Monitoring/reporting on delivery of 52 coalition commitments Performance Framework Strategy and Performance Hub	Annual performance report published, the remit of performance and delivery committee covers performance scrutiny / assurance. Regular performance reports submitted 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 Corporate Services to review and improve effectiveness by performance monitoring,	Compliant	No		Annual performance report published, the remit of performance and delivery committee covers performance scrutiny / assurance. Regular performance reports submitted to ET and EIJB for assurance. Reporting via CLT performance	

	benchmarking and other methods to achieve defined outcomes.				meeting as well as joint Council and NHS performance meeting.	
12	**Commercial and Contract Management**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
12	I ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Compliant	No	Annual Assurance Process (Directorates), Codes of Conduct, Commercial and Procurement Strategy, Committee Terms of Reference and Delegated Functions, Contract and Grants Management team, Contract Standing Orders, Council company monitoring including Governance Hub, Council Observers on Boards, committee reporting, Grant Standing Orders , Legal Services provision of advice, Policies and procedures Procurement Handbook Scheme of Delegation to Officers Service Level Agreement Register Standard Condition of Grant	Code of conduct, and the Partnership comply with procurement strategy and contract standing orders. Regular procurement board focusing on Partnership contracts in place, contract monitoring arrangements embedded, scheme of delegation in place. Standardised Partnership contract framework / documentation. Any Shadow IT has been compliant with the Shadow IT Framework.	

13	Change and Project Management	Assessment of Compliance	Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code. For information only.	Relevant service area controls	Improvement Actions
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.	Compliant	No	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 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	Transformation team now in place, refined work programme now established, taking account of COVDI19. Programme Board and Portfolio Board established. Regular reporting to the EIJB on the transformation programme. Governance processes in place for the formulation, approval, monitoring and annual review of directions associated with EIJB decisions. Clear governance process in place for progressing service redesigns, business cases through the Strategic Planning Group. Strategic Planning Framework agreed by the Executive Team in February 2022.	Transformation programme to transition to a strategic programme focused on innovation and sustainability.

14.1	Financial Control	Assessment of Compliance	Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)	Extract of Evidence from the Council's Corporate Governance Code. For information only.	Relevant service area controls	Improvement Actions
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	No	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 , Elected Member training on financial 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	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 Executive Team agenda. All reports have finance focused element.	
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	No		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 Executive Team agenda. All reports have finance focused element.	

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	No	officer representation/support/advice on major project boards, project assurance reviews, SMTs, Tiered framework of financial planning and control, Treasury Management Strategy	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.	
14.4	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	No		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	No		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	No		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 (Corporate Services only)**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
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.	Compliant	No	Annual assurance exercise (internal audit input and oversight),Annual Corporate Governance Code 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) Audit Charter, Chief		

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.	Compliant	No	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 eg. 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 service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**

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	No	Committee Terms of Reference and Delegated Function, 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 oversight of external audit and inspection activity	Audit and Assurance and GRBV committee in place, key national reports or those with an impact on the Partnership are discussed at Executive Team in terms of next steps.	
16.2	I have arrangements in place that adequately monitor and report on the implementation of recommendations.	Compliant	No	Scrutiny of directorate annual assurance schedules	Audit and Assurance and GRBV committee in place, key national reports or those with an impact on the Partnership are discussed at Executive Team in terms of next steps.	
17	**Internal Audit, External Audit and Review Reports**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
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	Compliant	No	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	Robust IA process in place to manage outstanding management actions. Regular scrutiny in place at the Executive Team on IA management actions. All IA actions have a lead officer as well as a lead officer to oversee IA implementation. Regular	

	highlighted high, medium or significant control deficiencies, have been (or are being) implemented and that this is monitored effectively.			reported monthly to CLT and quarterly to GRBV	scrutiny at GRBV and Audit and Assurance Committee.	
18	**Progress**	**Assessment of Compliance**	**Did your service area have any issues in this area during the reporting period? (Please reflect where open assurance actions mean that a control weakness exists)**	**Extract of Evidence from the Council's Corporate Governance Code. For information only.**	**Relevant service area controls**	**Improvement Actions**
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	No	Agreed management actions arising from internal audits are recorded and monitored through Team Central Overdue management actions are reported monthly to CLT and quarterly to GRBV. A validation audit is included in the annual Internal Audit Plan, Integral part of Annual Assurance Schedule. External Audit Report is scrutinised by GRBV and an improvement plan developed Council participates in LAN (council scrutiny bodies) whose activity is based on shared risk assessment.	Robust Internal Audit and External Audit process in place to manage outstanding management actions. Regular scrutiny in place at Executive Team on IA management actions. All IA actions have a lead officer as well as a lead officer to oversee IA implementation. Regular scrutiny at GRBV and Audit and Assurance Committee.	

Appendix 2 Improvement Plan

2	Assurance Statement Criteria	Improvement Actions	Action Owner	Planned Completion Date
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Continue to rollout the guidance to the Partnership which includes establishment of a Partnership Risk Committee and Risk Forum, guidance on developing risk registers and escalation process for risks which tie into the risk and resilience IA management actions.	Executive Team	31 March 23
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.		Executive Team	31 March 23
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.		Executive Team	31 March 23
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.		Executive Team	31 March 23
2.5	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 23
2.6	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.		Executive Team	31 March 23
2.7	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.	Consideration to be given to the need for an over-arching resilience plan for those areas of strategic planning not currently covered.	Executive Team	31 March 23

Governance, Risk and Best Value Committee

10.00am, Tuesday, 23 August 2022

Gas Service Improvement Plan Closure Report

Executive/routine	**Executive**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 It is recommended that the Governance, Risk and Best Value Committee:

1.1.1 Notes the progress made with the Gas Service Improvement Plan (GSIP); and

1.1.2 Agrees to accept the closure report.

Paul Lawrence

Executive Director of Place

Sarah Burns, Head of Housing Operations

E-mail: sarah.burns@edinburgh.gov.uk | Tel: 0131 529 7662

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Report

Gas Service Improvement Plan Closure Report

2. Executive Summary

2.1 This report provides an update on the work completed as part of the Gas Service Improvement Plan (GSIP).

2.2 The improvement plan sought to strengthen the service's approach in safeguarding the health and well-being of tenants, colleagues and citizens and protect them from harm by reducing the risk of gas related accidents. The plan aimed to improve the quality of record keeping, gas safety guidance and processes, training and qualifications, work allocation, supervision and quality control, technical support, gas compliance procedures and working with contractors

2.3 The plan set out a programme of skills development, training and support for gas team leaders and engineers, with an increased focus on professional development. On-site training, coaching and support to gas team leaders and engineers has now been delivered following delays due to the Covid-19 pandemic. Alternative approaches to providing training, coaching and support, including the use of empty homes and technology, were adopted to facilitate this to be delivered safely.

2.4 Committee is asked to note the improvements made and to agree the closure report.

3. Background

3.1 The Council has legal duties to ensure the safe installation, maintenance and use of gas systems within tenants' homes. Maintenance is carried out by Gas Safe licenced in-house Council team and external accredited contractors. All gas businesses must be registered with Gas Safe Register (GSR), the approved gas registration body of gas business and engineers in the UK. GSR monitor that gas work is being undertaken competently and safely.

3.2 The GSIP forms part of the overarching Housing Service Improvement Plan (HSIP) and was first presented at Governance, Risk and Best Value Committee on 23 March 2021 and referred to Housing, Homelessness and Fair Work Committee on 3 June 2021.

3.3 This report provides confirmation that all actions within the GSIP have now been completed. A final copy of the GSIP is attached as Appendix 1.

4. Main report

4.1 The action plan is set out under five broad headings.

4.1.1 **Compliance** - Following on from all previous gas safety inspections detailed in Appendix 2 – Gas Audit and Inspection Timeline, CORGI carried out the first part of a 2 stage best practice assessment on 5 and 6 April 2022 as part of the GSIP. A second stage best practice assessment took place on 9 August 2022. All gas safety guidance and process documents which the inspections had dependencies on, have now been reviewed internally and externally, updated and approved by CORGI. These have been shared with all Gas Team members.

A monthly meeting is held with the Gas Team and CORGI to discuss audit findings, so that any issues can be logged and resolved. Gas team leaders have access to the CORGI client portal to record these actions.

4.1.2 **Skills, training and coaching** - Monthly Toolbox Talks with Gas team leaders and operatives are now embedded and evidenced by copies of the content along with any relevant safety or technical bulletins shared with engineers at these sessions.

CORGI carried out site observations of team leaders in June and July 2021 and provided a report on their collective skills, knowledge, and experience. The report concluded that gaps identified could be bridged by engaging a full-time gas manager or quality control inspector with proven experience in these areas. A gas manager with the relevant skills, experience and qualifications has been appointed to fulfil the audit role and is mentoring the gas team leaders so they can provide support and guidance to their engineers.

The site inspections of all gas work completed by Housing Service engineers and those of appointed contractors by CORGI are now embedded as part of business as usual.

Feedback from audits continue to inform future training and coaching needs as well as providing additional customer care feedback.

All available Gas Team members have completed CORGI VRQ L2 Gas Safety in Social Housing and Acting on Unsafe Situations.

The gas manager is supporting gas team leaders in the completion of VRQ L4 Gas Safety in Social Housing qualification and ensure they have protected learning time during work hours to prepare and submit modules for assessment.

4.1.3 **Leadership, Culture and Performance** - Fortnightly service improvement and performance meeting with gas team leaders, manager and operations managers are now embedded and evidenced.

These meetings will continue as business as usual, to support continued compliance, enhanced training and development, which will in turn lead to increased productivity and customer satisfaction.

Performance and compliance reporting is reviewed by the gas manager, team leaders and CORGI monthly. This includes a discussion around issues identified within the audit reports for the previous month for both in-house and appointed contractors' engineers. Issues and opportunities for improvement are then discussed with engineers and contractors as part of monthly Contract Management meetings.

All guidance and processes were reviewed and updated following final feedback from CORGI in March 2022 and signed off as a robust set of documents which should be reviewed and updated at least every two years to include industry, legislative and process changes.

Annual in-house team planning with service managers and CORGI is planned for November 2022 to ensure continuous improvement, review and update of all guidance documentation and team training and development.

4.1.4 **Health and Safety / Life and Limb** – A Health and Safety manager has been in post since October 2021, providing dedicated support for teams within the Housing Service. All gas training requirements and safe working practices have been reviewed and updated.

4.1.5 **Service Improvement Plan** – The actions set out in this section are aimed at ensuring that best practice remains fully embedded and that there is ongoing monitoring in place. Quarterly reviews, as set out in the GSIP, took place in February and May 2022 and will continue on a quarterly basis.

