

Notice of meeting and agenda

Governance, Risk and Best Value Committee

10.00am, Tuesday, 24 January 2023

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 Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

Contacts

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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 22 November 2022 – submitted for approval as a correct record 7 - 12

5. Outstanding Actions

- 5.1 Outstanding Actions 13 - 36

6. Work Programme

- 6.1 Work Programme 37 - 46

7. Business Bulletin

- 7.1 Business Bulletin 47 - 48

8. Reports

- 8.1 Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 5 December 2022 – Report by the Senior Audit Manager 49 - 62

8.2	Internal Audit Update Report: 1 September to 5 December 2022 – Report by the Senior Audit Manager	63 - 168
8.3	Corporate Leadership Team Risk Report as at 28 November 2022 – Report by the Interim Executive Director of Corporate Services	169 - 176
8.4	Quarterly Status Update – Digital Services – Report by the Interim Executive Director of Corporate Services	177 - 222
8.5	Annual Assurance Schedule – Education and Children’s Services – Report by the Executive Director of Education and Children's Services	223 - 294
8.6	The EDI Group - annual update for the year ending 31 December 2021 - referral report from the Housing, Homelessness and Fair Work Committee	295 - 338
8.7	Edinburgh International Conference Centre - annual update for the year ending 31 December 2021 - referral report from the Housing, Homelessness and Fair Work Committee	339 - 390
8.8	Whistleblowing Update – Report by Chief Executive	391 - 394

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

11. Private Reports

11.1 Whistleblowing Monitoring Report – Report by Chief Executive 395 - 440

Nick Smith

Service Director, Legal and Assurance

Committee Members

Councillor Kate Campbell (Convener), Councillor Jule Bandel, Councillor Marco Biagi, Councillor Katrina Faccenda, Councillor Stephen Jenkinson, Councillor Adam McVey, Councillor Claire Miller, Councillor Joanna Mowat, 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 Emily Traynor, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, email 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.

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Minutes

Governance, Risk and Best Value Committee

10.00am, Tuesday 22 November 2022

Present

Councillors Campbell (Convener), Bandel, Biagi, Faccenda, Cameron (substituting for Jenkinson), McVey, Miller, Mowat, Thornley, Younie and Whyte (substituting for Rust).

1. Minutes

Decision

- 1) To approve the minute of the Governance, Risk and Best Value Committee of 11 October 2022 as a correct record.
- 2) To approve the minute of the Governance, Risk and Best Value Committee of 31 October 2022 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 (3) – Change Portfolio
 - Action 13 (3) – Internal Audit: The Chartered Institute of Internal Auditors - External Quality Assessment
 - Action 15 (4, 5, 6 & 7) – Internal Audit Update Report: 1 May to 31 August 2022
 - Action 16 (1 & 2) – Implementation of Asbestos Recommendations (PL2107) – Service Area Response
 - Action 17 – Corporate Leadership Team Risk Report as at 29 August 2022
 - Action 18 (2) – Major Investigation Outcome Report (MCEC-19-19)
- 1) To otherwise note the remaining outstanding actions.

(Reference – Outstanding Actions November 2022, submitted.)

3. Work Programme

The Work Programme for November 2022 was presented.

Decision

To note the Work Programme.

(Reference – Work Programme November 2022, submitted.)

4. Business Bulletin

The Committee Business Bulletin for November 2022 was presented.

Decision

To note the Business Bulletin.

(Reference – Business Bulletin November 2022, submitted.)

5. Response to Emergency Motion – Edinburgh’s Christmas

On 11 October 2022, the Governance, Risk and Best Value Committee approved the emergency motion by the SNP, Green and Liberal Democrat Groups. This report responded to the points outlined in the motion.

