

Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 11 October 2022

Present

Councillors Campbell (Convener), Bandel, Councillor Doggart (substituting for Rust) Faccenda, Jenkinson, McVey, Mowat, Nicolson, Parker (substituting for Miller), Thornley and Younie.

1. Minutes

Decision

- 1) To approve the minute of the Governance, Risk and Best Value Committee of 23 August 2022 as a correct record.
- 2) To approve the minute of the Governance, Risk and Best Value Committee of 14 December 2021 as a correct record.

2. 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 1 – Work Programme –Member/Officer Protocol
 - Action 2 – Motion by Councillor Doggart –Pandemic Planning
 - Action 8 – Whistleblowing Monitoring Report (private report)
 - Action 10 –Whistleblowing Monitoring Report (private report)
 - Action 11 –Whistleblowing – Major Investigation Outcome Report - MCEC-19-19 (private report)
 - Action 12 – Outstanding Actions
 - Action 13 – Internal Audit Annual Opinion 2021/22

- Action 19 – Whistleblowing - Major Investigation Outcome Report - MCEC- 19 19 (private report)

2) To agree to provide an update on action 6, to advise if a report concerning the future management of community centres was presented to the Culture and Communities Committee in August 2022.

3) To otherwise note the remaining outstanding actions.

(Reference – Outstanding Actions October 2022, submitted.)

3. Work Programme

The Work Programme for October 2022 was presented.

Decision

To note the Work Programme.

(Reference – Work Programme October 2022, submitted.)

4. Business Bulletin

The Committee Business Bulletin for October 2022 was presented.

Decision

1) To agree that regular updates would be provided via the Business Bulletin concerning progress of the Governance Officer recruitment.

2) To otherwise note the Business Bulletin.

(Reference – Business Bulletin October 2022, submitted.)

5. Internal Audit: The Chartered Institute of Internal Auditors - External Quality Assessment

During 2021/22, the Chartered Institute of Internal Auditors (IIA) undertook an External Quality Assessment (EQA) of the Council's Internal Audit (IA) function in line with the requirements of the Public Sector Internal Audit Standards (PSIAS). The EQA concluded that the Council's IA function generally conforms with the PSIAS. The EQA report identified a series of continuous improvement opportunities and suggestions which IA should use as a basis for future development and IA have since implemented a range of improvement actions to take forward these opportunities.

Decision

- 1) To note the outcomes of the External Quality Assessment (EQA) of the Council's Internal Audit function (IA) completed by the Chartered Institute of Internal Auditors (IIA) in March 2022.
- 2) To note the IIA recommendations to address the issues identified, together with IA's management response and action dates.
- 3) To note the continuous improvement opportunities identified in the EQA and improvement actions taken by IA to realise these opportunities.
- 4) To note that updates on IA's EQA improvement activities would be provided to Committee on a quarterly basis through the IA quarterly update report.
- 5) To note that a risk maturity assessment would take place and this would form the basis for measurement of progress toward organisational risk maturity.
- 6) To agree committee would be advised, via the business bulletin, of progress relating to organisational risk maturity.
- 7) To agree that an assurance map would be shared with Elected Members for the Elected Member Training Session in November 2022.
- 8) To agree that a report was presented to Committee by end of March 2023 to propose the Council's risk model.

(Reference – report by the Senior Audit Manager, submitted.)

6. Internal Audit: Open and Overdue IA Findings – Performance Dashboard as at 31 August 2022

The overall progress status for closure of overdue IA findings as at 31 August 2022 remained positive with improvement evident. As at 31 August 2022, there were a total of 141 management actions supporting closure of 71 internal audit findings.

Decision

- 1) To note the improved status of the overdue Internal Audit (IA) findings as at 31 August 2022.
- 2) To note that IA had implemented a revised risk-based approach to validating follow-up of agreed management actions.
- 3) To refer this paper to the relevant Council Executive committees for ongoing scrutiny of their relevant overdue management actions.
- 4) To refer this paper to the Edinburgh Integration Joint Board Audit and Assurance Committee for information in relation to the current Health and Social Care Partnership position.

- 5) To agree that a link to the previous audit reports would be supplied in subsequent versions of the audit report for new members of committee to understand the provenance of actions.

(Reference – report by the Senior Audit Manager, submitted.)

7. Internal Audit Update Report: 1 May to 31 August 2022

All reports with either an overall red (Significant Improvement Required) outcome or include any red (High) rated findings are presented to the Committee for scrutiny.