The final action in this section under 5.3 of the GSIP was to 'Agree timescale and assessment plan for Full CORGI Quality Accreditation'. The objective of this action was to ensure that all gas works within the Housing Service comply with best practice. However, CORGI has not developed the accreditation product therefore it has not been possible for officers to progress this action.

As GSR are the official registration body for the gas industry, arrangements have been made for GSR to carry out an additional audit within the Housing Service. This will give the equivalent level of assurance that all gas works comply with best practice.

Officers have agreed this route with GSR as an alternative to the CORGI accreditation and this action has been closed.

5. Next Steps

5.1 The processes, procedures, training and development that have been reviewed and implemented as part of the GSIP will be subject to ongoing review and improvement.

5.2 Officers will liaise with GSR to confirm a date for their on site inspection and ensure future inspections take place at a regularity agreed as best practice with GSR.

6. Financial impact

6.1 There is no additional financial cost implication for the Committee to consider.

7. Stakeholder/Community Impact

7.1 The GSIP has provided assurance that the Housing Service and its appointed contractors are carrying out gas repairs, maintenance and capital works in accordance with its duties as a social landlord and employer of gas engineers. This protects our tenants, staff and citizens from the risk of gas related incidents or accidents occurring.

8. Background reading/external references

8.1 Gas Service Improvement Plan: Housing, Homelessness and Fair Work Committee 3 June 2021 .

8.2 Gas Service Improvement Plan update: Governance, Risk and Best Value Committee Business Bulletin 18 January 2022.

9. Appendices

9.1 Appendix 1 - Completed Gas Service Improvement Plan.

9.2 Appendix 2 – Gas Audit and Inspection Timeline.

APPENDIX 1

CITY OF EDINBURGH COUNCIL
HOUSING PROPERTY SERVICE - GAS SERVICE IMPROVEMENT PLAN 2021

SENOR RESPONSIBLE OFFICER:	**WILLIE GILHOOLY**
LEAD OFFICER:	**CAROL REID**
OPERATIONS MANAGER FOR GAS:	**WILLIE CRAWFORD TO 31/01/22. WILLIE GILHOOLY FROM 01/02/22**

This plan will be reviewed quarterly and amended as required

FEBRUARY 2021

INTRODUCTION
This document sets out the gas service improvement plan for 2021.

The plan takes account of the findings of various audits, inspections and reviews over the last four years. While some progress has been made, the overall approach to service improvement has been fragmented and has not been as effective as it could have been.

These issues have been addressed in the development of this plan, which includes areas for improvement in record keeping, training and the management of processes and procedures.

The plan places an emphasis on enhancing a working culture that:

- promotes ownership and responsibility;
- deepens understanding of risk and how it is managed;
- actively seeks improvement and challenge;
- builds supportive teams;
- enhances skills through training and professional development; and
- embraces new technology to support service delivery and customer care.

BACKGROUND

The Council has legal duties to ensure the safe installation, maintenance and use of gas systems within tenants' homes. As an employer of gas engineers and as a landlord the Housing Property service is responsible for maintaining gas fittings and flues in a safe condition and carrying out safety checks for appliances and flues. Maintenance is carried out by an accredited in-house Council team and external accredited contractors.

All gas businesses must be registered with Gas Safe, the approved gas registration body of gas business and engineers in the UK. Gas Safe have a team of inspectors who monitor that gas work is being undertaken competently and safely.

Over the last four years these services have been subject to a series of external audits and inspections, including one by Capita in 2016 and two by Gas Safe Register in 2017 and 2019.

In 2017, the Gas Safe Register inspection identified 21 areas for improvement, 19 areas that were satisfactory and 3 areas of non-compliance out of a total of 43 categories. The areas of non-compliance were corrected immediately and refresher training for team leaders and engineers was undertaken jointly with Gas Safe following the inspection.

In 2019, Gas Safe Register carried out a further inspection against 51 categories. The inspection identified 10 categories for improvement, 41 categories that were satisfactory and no non-conformities. Six of the ten categories for improvement were also identified in 2017.

Prior to the inspections by Gas Safe Register, the service commissioned a Fitness Check from Capita in August 2016. Capita found that, while the gas team had a good overall understanding of the requirements for managing gas safety, there were areas of concern. These were that some operational documents and work practices which were out of date and in need of re-evaluation and update and records did not accurately reflect the competence, experience and training of gas engineers. Some of these concerns were reflected in the areas for improvement identified in the 2017 Gas Safe audit.

In 2020, a further review of the management of gas safety was undertaken. This concluded that, at times, the service had been slow to action recommendations and that the same areas for improvement had been identified in successive reviews. The review welcomed the commission of CORGI to provide additional oversight, gas auditing services and technical support.

IMPROVEMENT PLAN

The plan sets out a programme of skills development, training and support for gas team leaders and has an increased focus on professional development. Plans to provide additional on-site training, coaching and support to gas team leaders and engineers have been delayed for much of 2020 following the adoption of safe working practices and regulations to control the spread of infection (Covid-19). However alternative approaches to providing training, coaching and support, including the use of empty homes and technology have been set out in this improvement plan.

IMPROVEMENT PLAN STRATEGY

The improvement plan seeks to strengthen the service's approach to protecting the safety and well-being of our tenants, protecting them from the risk of harm and reducing the risk of gas related accidents.

The plan aims to address weaknesses in record keeping, processes and training.

The improvement plan also includes preparation to join the CORGI Quality Accreditation Scheme for landlords and contractors towards the end of 2021/early 2022. Accreditation covers ethos and policies, work scope, training and qualifications, work allocation, supervision and quality control, procedures, work documentation, technical support, gas compliance procedures and working with contractors.

IMPLEMENTATION

The plan will be reviewed with CORGI Technical Services and updated to reflect the development of the plan through specific stages, with key milestones to be achieved at each stage. Planned actions will be aligned to these milestones at regular review points.

The Housing Property Gas Service Board will have oversight of the service improvement plan and operational performance. It will be chaired by the Senior Responsible Officer and will include Operations Managers (from within the Housing Property Service) representation from CORGI and Gas Service Team Leaders and will meet monthly.

GAS SERVICE IMPROVEMENT PLAN - ACTION PLAN

1. Compliance

	Action	Completion Date	Status	Owner WC to 01/01/22 then WG
1.1	Review annual inspections COVID risk plan and identify further measures to maximise compliance with annual inspection requirement. (TEAM: Consult with CORGI)	February 2021	Complete	WC / WG /CR
1.2	Internal compliance review of policy and procedures. Review against Gas Safe inspection categories and improvement actions from 2019 inspection and changes to operational processes. (TEAM)	14th June 2021	Complete	CR/ WC / WG
1.3	External (CORGI) compliance review of policy and procedures. Review against Gas Safe compliance checklist and improvement actions from 2019 inspections. To include Housing Property's Current Gas Procedure (version 5) (CORGI)	March 2021	Complete	CR/ WC / WG
1.4	Implement monthly briefing and contract review meeting with new framework contractors. (TEAM with CORGI)	April 2021	Complete	WC / WG
1.5	Review team leader essential task and responsibilities check list. (TEAM with CORGI)	June 2021	Complete	CR/ WC / WG
1.6	Review checklist compliance and audit team to meet risk and statutory requirements. (TEAM with CORGI)	April 2021	Complete	CR/ WC / WG
1.7	CORGI to undertake Best Practice Assessment Stage One – improvements and non-compliances to be addressed. (CORGI lead with TEAM)	8th and 9th April 2022	Complete	CR/ WC / WG
1.8	CORGI to undertake Best Practice Assessment Stage Two – improvements and non-CORGI to be tested. (CORGI lead with TEAM)	9th August 2022	Complete	CR/ WC / WG
1.9	Gas Contractor Review – carry out review of a) contractor policy and process and b) performance. (TEAM/CORGI)	September 2021	Complete	WC / WG / MB
1.10	Monthly Audit and Compliance Review with CORGI – Report on Risks and Issues. To involve Senior Manager/Operations Manager and, Team Leaders. (TEAM with CORGI)	Ongoing	Complete	CR / WC / WG

2. Skills, Training and Coaching

	Action	Completion Date	Status	Owner
2.1	Policy and Process Refresh Day Training – Gas Team Leaders, Operations Managers as appropriate (CORGI). Update – series of workshops over 8 sessions started	April 2021 October 2021	Complete	CR/ WC / WG
2.2	On Site Coaching Day training - Gas Team Leaders, Operations Managers as appropriate (CORGI). Use empty homes while physical distancing applies.	June 2021	Complete	CR/ WC / WG
2.3	Policy and Process Refresh Day Training – Gas Engineers/Operatives Refresh (CORGI with team leaders)	November 2021	Complete	CR/ WC / WG
2.4	On site refresh and coaching of gas engineers and operatives. (Initial round with CORGI + gas team leader.) Use empty homes while physical distancing applies.	May/June 2021 repeat annually.	Complete	CR/ WC / WG
2.5	Establish coaching programme including monthly on-site half days with team leaders/gas engineers. (CORGI to attend quarterly).	July 2021 onwards	Complete	CR/ WC / WG
2.6	Policy and Process Refresh (Gas Team Leaders Quarterly Briefing with CORGI and Operational Managers)	June onwards 2021	Complete	CR/ WC / WG
2.7	Gas team leaders to re-establish monthly toolbox talks/team meetings with engineers with set briefing on policy and practice updates. (CORGI to provide brief and attend as requested/appropriate). Review of improvement plan. Training/coaching as required.	March 2022 – not completed until May 2022	Complete	WC / WG
2.8	Team Leaders and Engineers to attend training session on updated Gas Safety (Installation and Use) Regulations 1998 (GSIUR). (CORGI)	May / June 2021	Complete	CR/ WC / WG
2.9	Update template for recording coaching on site observations. To be adapted for TOTAL MOBILE. (CORGI with TEAM)	March 2021	Complete	CR
2.10	CORGI level 4 certificate in Gas Safety Management in Social Housing – 18-month programme to begin (CORGI)	Start May 2021 – completion Est Nov 2022	Complete	CR / WC / WG
2.11	CORGI level 3 certificate in Gas Auditing Procedures to be completed by Team Gas Audit Inspector* (CORGI) – *Gas Manager recruited to fulfil this role*.	June 2022	Complete	CR