Motion

- 1) Reaffirmed paragraph 8 of the emergency motion, to request an audit of procurement service is added to the audit plan for 2023/24
 - 2) Asked the Convenor to write to the Minister for Business, Trade, Tourism and Enterprise on behalf of Committee outlining the risk and impact of public procurement procedures which prevented the Council from conducting due diligence on the price bid by tenderers and which compelled the Council to award contracts despite concerns regarding financial deliverability
 - 3) Called for officers to provide a further report to Committee within one cycle explaining in full the reasons for the choice of Open Single Stage Process for Edinburgh’s Winter Festivals
- Moved by Councillor Miller, Seconded by Councillor Bandel

Decision

Adds additional recommendations as follows:

- 1) To note the contents of the report and to discharge the action arising from the emergency motion approved on 11 October 2022.
- 2) Reaffirmed paragraph 8 of the emergency motion, to request an audit of procurement service was added to the audit plan for 2023/24 including how procurement risk was managed by service areas.
- 3) Asked the Convenor to write to the Minister for Business, Trade, Tourism and Enterprise on behalf of Committee, courtesy copying the Finance and Resources Convener, outlining the risk and impact of public procurement procedures on concession contracts which prevented the Council from conducting due diligence on the price bid by tenderers and which compelled the Council to award contracts despite concerns regarding financial deliverability. The letter would also request that lengthy procurement processes were reviewed to enable a dialogue to take place in order to reduce risk in certain circumstances.

- 4) To agree the Open Single Stage Process for Edinburgh's Winter Festivals report due for consideration by Finance and Resources Committee was referred to the Governance, Risk and Best Value Committee.

(Reference – report by the Executive Director of Place, submitted. Finance and Resources Committee of 10 October 2022 (item 1); referral from the Finance and Resources Committee, submitted.)

6. Capital Monitoring 2022-2023 - Month Five position - referral from Finance and Resources Committee

On 10 November 2022, the Finance and Resources Committee considered the Capital Monitoring 2022-2023 - Month Five position. The report provided capital expenditure and funding position as at month five and full-year outturn projections for the 2022/23 financial year, providing explanations for key variances.

Decision

- 1) To note the report.
- 2) To agree that the Committee referred the report back to the Finance and Resources Committee highlighting that Recommendation 1.3 within the referred report was a matter reserved to Council and out with Finance and Resource Committee's Terms of Reference.

(References – Finance and Resources Committee of 10 November 2022 (item 11); referral from the Finance and Resources Committee, submitted.)

7. Revenue Monitoring 2022/23 - Month 5 report - referral from Finance and Resources Committee

On 10 November 2022, the Finance and Resources Committee considered the Revenue Monitoring 2022/23 - Month 5 report. The report set out the projected Council-wide revenue budget position for the year, based on analysis of the first five 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 10 November 2022 (item 9); referral from the Finance and Resources Committee, submitted.)

8. Revenue Budget 2023/27 - progress update - referral from Finance and Resources Committee

On 10 November 2022, the Finance and Resources Committee considered the Revenue Budget 2023/27 - progress update report. The report provided an update on the outcome of the most recent review of the Council's financial planning assumptions, which had resulted in an increased estimated savings requirement before mitigations of £76.5m in 2023/24 and £158.6m by 2026/27.

Decision

To note the report.

(References – Finance and Resources Committee of 10 November 2022 (item 12); referral from the Finance and Resources Committee, submitted.)

9. Sustainable Capital Strategy - referral from Finance and Resources Committee

On 10 November 2022, the Finance and Resources Committee considered the Sustainable Capital Strategy report. The report set out priorities for £1.2bn of Council capital investment, in alignment with the Council Business Plan, over the medium to long-term.

Decision

- 1) To note the report.
- 2) To agree that a briefing note would be provided to present further detail on the 30% uplift in tender prices for capital projects and to include an appendix with details on tenders issued by the Council for members to review.
- 3) To agree that a briefing note would be provided to advise Committee of any financial liabilities to the Council following the approval of City Plan and its policies.

(References – Finance and Resources Committee of 10 November 2022 (item 13); referral from the Finance and Resources Committee, submitted.)

10. Capital City Partnership - referral from Housing, Homelessness and Fair Work Committee

On 29 September 2022, the Housing, Homelessness and Fair Work Committee considered a report on the Capital City Partnership report. The report provided an update on progress against the objectives and targets detailed within the Service Level Agreement (SLA) between the Council and Capital City Partnership (CCP). Details were provided of ongoing changes in the strategic and operational employability environment at national and local level that would require the terms of the SLA to be kept under review and adapted, if necessary, to ensure it continued to strategically fit with local need and provides value for money for the Council.

Decision

To note the report.

(References – Housing, Homelessness and Fair Work Committee of 10 November 2022 (item 7); referral from the Housing, Homelessness and Fair Work Committee, submitted.)