Decision

- 1) To review the outcomes of the final 'red' audits and those with high rated findings supporting the 2021/22 Internal Audit (IA) annual opinion presented to Committee in August 2022.
- 2) To note improvement recommendations in relation to annual planning made by the Chartered Institute of Internal Auditors as part of the five-yearly External Quality Assessment of the Council's IA function.
- 3) To approve proposed revisions to 2022/23 IA annual plan.
- 4) To note progress with delivery of the 2022/23 IA annual plan.
- 5) To note the current IA risk profile.
- 6) To note progress with delivery of IA key priorities and ongoing areas of focus.
- 7) To agree that Committee would be advised of the Council's second line assurance landscape.
- 8) To agree that Committee were advised of the timescales proposed for the delivery of the second line assurance framework.
- 9) To agree that assurance was provided to Committee concerning risk to Internal Audit capacity, as a result of the council accepting third party funding with audit conditions, which may compromise Internal Audit's capacity for existing workload commitments and generate vulnerabilities for the council.
- 10) To agree that a briefing note would be provided to Committee by 18 October 2022, to advise why the Audit found that the Directorate Whistleblowing monitoring and reporting processes were inadequate and not operating effectively.
- 11) To agree that Committee during the planned whistleblowing workshop would review the process for how Committee received assurance on the satisfactory implementation of whistleblowing actions.

- 12) To agree that a briefing note would be provided to members, concerning CGI's inability to provide network availability assurance.
- 13) To agree that a briefing note concerning progress with data quality and management was provided to committee particularly in view of how any planned improvements to the management of data would correlate with organisational effectiveness and robust decision making.

(Reference – report by the Senior Audit Manager, submitted.)

8. Corporate Leadership Team Risk Report as at 29 August 2022

The Council's current risk profile, as at 29 August 2022 was presented to highlight changes in the period in relation to the most significant risks the Council face. Along with the key actions which were being undertaken to reduce the level of risk to within the Council's agreed risk appetite.

Decision

- 1) To note the Council's current risk profile.
- 2) To note the ongoing impacts of risks associated with public sector budget reductions, the Council's response to the Ukraine crisis and the current economic and cost of living crisis.
- 3) To note the progress with the risk management framework.
- 4) To agree to include workforce challenges within the dashboard presented to the Finance and Resources Committee to ensure ongoing insight for Elected members.

(Reference – report by Chief Executive, submitted.)

9. Revenue Monitoring 2021/22 – outturn report – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Revenue Monitoring 2021/22 – outturn report. The report set out the provisional 2021/22 revenue outturn position for the Council based on the unaudited annual accounts.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 5); referral from the Finance and Resources Committee, submitted.)

10. Treasury Management: Annual Report 2021/22 – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Treasury Management: Annual Report 2021/22. The report provided updates on Treasury Management activity in 2021/22.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 6); referral from the Finance and Resources Committee, submitted.)

11. Accounts Commission: Local Government in Scotland Financial Overview 2020/21 – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Accounts Commission: Local Government in Scotland – Financial Overview 2020/21 report. The report provided a summary of the main issues and themes identified within the Accounts Commission's recently published Financial Overview 2020/21 and how these related to the local context within Edinburgh.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 7); referral from the Finance and Resources Committee, submitted.)

Declarations of interest

Councillor Thornley made a transparency statement in relation to the above item as a tenant of a property factored by Lowther Homes.

12. Revenue Monitoring 2022/23 – month three position – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Revenue Monitoring 2022/23 – month three position report. The report set out the projected Council-wide revenue budget position for the year, based on analysis of the first three months' financial data and projections of income and expenditure for the remainder of the year.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 8); referral from the Finance and Resources Committee, submitted.)

13. Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23 – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the 2022-32 Sustainable Capital Budget Strategy – Outturn 2021/22 and Revised Budget 2022/23 report. The report provided capital expenditure and funding outturns for 2021/22, providing explanations for key variances

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 10); referral from the Finance and Resources Committee, submitted.)

14. Revenue Budget Framework 2023/27: progress update – referral from the Finance and Resources Committee

On 8 September 2022, the Finance and Resources Committee considered the Revenue Budget Framework 2023/27: progress update report. The report provided updates on the outcome of the most recent review of the Council's financial planning assumptions, resulting in an increased estimated savings requirement of £70.4m in 2023/24 and £152.9m by 2026/27. An update was also provided on the development of the Council's Medium-Term Financial Plan.

Decision

To note the report.

(References – Finance and Resources Committee of 8 September 2022 (item 11); referral from the Finance and Resources Committee, submitted.)

15. Internal Audit Annual Plan 2022-23 – Referral from the Edinburgh Integration Joint Board Audit and Assurance Committee

On 31 August 2022, the Edinburgh Integration Joint Board (EIJB) Audit and Assurance Committee considered the Internal Audit (IA) Annual Plan for 2022-23.

Decision

To note the report.

(References – Audit and Assurance Committee of 31 August 2022 (item 8); referral from the Audit and Assurance Committee, submitted.)