3. Leadership, Culture and Performance

	Action	Completion Date	Status	Owner
3.1	Fortnightly service improvement and performance meeting with gas team leaders and relevant operations managers. (TEAM)	February 2021 onwards	Complete	WG- Lead
3.2	Annual in-house team planning with service managers and CORGI. Service improvement plan review. (TEAM with CORGI)	November 2021	Complete	WC / WG / CR
3.3	Monthly performance and compliance reporting to be reviewed – CORGI to review and advise. To review policy, processes, training and coaching programme. (Team with CORGI)	May 2022	Complete	CR / WC / WG

4 Health and Safety / Life and Limb

	Action	Completion Date	Status	Owner
4.1	Continue recruitment process for health and safety/life and limb specialist role with HR/CH&S (TEAM)	Oct 2021	Complete	CR
4.2	Procure Risk Management Consultant specialising in housing health and safety/life and limb specialist role with CH&S input. (TEAM)	Dec 2021	Complete for gas	CR

5 Service Improvement Plan

	Action	Completion Date	Status	Owner
5.1	Service Improvement Plan Review Complete (TEAM with CORGI)	Dec 2021	Complete	CR
5.2	Quarterly Review of Service Improvement Plan (TEAM possibly with CORGI)	Feb / May 2022	Complete	CR/WG
5.3	Agree timescale and assessment plan for Full CORGI Accreditation (TEAM with Corgi)		Closed - product not available	CR/WG

Appendix 2

Gas Audit and Inspection Timeline

Inspection report	Review undertaken by	Type of inspection undertaken	Review Assessment Ratings	Has assessment rating improved? Yes / No	Progress of Review
1 August 2016	UK mandatory registration body - Capita	Gas Policy Fitness Check	10 categories summarised as: • No evidence of compliance - 0 • Limited evidence of compliance - 4 • Policy available and evidence of compliance - 6	This was the first inspection carried out therefore, no comparison is available.	Action plan completed.
25 May 2017	UK mandatory registration body - Gas Safe Register	Business Inspection Report	43 Categories summarised as: • Non-conformance - 3 • Improvement Required - 21 • Satisfactory - 19	More detailed assessment carried out by Gas Safe than above No	Action plan completed.
23 May 2019	UK mandatory registration body - Gas Safe Register	Business Inspection Report	51 categories summarised as: • Non-conformance - 0 • Improvement Required - 10 • Satisfactory - 41	Yes	Action plan completed.
8 and 9 April 2021	Gas Consultancy organisation - CORGI Technical Services Ltd	CORGI Best Practice assessment (Stage 1)	31 categories summarised as: • Fundamental control weakness - 4 • Significant control weakness - 5 • Observation of opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk - 9 • Commendation - 13	Yes	Action plan completed.

9 August 2022	Gas Consultancy organisation - CORGI Technical Services Ltd	CORGI Best Practice assessment (Stage 2)	31 categories summarised as: • Fundamental control weakness - tbc • Significant control weakness - tbc • Observation of opportunities to implement good or better practice, to improve efficiency or further reduce exposure to risk - tbc • Commendation - tbc	Awaiting outcome	
Autumn 2022	UK mandatory registration body - Gas Safe Register	Business Inspection Report	To be confirmed		

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 23 August 2022

Revenue Budget 2022/27 Framework: progress update – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

1.1 The Finance and Resources Committee has referred a progress report on the Revenue Budget 2022/27 Framework to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Emily Traynor, Assistant Committee Officer
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Referral Report

Revenue Budget 2022/27 Framework: progress update – referral from the Finance and Resources Committee

2. Terms of Referral

2.1 On 16 June 2022, the Finance and Resources Committee considered a Revenue Budget 2022/27 Framework: progress update report. The report provided an update on the overall budget position for 2022/23, including the provisional outturn for 2021/22, the main implications of the Scottish Government Spending Review for the Council's medium term financial planning and progress on delivering savings options to address financial gaps for future years.

2.2 The Finance and Resources Committee agreed:

2.2.1 To note the report and, in particular, the continuing urgent need to identify savings options to address significant projected funding gaps from 2023/24.

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

2.2.3 To note that the Service Director - Finance & Procurement would provide a members' briefing on the Lothian Buses dividend.

2.2.4 To note the Interim Executive Director of Corporate Services would circulate the Budget template to members.

3. Background Reading

3.1 Finance and Resources Committee – 16 June 2022 - Webcast

3.2 Minute of the Finance and Resources Committee – 16 June 2022

4. Appendices

4.1 Appendix 1 – report by the Interim Executive Director of Corporate Services

Finance and Resources Committee

10.00am, Thursday, 16 June 2022

Revenue Budget 2022/27 Framework: progress update

Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 Members of the Finance and Resources Committee are asked to:

1.1.1 note the contents of the report and, in particular, the continuing urgent need to identify savings options to address significant projected funding gaps from 2023/24; and

1.1.2 refer the report to the Governance, Risk and Best Value Committee for scrutiny as part of its work programme.

Richard Carr

Interim Executive Director of Corporate Services

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Finance and Procurement Division, Corporate Services Directorate

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Report

Revenue Budget 2022/27 Framework: progress update

2. Executive Summary

2.1 The report updates members on the overall budget position for 2022/23, including the provisional outturn for 2021/22, before setting out the main implications for the Council's medium-term financial planning framework of the publication of the Scottish Government's Resource Spending Review on 31 May.

2.2 The report also provides an overview of the process and progress in delivering savings options to address future years' financial gaps.

3. Background

3.1 On 24 February 2022, Council approved a balanced revenue budget for 2022/23 based on the Council's provisional grant funding allocation and a 3% increase in Council Tax rates. Following approval of the Local Government Finance Order for 2022/23 on 2 March, this grant funding allocation has now been confirmed.

3.2 A subsequent report to the Finance and Resources Committee on 3 March highlighted to members the main aspects of the approved budget, including:

(i) £9.86m of **additional one-off service investments** (shown in Appendix 1), progress in the delivery of which, alongside the associated outcomes, will be reported to the Committee during the year;

(ii) **additional sums to support local economic recovery and address the cost of living impacts on low-income households**, with the majority of Edinburgh's £6.4m share of £80m of Scotland-wide funding being used to support the most vulnerable households by committing to provide a cash grant of £150 to each of the 33,000 low-income households across the city and £100 for every child within a low-income household, determined with reference to free school meal eligibility;

(iii) **£25.3m of provisions in respect of the on-going financial impacts of the pandemic**, including sums provided to recognise continuing homelessness pressures, loss of the Lothian Buses dividend, support to the Council's

ALEOs (Arm's-Length External Organisations) and reduced parking and commercial rental income; and

(iv) £19.2m of **newly-approved savings**, primarily in corporate budgets. While the majority of these savings are anticipated to be realised in full, there will nonetheless be a need for Executive Directors to take appropriate remedial action during the year to manage known and emerging risks and pressures within their respective areas of responsibility.

3.3 While the Council has approved a balanced budget for 2022/23, significant financial challenges remain going forward. Current projections indicate a need to deliver at least £63m of recurring savings in 2023/24, increasing to £144m over the period to 2026/27.

3.4 Since the approval of the budget, the wider environment within which the Council operates has also been subject to significant change. The UK is facing rates of inflation not seen for many decades, fuelled by supply chain shortages exacerbated by international events, alongside the challenges of recovering from the COVID-19 pandemic.

3.5 This report's purpose is therefore threefold:

(i) to update members on the overall budget position for 2022/23, including the provisional outturn for 2021/22;

(ii) to advise of the main implications for the Council's medium-term financial planning arising from publication of the Scottish Government's Resource Spending Review on 30 May; and

(iii) to provide an overview of the process and progress in delivering savings options to address future years' financial gaps.

4. Main report

Projected outturn, 2021/22

4.1 As part of setting 2022/23's budget on 24 February, members assumed the availability of an overall underspend for 2021/22 of at least £2.628m, this being consistent with the latest in-year monitoring forecast considered by the Finance and Resources Committee.

4.2 It is anticipated that the Council's unaudited accounts for 2021/22 will be presented to the meeting of Council on 30 June. While additional details will be provided at that time, the provisional outturn for 2021/22 shows an overall underspend of some £3.9m, thus addressing the immediate assumed funding requirement noted above. In addition, the actual level of drawdown from reserves required to offset pandemic-related impacts was lower than the budgeted level of provision, providing an additional contingency against subsequent years' impacts.

4.3 Given the range of pressures outlined in subsequent sections of this report, it is recommended that any remaining sum over and above that required to address this immediate requirement be set aside as a contingency against other risks or expenditure commitments within the framework for 2022/23 or subsequent years.

Inflationary pressures

4.4 As has been extensively documented, current and projected rates of inflation are at levels not witnessed since the 1980s.

4.5 Inflation levels affect the Council's activities in a number of ways; directly through increasing prices of purchased goods and services and the level of uplifts applied to relevant contracts and indirectly through consumer spending and expectations for wage awards.

4.6 While in some instances the contract uplift to which the Council is exposed is capped, in a number of other cases, such as the PPP1 and PPP2 schools contracts, the applicable uplift is calculated with reference to current (high) inflation rates or, in the case of energy, influenced by extraordinary global pressures.

4.7 The like-for-like contract price for gas is expected to increase by more than 150% in 2022/23, with electricity tariffs also increasing by some 26% and a risk that these may rise further from October 2022. Longer-term projections are inherently more speculative but current expectations are for electricity prices to increase further in 2023/24. These increases give rise to an estimated pressure of £9m in 2022/23, with the risk of a further £5m (i.e. cumulative £14m) budgetary shortfall in 2023/24.

4.8 Many other areas of the Council's expenditure are also affected by exceptional inflationary pressures. Requests for significant uplifts to contract rates have been received in respect of food and catering, fuel and home-to-school transport, as well as children's services and homelessness services, the last-mentioned reflecting pass-throughs of cost pressures including, but not restricted to, energy. While by no means exhaustive, requests across these areas alone have given rise to a £4m annual, and likely recurring, pressure.

4.9 These pressures are also anticipated to result in continuing increases in demand for a number of Council services. Inflation for the poorest households has been assessed to run at 4% above the overall average, with the result that the real-terms value of benefits is eroded, exacerbating existing health and other inequalities. Increasing debt levels may also result in a heightened risk of homelessness.

Teachers' pay award, 2021/22

4.10 The 2021/22 pay award for most non-teaching (Scottish Joint Council - SJC) staff was agreed in November 2021 and paid as part of December 2021's salary. As of the time of the Committee's last meeting on 3 March, however, negotiations in respect of the teachers' (Scottish Negotiating Committee for Teachers - SNCT) award remained in progress.