11. Edinburgh's Christmas – Emergency Contract Award – referral from the Finance and Resources Committee Revenue

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 8 and 9 of Part 1 of Schedule 7A of the Act.

On 10 October 2022, the Finance and Resources Committee considered Edinburgh's Christmas – Emergency Contract Award report. The report provided an update to Committee on the circumstances surrounding the contract CT1043 for the delivery of Edinburgh's Christmas by Angels Event Experience Ltd (AEE), and sought approval to undergo emergency procurement procedures to approve the direct award of a contract to deliver Edinburgh's Christmas for one year (2022/23) with the option of an extension for one further year to Unique Assembly, a consortium formed by Unique Events Ltd and Assembly Festival Ltd.

Decision

To note the report.

(References – Finance and Resources Committee of 10 October 2022 (item 1); referral from the Finance and Resources Committee, submitted.)

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Outstanding Actions

Governance, Risk and Best Value Committee

24 January 2023

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
1	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	31 March 2023		<p><u>Update November 2022</u> Following the update in November, the next update will be provided in March.</p> <p><u>October 2022</u> Updates will be provided monthly in the Business Bulletin.</p> <p><u>August 2022</u> Update included in August Business Bulletin.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							Updates will be provided on an ongoing basis.
2	21.09.21	Corporate Leadership Team Risk Report as at 23 August 2021 – Report by the Chief Executive	<p>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.</p> <p>2) To request that the next review of the Report template for Council and committees includes a 'risk' section to ensure</p>	Service Director - Legal & Assurance			Closed
				Interim Executive Director of Corporate Services	February 2023		<u>Update January 2023</u> Review of Report Template will be considered at Council in

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			this is considered.				<p>February 2023.</p> <p><u>October 2022</u> To be discussed as part of the Political Management Arrangement report which will be considered at Council in December. Further information in Business Bulletin.</p> <p><u>June 2022</u> Report template will be submitted to Council for consideration in September alongside the Council's other governance documents.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			3) 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	March 2023		<u>Update November 2022</u> Following the update in November, the next update will be provided in March.
			4) That reports are prepared in the following terms on the following areas: 4.1) Common Good – a Report reviewing progress towards completion of 2017/18 recommendations on the Common Good Asset Register and what outstanding work there is to complete	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
			this and what resource is required (in officer hours) in two cycles and copied to the relevant Executive Committee.				
			4.2) 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 to the relevant Executive Committee.	Interim Executive Director of Corporate Services	March 2022		Closed March 2022
			4.3) Community Asset Transfer – short	Executive Director of	March 2022		Closed March 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			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.	Place			
3	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 guidance, which will be circulated to all committee members.	Executive Director of Education and Children’s Services	January 2023		<p><u>Update January 2023</u> Update is nearly complete.</p> <p><u>November 2022</u> Change of Directorate owner from Place to Education and Children’s Services.</p> <p><u>June 2022</u> It is proposed that a paper on the future</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							management of the relationships with community centres is considered by Culture and Communities Committee in August.
4	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 the report have been implemented and that the processes are working effectively.	Interim Executive Director of Corporate Services	December 2022		Recommended for Closure Revised processes have been implemented and discussed with Internal Audit. Ongoing effectiveness will be monitored and if required, a focused review will be undertaken by IA.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p><u>November 2022</u> PMA report going to Council in December.</p> <p><u>October 2022</u> To be discussed as part of the Political Management Arrangement report which will be considered at Full Council in November.</p>
			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	Interim Executive Director of Corporate Services	February 2023		<p><u>Update October 2022</u> A guide is being prepared and will be circulated to members when available.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			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.				
5	14.06.22	Business Bulletin	1) To note members 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.	Interim Executive Director of Corporate Services / Corporate Governance Manager	August 2022		Closed
			2) To note the Interim Executive Director of Corporate	Interim Executive Director of	December 2022		Recommended for Closure Briefing sessions