16. Internal Audit Charter 2022-23 – Referral from the Edinburgh Integration Joint Board Audit and Assurance Committee

On 31 August 2022, the Edinburgh Integration Joint Board (EIJB) Audit and Assurance Committee considered the Internal Audit (IA) Charter for 2022-23.

Decision

To note the report.

(References – Audit and Assurance Committee of 31 August 2022 (item 7); referral from the Audit and Assurance Committee, submitted.)

17. Emergency Motion by the SNP, Greens and Liberal Democrat Group – Edinburgh's Christmas

Motion

- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).
- 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
- 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
- 4) Committee notes that most Councillors were only alerted to this collapse on 28th September with no prior briefings to suggest any event planning deadlines had been missed or that any other aspects were going wrong.
- 5) Notes the decision of Finance and Resources in June 2022 to approve the contract which agreed that regular briefings would take place.
- 6) Notes concern about the robustness of the process which led to the signing of the contract with Angel Events Experience Ltd which led to the collapse of the contract.
- 7) Agrees that GRBV will receive a report in one cycle covering:

- a) The accuracy of the information and assurances given to Finance and Resources in June 2022 relating to the deliverability and finances of the bid which led to the report's recommendations.
- b) The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.
- c) The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
- d) Alternative approaches that could have been taken to the presentation of recommendations to Councillors- including any concerns relating to the deliverability and finances of the bid when submitted.
- e) Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
- f) The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.

Moved by Councillor McVey, Seconded by Councillor Younie.

Amendment

- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).
- 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
- 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
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 - b) The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.
 - c) The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
 - d) Alternative approaches that could have been taken to the presentation of recommendations to Councillors- including any concerns relating to the deliverability and finances of the bid when submitted.
 - e) Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
 - f) The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.
 - g) And requests that Internal Audit carries out an audit into Procurement Services and adds this to the 2023/24 Audit Plan.

Moved by Councillor Mowat, Seconded by Councillor Doggart.

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

Decision

- 1) Notes the Council awarded a contract for Christmas events to Angels Event Experience Limited to begin during winter 2022, following a procurement process carried out by the Council's Commercial and Procurement Services (see item 7.5 at Finance & Resources Committee on 16th June 2022).

- 2) Notes that Angels Event Experience Limited has been unable to deliver all events that it was contracted to provide during year 1 of the contract and therefore the contract has collapsed.
- 3) Notes the range of impacts and risks caused, such as risk and cost to the Council, potential loss of events by the community and visitors, and risk to jobs and the local economy.
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 - a) The accuracy of the information and assurances given to Finance and Resources in June 2022 relating to the deliverability and finances of the bid which led to the report's recommendations.
 - b) The due diligence carried out on the finances within the bid and any potential opportunities to scrutinise this component of the bid further that could have been legally pursued within the process and were not.
 - c) The compliance of this process to the Scottish Government's procurement guidelines and any practise within the guidelines that was not utilised.
 - d) Alternative approaches that could have been taken to the presentation of recommendations to Councillors- including any concerns relating to the deliverability and finances of the bid when submitted.
 - e) Possible alternative methods of presenting the decision to Councillors which may have allowed committee to take account of any concerns and potentially even chose another bidder.
 - f) The subsequent management of the delivery of the tendered contact, including ongoing risk analysis, internal escalation, management of missed deadlines and financial exposures. This should include itemised dates of information being reported to any Councillors. This information should include but not limited to when information was briefed relating to the financial risk and when information was briefed in relation to missed deadlines and failure to deliver aspects of the contract.

- g) And requests that Internal Audit carries out an audit into Procurement Services and adds this to the 2023/24 Audit Plan.

18. Major Investigation Outcome Report (MCEC-19-19)

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 a Council service area was submitted to the Committee for consideration.

Decision

- 1) To agree to refer the report to the Housing, Homelessness and Fair Work Committee to ensure the actions within the report are being implemented.
- 2) To agree to advise whether the report would be referred onto the parent committee.
- 3) To agree the Convener of GRBV would write to the Convener of the HHFW Committee to understand if the issues highlighted in the report remained an issue and whether GRBV should instruct that the recommendations within section 5 of the report formed part of the 2023/24 Internal Audit Plan.

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

19. Whistleblowing Major Investigation – MCEC-19-19 – further information

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 report with greater detail of the major investigation outcome report in relation to a Council service area was provided to the Committee.

Decision

To note the report.

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

20. Implementation of Asbestos Recommendations (PL2107) – Service Area Response

Tuesday, 11th October, 2022

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 Paragraph 12 of Part 1 of Schedule 7A of the Act.

A report concerning the implementation of asbestos recommendations (PL2107) – Service Area Response was provided to the Committee.

Decision

- 1) To agree to confirm the position in relation to the reporting of the asbestos review.
- 2) To agree to confirm to GRBV committee that asbestos training had been completed.

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