4.11 Following their meeting on 25 February 2022, COSLA Leaders agreed a revised offer comprising a 1.22% increase effective from April 2021 and a further 1% increase payable from January 2022 for most teaching staff, along with a £100 non-consolidated one-off payment. Members of the Education Institute of Scotland (EIS), Scotland's largest teaching union, voted, by a margin of 80% to 20%, to accept this offer for 2021/22 while re-emphasising their 10% claim for 2022/23, leading to recommended acceptance of the revised offer by the SNCT. Backdated sums due were paid as part of May's salary.

4.12 Due to the tripartite nature of negotiations, the Scottish Government has agreed to meet on a recurring basis the additional sums over and above the wider Scottish Public Sector Pay Policy (SPSPP) that were necessary to secure settlement.

Pay claims, 2022/23

4.13 Pay claims for the main bargaining groups have now been lodged. The SJC claim is for a £3,000 flat-rate increase to all spinal column points (equivalent to an overall Scotland-wide average increase of 11.6%), underpinned by a minimum hourly rate of pay of £12. The SNCT claim is for a 10% uplift across all spinal points. The Chief Officer claim seeks an agreement that is no better and no worse than the other bargaining groups.

4.14 In March, COSLA Leaders (as employer) agreed to make an undifferentiated offer of a 2% uplift to all bargaining groups on the basis of parity for all which has been both a key concern and agreed position in recent years.

4.15 The SJC Trade Unions have conducted consultative ballots, all of which have returned substantial votes in favour of moving to an industrial action ballot if no significantly improved offer is made. The GMB's ballot on industrial action will run from 6 June until 26 July, with Unite conducting a similar ballot closing on that day.

4.16 The budget framework makes provision for an average increase of 3% across all staffing groups in each of the next five years. While this is at the higher end of assumptions made by councils in Scotland, the claims received would clearly exceed this sum by a considerable margin and thus their underlying unaffordability, without the provision of significant additional funding, remains.

4.17 Given resource availability and wider pressures, through gradually returning public sector staffing levels to pre-pandemic levels by 2026/27, the Scottish Government's Resource Spending Review (RSR) signals an intention to maintain overall public sector pay bills at 2022/23 levels.

Overall position, 2022/23

4.18 As noted in the preceding sections, the Council's budget is subject to an unprecedented level of inflation-linked pressures. Besides the energy-related pressure of £9m, other areas of third party spend are also subject to claims for significant uplifts.

4.19 In view of the extent of these claims, members of the Corporate Leadership Team (CLT) have agreed the need for all Directorates to take steps to ensure that supply chain disruptions are identified and price increase requests managed to mitigate budget and service impact on Council services. A central register has been created to capture both requests for price increases received from third party suppliers and any agreed contract price increases to allow oversight and monitoring of the potential risk to Council budgets and/or service delivery.

4.20 Contract managers have additionally been requested, in the first instance, to explore efficiencies that could mitigate these price increases, such as demand management, reducing the volume of deliveries (where applicable) and providing suppliers with guarantees on future volumes. It is acknowledged, however, that some requests will require to be accommodated to ensure service continuity and supplier resilience over the immediate and longer term.

4.21 Given the evolving situation, it is difficult to predict with accuracy the level of in-year pressure resulting from the inflation-linked issues, including pay, noted in the preceding sections of the report. Consideration of corporate budgets has, however, identified potential savings across a number of areas, including continuation of underspends apparent in the provisional outturn for 2021/22[1], application of the budget framework risk contingency, inflation provision and other timing-related savings. On this basis, at this stage it is anticipated that known non-pay inflation pressures can be accommodated within a balanced overall position. The key area of risk, however, is around pay award provision. By means of illustration, every 1% in excess of the framework level of provision would hasten a pressure of some £6.2m.

4.22 A more detailed update will be provided to members of the Committee as part of the first in-year revenue monitoring report, anticipated to be in September.

Edinburgh Integration Joint Board (EIJB) budget, 2022/23

4.23 At the meeting of the EIJB on 22 March, members considered a progress update on the development of the Board's budget for 2022/23.

4.24 The report set out the latest available information, including the budgets which will be delegated from NHS Lothian and the Council and compared these to projected costs based on the forecast outturn for 2021/22, anticipated growth and assumptions around additional resources. The modelling contained within the report indicated that delivering financial balance by the end of 2022/23 is achievable but there remains some risk as not all of the mitigations can be quantified at this point. Tripartite working with the EIJB's partners is continuing and an update will be presented to the Board's next meeting.

[1] These underspends include additional Council Tax income relative to budget and non-application of elements of in-year inflationary provisions.

Scottish Government's Resource Spending Review and Medium-Term Financial Strategy

4.25 On 31 May, the Cabinet Secretary for Finance and the Economy presented the Scottish Government's Resource Spending Review (RSR). The RSR provides, albeit at a high aggregated level, indicative sectoral planning allocations for public expenditure for the period from 2022/23 to 2026/27 inclusive. After a succession of one-year funding settlements for bodies across the public sector, its contents are therefore of assistance in developing funded organisations' medium-term financial planning. It should be emphasised, however, that the RSR does not supersede the annual Scottish Budget process which will continue to be subject to Parliamentary discussion and determination, including the precise quantum of funding included within the Local Government Finance Settlement[2] and its distribution amongst authorities.

4.26 Publication of the RSR was complemented by the accompanying issuing of the Scottish Government's Medium-Term Financial Strategy (MTFS). The MTFS provides a medium-term perspective on the public finances, supporting a broad approach to budget evaluation and formation. Its content is, in turn, informed by projections produced by the independent Scottish Fiscal Commission and UK-wide Office for Budgetary Responsibility.

4.27 The MTFS sets outs three scenarios, respectively referred to as the upside, central and downside scenarios but with the main emphasis upon the central one which also forms the basis of the assumed expenditure allocations within the RSR. Within this finite overall level of resource, the need to make difficult choices is highlighted.

4.28 In overall terms, this central scenario reflects an increase in cash-terms resource available to the Scottish Government of some 13.5% (4.7% when expressed in real, inflation-adjusted terms) over the period between 2022/23 and 2026/27. The RSR identifies four specific overarching priorities for allocation of these sums: tackling child poverty; addressing the climate crisis; securing a stronger, fairer and greener economy; and delivering excellent public services.

4.29 Of this overall growth, 90% is allocated to support increases in health and social care and social security spend over the period to 2025/26, the former linked to the Scottish Government's commitment to increase frontline health spend by 20% over the term of the current Scottish Parliament. By extension, this reduces the element of additional resources available to other areas.

[2] The quantum of funding contained within the Local Government Finance Settlement currently reflects the transfer of sums from other Scottish Government portfolios. This level of detail has not been included within the RSR although confirmation has been provided that sums transferred in respect of (i) Health and Social Care, (ii) Early Learning and Childcare and (iii) additional Teachers, worth £1 billion combined, will be maintained.

4.30 The spending allocation for Local Government is unchanged over the period from 2022/23 to 2025/26[3], before increasing by £100m in 2026/27. This corresponds to an overall cash-terms increase of 0.9% over the period compared to the 13.5% across the budget as a whole (or a real-terms reduction of nearly 8%).

4.31 In acknowledging that the allocations for those areas without specific prioritisation will be challenging, the RSR points to a renewed impetus to deliver savings across the public sector, with an assumption that all areas will deliver annual efficiencies of 3%. Adoption of hybrid working practices and the consequent ability to reduce the size of the public sector estate through co-location and/or rationalisation is highlighted, as are potential synergies and efficiencies in procurement, enhanced use of digital technology and, where appropriate, greater use of cost recovery in service delivery. While all of these areas could potentially contribute to addressing future years' spending gaps within the Council, robust business cases will require to be developed prior to scrutiny by elected members.

4.32 The RSR reiterates the Scottish Government's commitment to develop a "new deal" with Local Government underpinned by a fiscal framework. This includes:

(i) building on the Review of Local Democracy and developing a deeper dialogue and debate on how the Scottish and Local Government will work together to achieve better outcomes for people and communities;

(ii) seeking to balance greater flexibility over financial arrangements for local government with increased accountability for the delivery of national priorities so that both partners can have certainty over inputs and outcomes alongside scope to innovate and improve the delivery of services to local communities;

(iii) exploring greater scope for discretionary revenue-raising, such as the Visitor Levy and the newly-created Workplace Parking Levy, as well as reforms to the current Council Tax system;

(iv) exploring further with COSLA, Digital Office and Revenue Scotland how best to transform the digital administration of the Non-Domestic Rates system;

(v) confirming that further flexibilities requested by COSLA will be made available to councils for existing service concession arrangements such as PFI or NPD-funded projects; and

(vi) ensuring these decisions are supported by a phased approach towards alignment with the CIPFA Code of Practice for Local Authority Accounting through a comprehensive Capital Accounting Review.

[3] As is the case with current arrangements, the Scottish Government will continue to underwrite the assumed level of non-domestic rates income underpinning the Local Government Finance Settlement.

4.33 The implications of the penultimate and final points are discussed later in the report.

4.34 While again emphasising that these are sector-wide planning totals and not indications of the actual funding to be contained within the Local Government Finance Settlement, they are nonetheless broadly consistent with the budget framework "flat-cash" assumptions in each of the next three years. The RSR did, however, confirm the baselining of the £120m of additional funding for Local Government introduced as part of the 2022/23 Draft Budget's Parliamentary consideration, of which Edinburgh's share was £9.652m. The implications of this baselining and how it affects the overall position, taking into account other known or emerging risks, is considered later in this report.

Service concession financial flexibility

4.35 In late January, the Cabinet Secretary for Finance and the Economy wrote to CIPFA/LASAAC regarding local government's request for a change to the service concession flexibility. This request sought to allow, in accounting terms, the principal element of debt repayments to be spread over the (longer) life of the asset and not the contract term, with the effective "credit" from prior years' overpayments also available to fund additional expenditure.

4.36 Considerable discussion ensued between CIPFA/LASAAC, LASAAC, Directors of Finance and civil servants to ensure there was a full understanding of the issues and context for some of the issues raised in the Cabinet Secretary's letter. A requested report on a Capital Accounting Review was prepared by Scottish Directors of Finance, with a response also provided to the Scottish Government by CIPFA/LASAAC on the issues requested. While expressing her gratitude for these contributions, the Cabinet Secretary has indicated that she considers these to be partial and/or inconclusive.

4.37 The Cabinet Secretary's letter confirms that the flexibilities noted in Paragraph 4.35 will be made available to councils on the basis requested. Use of these flexibilities will, however, be subject to both (i) robust local consideration to ensure such use is prudent and sustainable and (ii) explicit approval by a Council decision. In addition, the flexibilities may only be applied to *existing* concession arrangements.