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			Services would circulate the Budget template to all members and that discussion with political groups would follow on submitting budget proposals.	Corporate Services			<p>were offered to each group on the MTFP, to provided support on budget proposals for presentation at the Finance and Recourses Committee in February 2023.</p> <p><u>November 2022</u> A meeting took place with Group Leaders on 24 October to discuss the approach to both the revision of the Council's Business Plan and the Medium Term Financial Plan/Budget.</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							<p><u>October 2022</u> Initial contact made by Finance Leads with political groups on the 2023/24 budget.</p> <p><u>August 2022</u> Discussions planned with Group Leaders during August.</p> <p><u>June 2022</u> Budget Template was circulated to members via email on 14 June 2022.</p>
			3) To request that a note be circulated summarising the closure of outstanding Internal Audit actions.	Chief Internal Auditor		August 2022	Closed

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
6	23.08.22	Annual Governance Statement	To request officers consider the role of the GRBV Committee in performance monitoring including potential dashboard reporting and the referral process between Policy and Sustainability Committee and GRBV Committee for overall scrutiny of council performance.	Interim Executive Director of Corporate Services	November 2022		<p>Recommended for Closure</p> <p>Report was considered at the Policy and Sustainability Committee on 17 January, confirming how performance is scrutinised at Committees is being reviewed.</p> <p><u>November 2022</u> Meeting to discuss with Convener has been requested.</p>
7	23.08.22	Corporate Governance Code	To request that a section on areas for improvement and potential actions to address areas where there were issues would be considered in the next self-	Interim Executive Director of Corporate Services	August 2023		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			assessment exercise and provided in the next iteration of the report.				
8	23.08.22	Annual Assurance Schedule – Edinburgh Health and Social Care Partnership	To request information on the percentage of teams which currently have a risk register in place and that greater detail on progress be provided in future Annual Assurance Schedules.	Chief Officer – Edinburgh Health and Social Care Partnership	February 2023		<p><u>Update</u> <u>November 2022</u> By February 2023 to have all teams transitioned to the new risk management process.</p> <p>All teams in the Partnership have risk management processes in place. We are transitioning the Partnership over to an integrated risk management process which takes account of NHSL and CEC risk management</p>

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
							approaches and we have transitioned 25% over to the new operating process.
9	23.08.22	Gas Services Improvement Plan Closure Report	To agree to continue the report for two cycles to allow completion of the two audits currently underway and for these to be presented to the Committee with the report.	Executive Director of Place	March 2023		<p><u>Update January 2023</u> Report is scheduled for March Committee.</p> <p><u>November 2022</u> Report will be submitted once the results from the external assessment have been received.</p>
10	23.08.22	Revenue Budget 2022/27 Framework: progress update	To note that GRBV members will be alerted when the Finance and Resources Committee meeting papers are	Interim Executive Director of Corporate	November 2022		Closed November 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			published with the next Revenue Budget update report.	Services			
			To note that the Interim Executive Director of Corporate Services will review how Finance and Resources Budget reports are brought to GRBV Committee, to ensure accurate information is being presented in a more efficient manner.	Interim Executive Director of Corporate Services	Spring 2023		<u>Update November 2022</u> Aim to ensure budget monitoring reports referred from the Finance and Resources Committee to GRBV are accompanied by a short summary paper, which includes a high level update on the most recent financial position.
11	11.10.22	Outstanding Actions	To agree to provide an update on action 4 (Community Centres (update)), to advise if a report concerning the	Executive Director of Place	March 2023		<u>Update November 2022</u> A report on the future management of

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			future management of community centres was presented to the Culture and Communities Committee in August 2022.				community centres was not submitted to Culture and Communities Committee in August 2022. Culture and Communities Committee will be kept updated on how the Council will work with Community Centres in the future.
12	11.10.22	Internal Audit: The Chartered Institute of Internal Auditors - External Quality Assessment	1) To note that a risk maturity assessment would take place and this would form the basis for measurement of progress toward organisational risk maturity.	Head of Health & Safety	February 2023		<u>Update</u> <u>November 2022</u> Taking place as part of agreed audit management actions.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			2) To agree committee would be advised, via the business bulletin, of progress relating to organisational risk maturity.	Head of Health & Safety	January 2023		Recommended for Closure Update included in Business Bulletin.
			3) To agree that an assurance map would be shared with Elected Members for the Elected Member Training Session in November 2022.	Senior Audit Manager	November 2022		Closed December 2022
			4) To agree that a report was presented to Committee by end of March 2023 to propose the council's risk model.	Service Director – Legal and Assurance	March 2023		
13	11.10.22	Internal Audit: Open and Overdue IA Findings – Performance	To agree that a link to the previous audit reports would be supplied in subsequent versions of the	Senior Audit Manager	January 2023		Recommended for Closure Links to previous audit reports can