4.38 Granting of the requested flexibility is also contingent upon commissioning an independent Capital Accounting Review which will consider, amongst other things, the on-going appropriateness of statutory mitigation provisions alongside alignment to the Code of Practice on Local Authority Accounting.

4.39 Statutory mitigation is statutory guidance issued by Scottish Ministers for the accounting treatment for specified transactions or types of transactions undertaken by a local authority. It is usually issued where the accounting practice under the Code has been determined to result in an improper charge against the General Fund in the Local Authority financial statements and thus has a consequential impact on the funding available for the provision of local services. Further detail on

the remit of the review will be provided by the Minister for Public Finance, Planning and Community Wealth in due course.

4.40 While use of the concession flexibility is not dependent upon the outcome of the capital accounting review, there is a risk that the timing-related benefit of the former is outweighed by the absolute additional accounting cost of the latter. At this stage, while modelling work on the potential benefit of the flexibility will continue, it is not recommended that it be relied upon to address an element of next or future years' gaps until greater clarity is available on the review's remit and likely direction.

Planning assumptions, 2023/24 and subsequent years

4.41 The baselining of the £120m of additional Scotland-wide funding provided as part of the 2022/23 Scottish Budget's Parliamentary approval represents a favourable movement relative to current financial planning assumptions. In view of the range of wider inflationary risks, including pay, outlined within this report, however, it is likely that additional recurring funds will be required to manage these pressures and, as a result, no changes are being made to the projected gaps contained within the Council's medium-term framework at this time. As such, there remains an incremental gap of £63m in 2023/24, increasing to £144m over the period to 2026/27. Additional background to this requirement, along with the key budget framework assumptions, is included in Appendix 2.

4.42 An update forming the basis of a more detailed financial strategy, including consideration of potential funding gaps over a longer ten-year timeframe, will be brought to the Committee's next anticipated meeting in September.

Future years' savings requirements and development of corresponding savings proposals

4.43 The urgent need to initiate a structured medium to longer-term savings programme was highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21.

4.44 In recognising this urgency, a dedicated project lead has been appointed. Directorates have been requested to identify potential options, captured by means of a standard template detailing service and performance impacts, risks and dependencies, with reference to the priorities set out in the Council's business plan.

4.45 Given the extent of the challenge noted above, members will likely need to make increasingly difficult choices about the Council's priorities, including considering service reductions, across all service areas to maintain expenditure in line with available income.

4.46 A further update will be provided to the Committee's next meeting in September.

5. Next Steps

5.1 Given the range of pressures outlined within the report, Executive Directors will likely require to bring forward measures to offset residual service pressures and

risks within their respective areas of responsibility during 2022/23. The adequacy of budget framework provision in respect of the on-going financial impacts of the pandemic will also be kept under close review with a view to taking any necessary remedial action.

5.2 Officers will continue to develop potential options to address future years' savings gaps and an update will be provided at the Committee's next meeting.

6. Financial impact

6.1 The Council continues to face significant financial pressures resulting from increased demand for services, inflation, legislative reform and increased citizen expectations, as well as the continuing financial impacts of the pandemic. These factors are set against a backdrop of core grant funding (accounting for around three quarters of the Council's overall income) that is not keeping pace.

6.2 While the Council has approved a balanced budget for 2022/23, it faces significant financial challenges going forward. Current projections indicate a need to deliver at least £63m of recurring savings in 2023/24, increasing to £144m over the five-year period to 2026/27.

7. Stakeholder/Community Impact

7.1 There is no direct relevance to the report's contents, although proposals brought forward as part of the exercise above will be the subject of full public consultation later in the year.

8. Background reading/external references

8.1 2022/23 Financial Plan, Edinburgh Integration Joint Board, 22 March 2022

8.2 Revenue Budget Update 2022/23 – Update, Finance and Resources Committee, 3 March 2022

8.3 Coalition Budget Motion 2022/23, The City of Edinburgh Council, 24 February 2022

8.4 Revenue Budget Framework 2022/27 – Progress Update, Finance and Resources Committee, 3 February 2022

8.5 Revenue Budget 2022/23 – Risks and Reserves, Finance and Resources Committee, 3 February 2022

9. Appendices

One – Approved service investments, 2022/23

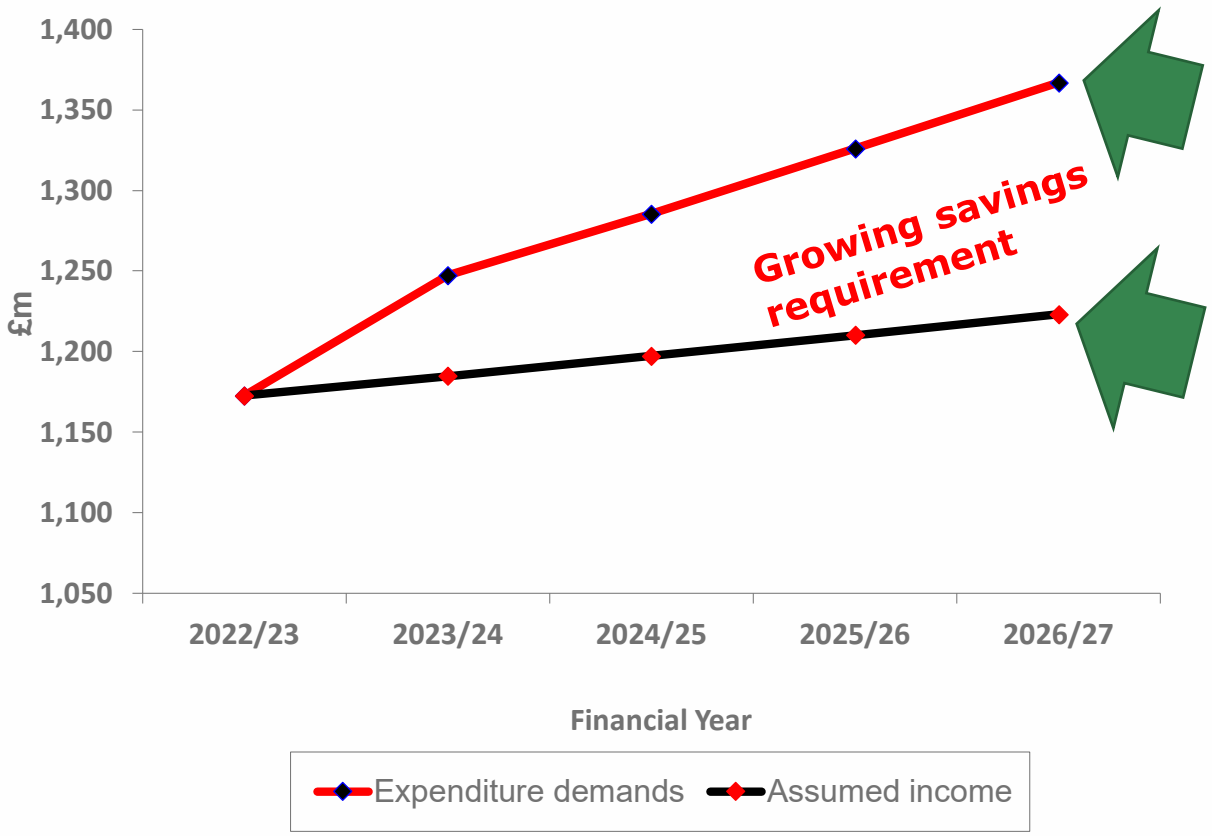
Two – Revenue budget framework projected savings requirements and key assumptions, 2022/23 to 2026/27

Approved one-off service investments, 2022/23

	£000
Improvements to HR systems	2,000
Easing the cost of living crisis	1,100
Deep cleaning the city, graffiti removal and street cleaning	1,072
Roads and pavements maintenance	1,000
Children's Services - additional investment	1,000
Net-zero	500
Social care adaptations	500
Park facilities improvements	450
Play parks (CFCR)	325
Neighbourhood Action Team	250
Local community festivals and events	200
Energy for Edinburgh	200
Temporary toilets in premier parks	200
Hostile vehicle mitigation barriers	180
Taxi regulation and enforcement	160
Short-term lets regulation and monitoring	150
Food growing	130
Defibrillators in schools	112
Participatory Budgeting support	100
Portobello Kilns restoration	61
Pentland Park rangers	60
Libraries re-opening support	60
"Forever Edinburgh" website development	50
Total	**9,860**

Appendix 2

Projected savings requirements, 2023/24 to 2026/27



- Demographic pressures
- Pay awards
- Inflation
- Legislative reform

- Assumed cash-terms freeze in grant funding
- 3% increase in Council Tax
- c. 5% increase in discretionary fees and charges

Key revenue budget planning assumptions

	2022/23	2023/24	2024/25	2025/26	2026/27	Notes
Pay award	3%	3%	3%	3%	3%	Each 1% increase equates to £6.2m at 2022/23 prices
Contract and other inflation increases	3%	3%	3%	3%	3%	Each 1% increase equates to up to £3m at 2022/23 prices, depending on in-scope expenditure
Total provision for **recurring expenditure and income impacts of pandemic** (£m)	25.3 (now confirmed)	11.0	9.0	9.0	9.0	Actual expenditure/income in 2020/21 was £69m and budget framework provision in 2021/22 was £39m
Demographic provision (Education and Children's Services and Place) (£m)	5.0 (now confirmed)	5.0	5.0	5.0	5.0	Allocation primarily covers increasing pupil and growing household numbers
Government grant and retained Non-Domestic Rates income - assumed year-on-year change in like-for-like core funding	+1%* (now confirmed)	0%	0%	0%	0%	Each 1% equates to £7.8m at 2022/23 funding levels
Council Tax - increase in rate (or receipt of "freeze" compensating funding)	3% (now confirmed)	3%	3%	3%	3%	Each 1% equates to £3.2m at 2022/23 funding levels

*- excludes one-off additional resources of £9.652m. Assumptions in orange shading are subject to particular current pressure.

Governance, Risk and Best Value Committee

10.00am, Tuesday, 23 August 2022

Edinburgh Living Annual Update 2020 and 2021 – 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 Edinburgh Living to the Governance, Risk and Best Value Committee for consideration.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Sarah Stirling, Area Support Team Clerk
Legal and Assurance Division, Corporate Services Directorate
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Referral Report

Edinburgh Living Annual Update 2020 and 2021 – Annual Update

2. Terms of Referral

2.1 On 24 March 2022, the Housing, Homelessness and Fair Work Committee considered an annual update setting out the activities carried out by Edinburgh Living in 2020 and 2021, the financial position at the end of both years and key areas of work for 2022.

2.2 The Housing, Homelessness and Fair Work Committee agreed:

2.2.1 To note the report.

2.2.2 To note Edinburgh Living's positive impact on tackling housing need through the provision of new affordable homes across the city.

2.2.3 To refer this report to the Governance, Risk and Best Value Committee in line with Edinburgh Living's governance arrangements.

3. Background Reading/ External References

3.1 Webcast of the Housing, Homelessness and Fair Work Committee of 24 March 2022

4. Appendices

4.1 Appendix 1 – report by the Executive Director of Place

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 24 March 2022

Edinburgh Living Annual Update 2020 and 2021

Executive/routine	**Routine**
Wards	**All**
Council Commitments	

1. Recommendations

1.1 Housing, Homelessness and Fair Work Committee is asked to:

1.1.1 Note the contents of the Edinburgh Living annual report for 2020 and 2021;

1.1.2 Note Edinburgh Living's positive impact on tackling housing need through the provision of new affordable homes across the city; and

1.1.3 Refer this report to the Governance, Risk and Best Value Committee in line with Edinburgh Living's governance arrangements

Paul Lawrence

Executive Director of Place

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Report

Edinburgh Living Annual Update 2020 and 2021

2. Executive Summary

2.1 In line with the agreed governance structure set out for the Council's housing delivery Limited Liability Partnerships (LLPs), known as Edinburgh Living, an annual update providing an overview of each financial year is required to be submitted to the Governance, Risk and Best Value Committee. This report should be noted by the Housing, Homelessness and Fair Work Committee and referred on to the Governance, Risk and Best Value Committee.

2.2 The reporting structure for Edinburgh Living has been altered to ensure reporting is earlier and better aligned to Council and Edinburgh Living governance. This report sets out the activities carried out by Edinburgh Living in 2020 and 2021, the financial position at the end of the years and key areas of work for 2022. The Annual Report for 2022 will be presented to Committee in March 2023.

2.3 Edinburgh Living was established in 2019 and owned 344 homes by the end of December 2021.

3. Background

3.1 In February 2018, the City of Edinburgh Council agreed to establish two new LLPs which would own and manage homes for rent to households on low to moderate income; one offering mid-market rent (MMR) homes and the second offering market rent homes. The Business Case for the implementation of the LLPs was agreed by Scottish Government under the Edinburgh and South East Scotland City Deal (City Deal). The LLPs are known under the single banner of Edinburgh Living.

3.2 The Council owns 99.99% of the Edinburgh Living MMR LLP and 99% of the market rent LLP. Scottish Futures Trust (SFT) owns the remaining shares.

3.3 Edinburgh Living is managed on a day to day basis by a Senior Management Team (SMT) made up of five senior Council officers and one staff member from SFT. Oversight is provided by a Corporate Body which comprises four elected members, the Executive Director of Place and a Director from SFT.

3.4 Risk and financial management are integral to the SMT's work plan throughout the year and updates are reported to the Corporate Body through quarterly business updates and annual business plan update.

3.5 In order to provide the Council as a Member of the LLP with relevant information relating to the operation of the LLP, the annual reporting cycle includes the requirement for bi-annual updates to the Housing, Homelessness and Fair Work Committee and an annual update to the Governance, Risk and Best Value Committee. This report is specific to the activities of the LLPs during 2020 and 2021.

3.6 The first annual update was provided in 2019.

4. Main report

4.1 Over the course of 2020 and 2021, Edinburgh Living continued to purchase homes being constructed for mid-market rent on the Council's mixed tenure sites. The first purchase of 2020 took place at the Council's Dumbryden development, where 19 new homes were acquired in January 2020. A city map showing the location of homes and year of purchase has been provided at Appendix 1.

4.2 These were the final purchases ahead of the beginning of the global pandemic in March 2020 which impacted delivery timescales due to site closures, health and safety restrictions, global supply chain issues and labour shortages.

4.3 The Council's management and maintenance Service Provider, Lowther Homes (part of the Wheatley Group), ceased letting homes in March 2020 in line with practice across the industry at the start of the global pandemic. This step was taken to prioritise the safety of staff and the public.

4.4 In spite of these challenging conditions, the Council managed to deliver as many completed homes as possible and Edinburgh Living purchased a total of 112 homes in 2020 and 101 homes in 2021 and, once restrictions allowed, Lowther Homes was able to provide a safe approach to lettings. New homes were delivered and let across Dumbryden, Craigmillar, North Sighthill and Pennywell.

4.5 During 2021, Edinburgh Living launched www.edinburghliving.co.uk, providing an information base on the background of the company and charting progress of delivery across the city. Edinburgh Living also celebrated the milestone of its 250th tenant during the summer of 2021.

4.6 The Edinburgh Living Corporate Body and SMT continued to meet virtually at regular intervals across the two years.

4.7 Regulations around COVID-19 were monitored throughout the year and the SMT continue to review the management accounts on a monthly basis.

4.8 COVID-19 impacted on all areas of operation in 2020. A risk register was established early and focussed on the ability to deliver services to tenants,

maintaining health and safety and supporting tenants impacted financially or otherwise by the pandemic.

4.9 Lowther Homes and contractors continued to attend emergency repairs throughout the pandemic. This included working with customers to ensure safe access to carry out gas safety checks.

4.10 There were 12 homes un-let at the time lettings ceased. The Council's temporary accommodation service were able to make use of these homes to support the city-wide effort to provide safe, secure accommodation for homeless households, particularly where there was a need to isolate in accordance with regulations.

4.11 Once completed homes were again available for let, the Council's Private Rented Sector teams began making referrals to Lowther Homes on behalf of clients at risk of homelessness where mid-market rent was a suitable long-term housing option. This has paved the way for Edinburgh Living to continue to support homelessness prevention in the City. A total of 77 households at risk of homelessness successfully found homes with Edinburgh Living over 2020 and 2021.

4.12 Edinburgh Living remains committed to keeping rents as affordable as possible for tenants whilst ensuring there is sufficient income set aside for long-term maintenance responsibilities. Rental increases were capped at CPI (Consumer Price Index) over the two years, which equated to 1.21% rise in 2020 and 0.58% rise in 2021. All rents remain below Local Housing Allowance.

4.13 In October 2021, SMT were made aware of two significant administrative errors by Lowther Homes - firstly, in relation to the handling of tenants' deposits over 2020/21 and secondly, the provision of prescribed information to tenants on where and how their deposits were being held.

4.14 While tenants' funds were not at risk at any point, the funds had not been correctly transferred on behalf of Edinburgh Living from Lowther Homes to the chosen tenancy deposit scheme, Safe Deposits Scotland. Lowther Homes has since registered all outstanding deposits and has written to the tenants affected, acknowledging the mistake and offering appropriate compensation. All tenants who did not receive the prescribed information relating to where their deposits were being held have also been contacted.

4.15 An independent Assurance Review focussing on Lowther Homes performance against the Letting Agents Code of Practice took place in December 2021. This assurance was evidenced through a review of policies, procedures, staff training and extensive discussion with Lowther Homes Managing Director. Lowther's progress in addressing areas for improvement identified within the report will be monitored by Council officers and reported to the Corporate Body. A further assurance review will take place in 2022.

4.16 The first Edinburgh Living survey took place in July 2021. While there was an overall good response from tenants, with 49% of tenants (representing 77 households at the time of the survey) taking part, there needs to be cognisance of the relatively small sample when assessing results. Surveys were carried out on-line and by phone and have provided a very useful snapshot of tenant's satisfaction.

4.17 There was positive feedback across a number of aspects, particularly around quality of homes. For example, 88% of tenants were satisfied or very satisfied with the condition of their home when they moved in, 93% stated that their homes met their needs and only 3% felt that their homes did not offer value for money. 62% of tenants were satisfied with the level of customer service being received.

4.18 Edinburgh Living SMT has asked Lowther Homes to develop an action plan to tackle the areas of dissatisfaction highlighted through the survey. Tenants will be surveyed again in June 2022 to monitor progress.

4.19 The financial statements for 2020 (Appendix 2) were prepared in accordance with the relevant accounting standards, audited by Azets and approved by the Edinburgh Living Corporate Body in September 2021. Council representation on the Corporate Body is set out at Appendix 3.

4.20 The financial statements for 2021 are draft and subject to revision. However, as at the 31 December 2021, the indicative position shows that the profit (without the impact of the property valuations which are in progress) has improved compared to 2020 and is around £650,000. The reason for the improvement is that rental income has approximately doubled as the portfolio grows but not all costs have grown proportionately. The biggest cost is the interest payable on the loans. This has increased by two-thirds compared to 2020 due to the combination of lower interest rates on loans and comparatively lower acquisition costs. The Balance Sheet position is similar to 2020 in that it shows negative net current assets, with the main creditor remaining the Council because of the loan repayments. The working capital facility was used less in 2021 and is not expected to be needed in 2022.

5. Next Steps

5.1 Edinburgh Living is expected to purchase a further 170 homes over the course of 2022. These homes will include the final purchases at North Sighthill and Pennywell where Edinburgh Living has supported the regeneration of these large sites.

5.2 The SMT will continue to support the management of the LLP on a day to day basis including monitoring performance and oversight of the Lowther Homes contract. The management and maintenance provision is being reviewed by Council officers this year to ensure that it is fit for purpose for a growing and diverse portfolio of homes beyond 2023. The outcome of any procurement exercise will be brought to the Finance and Resources Committee for approval in 2022/23.

6. Financial impact

6.1 There is no financial impact arising from this report.

6.2 Purchase of homes is funded through Council borrowing, repaid from rental income and Scottish Government grant funding. Scottish Government consent is in place for the Council to on-lend to Edinburgh Living.

7. Stakeholder/Community Impact

7.1 The LLPs have a key role to play in delivering the Council's housing strategy and commitment to deliver 20,000 homes. The development of the LLPs will also have a positive impact on the local economy, through creating opportunities for local businesses as well as jobs in construction.

7.2 Edinburgh Living acquires new build homes that are developed through the Council's housebuilding programme to high standards in terms of energy efficiency and sustainability. A strong emphasis is placed on providing homes that are cheap to heat and affordable to manage for tenants.

7.3 Community benefits are secured through housing contracts and the management and maintenance contract can enhance the local environment. As part of the Lowther Homes contract, the delivery of community benefits was focused on training schemes, apprenticeships and a bursary programme. Lowther Homes is also committed to delivering benefits across fire safety, tackling fuel poverty and supporting local businesses and provided support and assistance to those most in need during the pandemic.