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
		Dashboard as at 31 August 2022	audit report for new members of committee to understand the provenance of actions.				be found on the Orb.
14	11.10.22	Internal Audit Update Report: 1 May to 31 August 2022	1) To agree that Committee would be advised of the Council's second line assurance landscape.	Senior Audit Manager	March 2023		
			2) To agree that Committee were advised of the timescales proposed for the delivery of the second line assurance framework.	Service director – Legal and Assurance	March 2023		
			3) 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	Senior Audit Manager	31 March 2023		<u>Update November 2022</u> This will be part of the 23/24 planning and ongoing. Senior Audit Manager will also

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			conditions, which may compromise Internal Audit's capacity for existing workload commitments and generate vulnerabilities for the council.				communicate the directorate responsibilities when engaging re 23/24 plan.
			4) 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.	Chief Executive			Closed December 2022
			5) To agree that Committee during the planned whistleblowing workshop would review	Governance Manager			Closed December 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			the process for how Committee received assurance on the satisfactory implementation of whistleblowing actions.				
			6) To agree that a briefing note would be provided to members, concerning CGI's inability to provide network availability assurance.	Interim Executive Director of Corporate			Closed December 2022
			7) 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	Interim Executive Director of Corporate			Closed December 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			organisational effectiveness and robust decision making.				
15	11.10.22	Implementation of Asbestos Recommendations (PL2107) – Service Area Response (Private report)	1) To confirm the position in relation to the reporting of the asbestos review.	Executive Director of Place			Closed December 2022
			2) To confirm to GRBV committee that asbestos training had been completed.	Head of Health & Safety	March 2023		Closed December 2022
16	11.10.22	Major Investigation Outcome Report (MCEC-19-19) (Private report)	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.	Committee Services			Recommended for Closure Report was considered at the Housing, Homelessness and Fair Work Committee on 1 December 2022.
			2) To agree the Convener of GRBV would write to the Convener of the	Convener			Closed December 2022

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			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.				
17	31.10.22	City of Edinburgh Council – 2021/22 Annual Audit Report to the Council and the Controller of Audit	1) To agree provide a briefing note with details on the variances in figures reported for Non Domestic Rates receipts from the national pool within the report.	Interim Executive Director of Corporate Services		November 2022	Closed November 2022
			2) To agree to arrange a Risk Management Framework workshop for	Interim Executive Director of Corporate	June 2023		

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			members.	Services			
			3) To agree to provide a briefing note on the £1m expenditure in relation to Leith Links - Common Good.	Interim Executive Director of Corporate Services		November 2022	Closed November 2022
18	22.11.22	Capital Monitoring 2022-2023 - Month 6 position – referral from Finance and Resources Committee	To agree that the Committee refer the report back to the Finance and Resources Committee highlighting that Recommendation 1.3 is a matter reserved to Council and out with Committee’s Terms of Reference.	Committee Services	January 2023		Recommended for Closure A referral report to the Finance and Resources Committee is on their agenda for 26 January 2023.
19	22.11.22	Sustainable Capital Strategy – referral from Finance and Resources Committee	1) To agree that a briefing note would be provided to present further detail on the 30% uplift in tender prices for capital projects and to include an appendix with	Executive Director of Place	January 2023		Recommended for Closure A briefing note was due to be circulated to members before Committee.

No	Date	Report Title	Action	Action Owner	Expected completion date	Actual completion date	Comments
			details on tenders issued by the Council for members to review.				
			2) To agree that a briefing note would be provided to advise Committee of any financial liabilities to the Council following the approval of City Plan and its policies.	Executive Director of Place	January 2023		Recommended for Closure A briefing note was due to be circulated to members before Committee.

Work Programme

Governance, Risk and Best Value Committee – 24 January 2023

	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	May 2023 August 2023 November 2023

	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	May 2023 August 2023 November 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 2023
7	Annual Audit Plan	Audit Scotland	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	Audit Scotland	Annual Audit Report	External Audit	Executive Director of Corporate Services	Council Wide	Annually	October 2023
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 2023 (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	March 2023 October 2023
12	CLT Risk Report	Risk	Quarterly review of CLT's scrutiny of risk	Risk Management	Executive Director of Corporate Services	Council Wide	Quarterly	May 2023 August 2023 November 2023
13	Whistleblowing Quarterly Report		Quarterly Report	Scrutiny	Executive Director of Corporate Services	Internal	Quarterly	March 2023 June 2023 September 2023 December 2023
14	Whistleblowing Annual Report		Annual report	Scrutiny	Executive Director of Corporate Services	Internal	Annual	March 2023
15	Revenue Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	March 2023 October 2023
16	Capital Monitoring	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Quarterly	March 2023 October 2023

17	Revenue Outturn	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2023
18	Capital Outturn and Receipts	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2023
19	Treasury – Strategy report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	March 2023
20	Treasury – Annual report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	October 2023
21	Treasury – Mid-term report	Review	Progress reports	Scrutiny	Executive Director of Corporate Services	Council Wide	Annual	January 2024
22	Annual Assurance Schedules	Review	Progress Report	Scrutiny	All Directorates	Council	Annual	January 2024 (Education and Children's Services) March 2023 (Corporate Services) & (Place August 2023 (EIJB)

23	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								
24	Capital Theatres	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	January 2024
25	Edinburgh Leisure	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	May 2023
26	Capital City Partnership	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	November 2023
27	Transport for Edinburgh	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2023
28	Lothian Buses	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2023
29	Edinburgh Trams	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	October 2023

30	Edinburgh International Conference Centre	Review	Progress Report	Scrutiny	Executive Director of Place	Council Wide	Annual	January 2024
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GRBV Committee Upcoming Reports

Appendix 1

Report Title	Type	Flexible/Not Flexible
March 2023		
IA Annual Plan 2023/24	Scrutiny	Not Flexible
Internal Audit Charter	Scrutiny	Not Flexible
Annual Assurance Schedule (Corporate Services)	Scrutiny	Not Flexible
Annual Assurance Schedule (Place)	Scrutiny	Not Flexible
Change Portfolio	Scrutiny	Not Flexible
Whistleblowing Quarterly Report	Scrutiny	Not Flexible
Whistleblowing Annual Report	Scrutiny	Not Flexible
Gas Services Improvement Plan Closure Report	Scrutiny	Not Flexible
Revenue Monitoring - Month 8 Report – referral from Finance and Resources	Scrutiny	Not Flexible

Capital Monitoring - Month 8 Report – referral from Finance and Resources	Scrutiny	Not Flexible
Sustainable Capital Budget Strategy 2023-33 – referral from Finance and Resources	Scrutiny	Not Flexible
Local Government Financial Settlement Update – referral from Finance and Resources	Scrutiny	Not Flexible
Treasury Management Mid Term Report – referral from Council	Scrutiny	Not Flexible
Edinburgh International Conference Centre – Shareholders’ Agreement and Strategic Delivery Agreement – referral from the Housing, Homelessness and Fair Work Committee	Scrutiny	Not Flexible
Capital Theatres Annual Report – referral from Culture and Communities	Scrutiny	Not Flexible


Business Bulletin

Governance, Risk and Best Value Committee

10.00am, Tuesday, 24 January 2022

Teams Meeting

Governance, Risk and Best Value Committee

Convener:	Members:	Contact:
<p>Councillor Kate Campbell</p> 	<p>Councillor Jule Bandel Councillor Marco Biagi Councillor Katrina Faccenda Councillor Stephen Jenkinson Councillor Adam McVey Councillor Claire Miller Councillor Joanna Mowat Councillor Jason Rust Councillor Edward Thornley Councillor Lewis Younie</p>	<p>Natalie Le Couteur Committee Officer 0131 529 6160</p>