8. Background reading/external references

8.1 E8.1 Edinburgh Living Annual Report 2019 – Referral from the Housing, Homelessness and Fair Work Committee, Governance, Risk and Best Value Committee, 16 February 2021.

8.2 City Deal – New Housing Delivery Partnership Implementation – Referral from the Housing and Economy Committee, City of Edinburgh Council, 01 February 2018.

9. Appendices

9.1 Appendix 1 – Delivery Map.

9.2 Appendix 2 – Financial Statements 2020

9.3 Appendix 3 – Corporate Body Representation from the City of Edinburgh Council

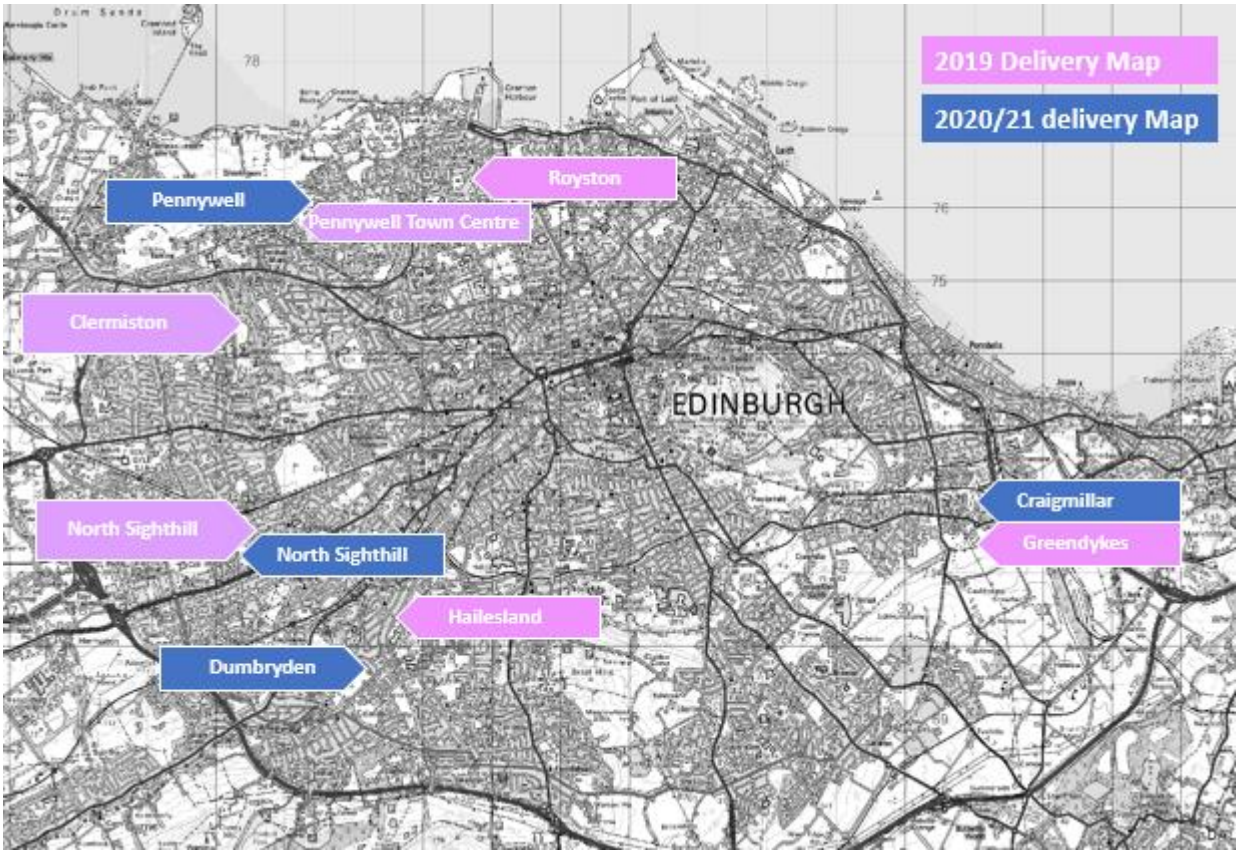
Appendix 1 – Delivery Map

Delivery of mid-market rent homes city-wide

Homes purchased by Edinburgh Living in 2019	
Clermiston	22
Hailesland	11
Pennywell Town Centre	12
North Sighthill	8
Greendykes	56
Royston	22
Total	**131**

Homes purchased by Edinburgh Living in 2020	
Dumbryden	19
Craigmillar	77
North Sighthill	16
Total	**112**

Homes purchased by Edinburgh Living in 2021	
Craigmillar	56
North Sighthill	37
Pennywell	8
Total	**101**



Edinburgh Living MMR LLP

Members' report and financial statements

Registered number SO306071

For the year ended 31 December 2020

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Members' report

The members present their members' report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the LLP during the year was investment in residential property for rental purposes.

Business review

Edinburgh Living is a housing delivery partnership created to address housing need in Edinburgh. The initiative is a partnership between the City of Edinburgh Council (The Council) and Scottish Futures Trust (SFT). The Limited Liability Partnership will deliver homes for mid-market rent to let households in housing need.

Edinburgh Living bought its first homes in January 2019 and owned 243 homes across eight sites in the city by the end of 2020.

Edinburgh Living is 99.999% owned by the Council and is financed under a Facility Agreement with the Council to borrow up to £248m along with a contribution of up to £16.1m from a Scottish Government grant.

Results

The results for the year are shown on the profit and loss account on page 6.

Members

The members who held office during the year were as follows:

Scottish Futures Trust Investments Limited
The City of Edinburgh Council

Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members

Cash received by Edinburgh Living, excluding property disposal proceeds, will be allocated firstly to pay any operating costs, secondly in payment of any loan advances and associated accrued interest charges, thirdly to fund the Lifecycle Account as necessary to establish and maintain the Maintenance Fund and fourthly to establish and maintain the required Reserve Account balance. Any residual balances after making the above allocations will be held to apply in early repayment of loan advances. Such balances will not be distributed without the unanimous approval of members and where any payment under the Facility Agreement (between Edinburgh Living and the Council) has not been made in accordance with its terms.

Cash received from property disposals will be allocated firstly to reimburse any subsidy paid out under the Scottish Government Grant, secondly in payment of any accrued interest charges on loan advances, thirdly to repay the outstanding balance of the principal of the loan advances, fourthly to pay any operating costs including any disposal costs, to establish and maintain the Reserve Account balance, fifthly to pay for the acquisition of any replacement units, sixthly to fund the Lifecycle Account, seventhly to the Reserve Account as necessary and finally, following disposal of the final property, to repay the initial capital.

Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware; and each member has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Members' report *(continued)*

Auditor

Azets Audit Services are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The above report has been prepared in accordance with the special provisions relating to limited liability partnerships subject to the small limited liability partnerships' regime within Part 15 of the Companies Act 2006, as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

Signed on behalf of the members

Christa Reekie *on behalf of Scottish Futures Trust Investments Limited*
Designated member

Waverley Court
4 East Market Street
Edinburgh
EH8 8BG
21 September 2021

Statement of members' responsibilities in respect of the Members' report and the financial statements

The members are responsible for preparing the Members' report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 LLP and of its profit or loss for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statements comply with those regulations. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities.

Independent auditor’s report to the members of Edinburgh Living MMR LLP

Opinion

We have audited the financial statements of Edinburgh Living MMR LLP (the 'limited liability partnership') for the year ended 31 December 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 limited liability partnership 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 other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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 is available on the Financial Reporting Council’s website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership'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
United Kingdom
EH3 8BL

Profit and loss account

for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover		1,025,440	224,830
Cost of sales		(208,817)	(76,423)
Gross profit		816,623	148,407
Government grant release	*8*	89,805	23,065
Administrative expenses		(192,555)	(12,996)
Net gain from fair value adjustment on investment properties		2,502,272	8,235,245
Operating profit		3,216,145	8,393,722
Interest payable and similar charges	*4*	(588,878)	(141,699)
Profit before tax		2,627,268	8,252,022
Profit for the financial year available for discretionary division among members	*3*	2,627,268	8,252,022

The LLP's turnover and expenses all relate to continuing operations.

There are no items of other comprehensive income for the current or previous year and therefore no separate statement of other comprehensive income has been presented.

Balance sheet

at 31 December 2020

	Note	**2020**	**2019**
		£	**£**
Fixed assets			
Investment properties	*5*	46,144,069	27,747,852
Current assets			
Debtors	*6*	217,255	51,807
Cash at bank and in hand		512,955	335,908
Current assets		730,210	387,715
Creditors: amounts falling due within one year	*7*		
Trade and other payables		(1,372,752)	(428,991)
Deferred income	*8*	(133,650)	(72,050)
Net current assets		(776,192)	(113,326)
Creditors: amounts falling due in more than one year	*7 & 8*	(5,099,480)	(2,786,885)
Net assets attributable to members		40,268,397	24,847,641
Represented by:			
Loans and other debts due to members			
Other amounts	*10*	**29,389,105**	**16,595,617**
Members' equity			
Members' capital	*11*	**2**	**2**
Revaluation reserve		**10,737,517**	**8,235,245**
Profit & loss reserve		**141,773**	**16,777**
		40,268,397	**24,847,641**

These financial statements have been prepared in accordance with the special provisions relating to Limited Liability Partnerships subject to the small Limited Liability Partnerships' regime within Part 15 of the Companies Act 2006, as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and in accordance with Section 1A "Small Entities" of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities), and the Statement of Recommended Practice Accounting by Limited Liability Partnerships.

The notes on pages 10 to 14 form part of these financial statements.

These financial statements were approved by the members and authorised for issue on 21 September 2021 and are signed on their behalf by:

Christa Reekie *on behalf of Scottish Futures Trust Investments Limited*
Designated member

Statement of changes in Members' interests

for the year ended 31 December 2020

	Members' Capital (classified as equity)	Profit & Loss Reserve	Revaluation Reserve £	Loans & Other Debts Due to Members £	Total Members' interests £
Balance at 1 January 2019	2	-	-	-	2
New loans from Members during year	-	-	-	16,595,617	16,595,617
Profit for the financial year	-	16,777	-	-	16,777
Revaluations	-	-	8,235,245	-	8,235,245
Balance at 31 December 2019	**2**	**16,777**	**8,235,245**	**16,595,617**	**24,847,641**
New loans from Members during year	-	-	-	12,793,488	12,793,488
Profit for the financial year	-	124,996	-	-	124,996
Revaluations	-	-	2,502,272	-	2,502,272
Balance at 31 December 2020	**2**	**141,773**	**10,737,517**	**29,389,105**	**40,268,397**

The notes on pages 10 to 14 form part of these financial statements.

The revaluation element of Members' other interests is non-distributable.

Notes

(forming part of the financial statements)

1. General information

Edinburgh Living MMR LLP (the "Partnership") is a Limited Liability Partnership, incorporated and domiciled in the Scotland. The address of the registered office is Waverley Court, East Market Street, Edinburgh, EH8 8BG.

2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the LLP's financial statements.

Basis of preparation

These financial statements were prepared in accordance with Section 1A small entities of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014 and amended in December 2018, and the LLP Statement of Recommended Practice (SORP) as issued in December 2018. The presentation currency of these financial statements is sterling.

Going concern

In relation to the LLP's working capital requirements, the members have prepared cash flow forecasts which indicate that the LLP will continue to have sufficient resources available to it to enable it to continue in operational existence by meeting its day to day liabilities as they fall due for payment for a period of at least twelve months from the date of approval of these financial statements. The LLP finances its day to day working capital requirements through funds advanced to the LLP by its members, as detailed in note 10.

Covid-19 has had an effect on rental income and acquisitions and may continue to do so in 2021. The Board has considered the potential impact and has reviewed some scenario modelling showing the financial implications. The Board concluded that there were sufficient resources available to the LLP to withstand a reasonable level of negative impact on the rental income. The LLP has a working capital facility arrangement in place with the Council to help manage its day-to-day cashflow in the early years as it builds up reserves.

Based upon the reasons outlined above, and after making appropriate enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the members continue to adopt the going concern basis in preparing the annual financial statements.

Cash flow statement

Under Section 1A Small entities of FRS 102, the company is not required to prepare a cash flow statement.

Turnover

The turnover shown in the profit and loss account represents rental income, exclusive of value added tax, and is recognised as it accrues.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition:

i. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. No depreciation is provided in respect of investment properties applying the fair value model.

Notes *(continued)*

2. Accounting policies *(continued)*

Investment properties *(continued)*

If a reliable measure is not available with undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets until a reliable measure of fair value becomes available.

Interest

Interest payable and similar charges comprises interest payable on loans from members. Interest payable is recognised in the profit and loss account as it accrues.

Taxation

As members are personally liable for taxation on their share of the profits of the LLP there is no corporation or deferred tax charges.

The LLP is not making taxable supplies therefore is not required to register for VAT.

Government grants

The accrual model is applied to government grants relating to assets. Grants are recognised when receivable and measured at fair value.

Grants receivable in respect of contributions to fixed assets are initially credited to deferred income and released to the profit and loss account over the useful life of the asset which is deemed to be 40 years.

Key sources of estimation uncertainty

Valuation of Investment Property

The company believes that the most significant judgement applied is the valuation of investment properties. As described above investment properties are held at fair value. The investment property portfolio has been valued by the members and any valuation movement will be reflected in the profit and loss account. This results in inherent volatility in the expected results.

Critical accounting judgements in applying the company's accounting policies

The company believes that the major judgement applied is the use of the going concern principle which supports the valuation of the assets included in the Balance sheet.

3. Profit for the financial year available for discretionary division among members

	2020 £	2019 £
This is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	7,500	8,000

Notes *(continued)*

4. Interest payable and similar charges

	2020 £	2019 £
On members' loans	588,878	141,699

5. Investment properties

	2020 £	2019 £
Opening balance at 1 January 2020	**27,747,852**	**-**
Acquisition cost	**15,893,945**	**19,512,607**
Change in fair value	**2,502,272**	**8,235,245**
Balance at 31 December 2020	**46,144,069**	**27,747,852**

The last valuation was carried out by a registered valuer and qualified Chartered Surveyor from the City of Edinburgh Council, in December 2020 and is based on market value.

The valuation report has been used to inform the measurement of assets in these financial statements. Although, due to COVID-19 impacts, the valuer has declared that the valuation be reviewed when the housing market resumes to normality and more information comes to light given the anticipated change in values. Despite this, the valuer has continued to exercise professional judgement in preparing the valuation and, therefore, this is the best information available to Edinburgh Living MMR LLP as at 31 December 2020 and thus can be relied upon.

6. Debtors

	2020 £	2019 £
Other debtors	213,636	49,713
Unpaid members' capital	2	2
Prepayments	3,617	2,092
	217,255	51,807

Notes *(continued)*

7. Creditors

	2020 £	2019 £
Amounts falling due within one year:		
Amounts due to The City of Edinburgh Council	592,536	89,138
Retentions	468,253	250,629
Accruals	269,479	84,916
Other creditors	42,484	4,308
Deferred income	133,650	72,050
	1,506,402	501,041
Amounts falling due in more than one year:		
Deferred income	5,099,479	2,786,885
	5,099,479	2,786,885

8. Deferred income

	2020 £	2019 £
Opening balance	2,858,935	-
Grant received during the year	2,464,000	2,882,000
Grant released to profit and loss account	(89,805)	(23,065)
Balance carried forward	5,233,130	2,858,935

9. Related party transactions

Throughout the year the partnership was controlled by the members.

During the year the LLP entered into transactions with related parties as follows:

		2020 Transactions £	2020 Short-term creditor at year end £	2019 Transactions £	2019 Short-term creditor at year end £
Related party					
The City of Edinburgh Council	Management fees	154,301	94,507	42,654	42,654
The City of Edinburgh Council	Interest	588,878	166,343	141,699	89,138
The City of Edinburgh Council	Principal	12,793,488	426,193	16,595,617	227,368
The City of Edinburgh Council	Staff recharges	78,128	78,128	-	-
		13,614,795	765,171	16,779,970	359,160

Notes *(continued)*

10. Loans and other debts due to members

On liquidation of the LLP, loan advances and related accrued interest will be repaid second after any required repayment of Scottish Government Grant.

	2020 £	2019 £
Due to The City of Edinburgh Council	29,389,105	16,595,617
	29,389,105	16,595,617

11. Members' capital

	2020 £	2019 £
The City of Edinburgh Council	1	1
Scottish Futures Trust Investments Limited	1	1
	2	2

12. Ultimate controlling party

The City of Edinburgh Council (CEC), Waverley Court, 4 East Market St Edinburgh, EH8 8BG is the ultimate controlling party. CEC's accounts is the largest published group accounts of which the LLP is a member.

13. Subsequent events

Covid-19 may continue to impact upon rental income. The Senior Management Team (SMT) has considered the potential impact and has reviewed some scenario modelling showing the financial implications. The SMT concluded that there were measures in place to enable to LLP to mitigate a reasonable level of negative impact on the rental income, therefore it is not considered to change the assessment of the LLP as a going concern.

The LLP has acquired a further 72 properties during 2021.

Appendix 3 – Corporate Body Representation from the City of Edinburgh Council

The Edinburgh Living Corporate body consists of two Members of the Limited Liability Partnership (LLP) – City of Edinburgh Council and Scottish Futures Trust (SFT).

Five Council representatives attend meetings of the Corporate Body alongside a representative from SFT. Council representation was agreed by the City of Edinburgh Council as follows:

Membership	Current Representative
Convenor Housing, Homelessness and Fair Work	Councillor Kate Campbell
Vice-Convenor Housing, Homelessness and Fair Work	Councillor Mandy Watt
Convenor Finance and Resources	Councillor Rob Munn
Elected Member from out with the Administration	Councillor Phil Doggart
Executive Director of Place	Paul Lawrence

Governance, Risk and Best Value Committee

10am, Tuesday 23 August 2022

Whistleblowing update

Item number	
Executive/routine	
Wards	
Council Commitments	

1. Recommendations

1.1 To note whistleblowing activity for the quarter 1 April – 30 June 2022.

Andrew Kerr

Chief Executive

Contact: Nick Smith, Council Monitoring Officer/Service Director – Legal and Assurance

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

EDINBVRGH
THE CITY OF EDINBURGH COUNCIL

Report

Whistleblowing update

2. Executive Summary

2.1 This report provides a high-level overview of the operation of the Council's whistleblowing service for the quarter 1 April – 30 June 2022.

3. Background

3.1 The Council's whistleblowing service (including a confidential reporting line) is contracted to an independent external organisation, Safecall Limited.

3.2 The Council's Whistleblowing policy (section 4.3.2) provides 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 16 new disclosures:

Category	Number of disclosures
Major/significant disclosures	5
Minor/operational disclosures	9
Category still to be determined	1
Non-qualifying disclosures	1

4.2 The number of disclosures received is similar to the previous quarter when there were 19. This is a significant overall increase in quarterly activity when compared to previous years.

Susanne Tanner QC Led Inquiry and Review

4.3 During the quarter the Monitoring Officer and Governance Manager continued to contribute to the programme of work to progress and implement the recommendations of the inquiry and review. This report is not intended to be an update on this workstream, which will continue to be reported as agreed by Council.

4.4 There is now an advanced draft of the revised whistleblowing policy and toolkit which incorporate all recommendations of the review and these have also been reviewed by Pinsent Masons. The policy will now go through the usual process prior to recommendation for adoption, including relevant impact assessments and engagement with staff and trade union colleagues.

4.5 Interim arrangements for disclosure triage continues, with fortnightly meetings between Governance, Human Resources and Legal Services.

4.6 The first stage of recruitment of additional resource for the Governance Team concluded and three new Governance Officers started in post in June. This has assisted with managing the increased volume of disclosures being received.

4.7 The onboarding and training of new staff to deal with triage and investigations continues and it is anticipated that some new arrangements will start to be introduced over the summer.

4.8 The Governance team continues to work with HR, Legal Services and Safecall to process and progress whistleblowing matters in the most effective way possible, whilst continuing to deliver the programme of work following the May 2022 Council elections.

4.9 Existing policies, systems and processes remain in place, pending the implementation of new systems and processes. However, wherever possible, Safecall, the Monitoring Officer, the Governance Team and HR colleagues are applying the principles of the Tanner recommendations to current operating arrangements.

5. Next Steps

5.1 Significant focus will be required to deliver the Council's action plan in response to the outcome of the whistleblowing culture review and this will be the priority in activity undertaken in the short and longer term. It is imperative that this is a change in overall culture, of which whistleblowing is only a small but important part.

5.2 A revised whistleblowing policy, which reflects the recommendations of the Tanner Report, will be presented to the consultative group with the Trade Unions in due course and thereafter to the Policy and Sustainability Committee for approval. If approved, it will be sent to members of GRBV for information.

6. Financial impact

6.1 Costs incurred for the whistleblowing service during the three-month period 1 April – 30 June 2022 totalled £5,225.00 (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.

by virtue of paragraph(s) 14 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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

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