Recent news	Background/Contact
<p>Action from GRBV Committee on 11 October 2022.</p> <p>To agree committee would be advised, via the business bulletin, of progress relating to organisational risk maturity –</p> <p>The Risk Management Team have completed an assessment of the Council’s risk maturity, reviewing activity carried out to manage risk and taking input from stakeholders across all Directorates.</p> <p>The overall risk maturity of the Council was assessed at level 2 (Basic) of a four stage model. This confirms that many of the essential building blocks of an effective risk management system are in place. While there were elements of level 3 (Proactive), not all of these elements were in place consistently across the Council.</p> <p>Aligned to the principles of the Risk Management Framework, Risk maturity within an organisation should be continually improved through learning and experience. As the refreshed Risk Management Framework is embedded within the Council, the measures put in place will support on-going Improvement in the Council’s Risk maturity position.</p>	<p>Chris Lawson</p> <p>Head of Health and Safety and (Interim) Risk, Legal and Assurance Division, Corporate Services Directorate</p> <p>Tel: 0131 529 7476</p>

Governance, Risk and Best Value Committee

10:00am, Tuesday, 24 January 2023

Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 5 December 2022

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Governance Risk and Best Value Committee:
 - 1.1.1 notes the status of open and overdue Internal Audit (IA) actions as at 5 December 2022;
 - 1.1.2 refers this paper to the relevant Council Executive committees for ongoing scrutiny of the overdue management actions relevant to their remits; and
 - 1.1.3 refers 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.

Laura Calder
Senior Audit Manager

Legal and Assurance, Corporate Services Directorate

E-mail: laura.calder@edinburgh.gov.uk | Tel: 0131 469 3077



Internal Audit: Open and Overdue Internal Audit Actions – Performance Dashboard as at 5 December 2022

2. Executive Summary

Progress with closure of open and overdue management actions

- 2.1 As at 5 December 2022, there were a total of 172 open Internal Audit (IA) management actions, with 23 of them overdue (13%), an increase of 3 when compared to August 2022 position (20) but a significant decrease of 105 when compared to the same period last year (128).
- 2.2 Further detail on the status of open and overdue actions as at 5 December 2022 is provided in the open and overdue IA dashboard at [Appendix 1](#). This includes a comparison with August 2022 and December 2021.
- 2.3 Five management actions were closed based on management's acceptance of risk during the period 1 September to 5 December 2022.

3. Background

Open and overdue agreed management actions

- 3.1 Progress in implementing open and overdue management actions raised in IA reports are reported monthly to the Corporate Leadership Team (CLT) and quarterly to the GRBV Committee.
- 3.2 This report specifically excludes open and overdue findings that relate to the Edinburgh Integration Joint Board (EIJB) and the Lothian Pension Fund (LPF). These are reported separately to the EIJB Audit and Assurance Committee and the Pensions Audit Sub-Committee respectively.

4. Main report

- 4.1 [Figure 1](#) of the IA activity dashboard at [Appendix 1](#) illustrates that as at 5 December 2022, there were 172 open management actions across the Council, with 23 actions (13%) overdue, and 149 actions (87%) not yet due.
- 4.2 Seven of the 23 overdue actions are currently marked as implemented, with updates/evidence provided by services being reviewed by IA.

- 4.3 The movement in open and overdue management actions for the period 1 September to 5 December 2022 is reflected in [figure 2](#) which highlights that the number of open actions increased from 141 to 172, due the completion of new audits, and overdue management actions have increased from 20 to 23.
- 4.4 [Figure 3](#) and [Figure 4](#) illustrate the allocation of the 23 overdue management actions across all directorates showing:
- Corporate Services – up 1 (from 3 to 4)
 - Education and Children’s Services - unchanged at 2
 - Health and Social Care Partnership - up 3 (from 2 to 5)
 - Place directorate – down 1 (from 13 in to 12).
- 4.5 [Figure 3](#) also highlights a significant reduction in number of overdue management actions across directorates when compared to the same position last year (December 2021).
- 4.6 [Figure 4](#) shows the composition of 23 overdue management actions as 9 High; 13 Medium; and 1 Low rated management action.
- 4.7 Eleven (4 not yet due and 7 overdue) actions are currently being reviewed by IA. IA has continued to achieve the established KPI for reviewing all implemented management actions within four weeks of the date they are proposed for closure by management.

Ageing profile of overdue actions

- 4.8 [Figure 5](#) compares the ageing profile of current (December 22) overdue management actions with the last reported period (August 22) and shows actions overdue for:
- less than three months have increased from 1 to 3
 - three to six months have increased from 4 to 9
 - six months to one year have decreased from 5 to 4
 - more than 1 year have decreased from 10 to 7.
- 4.9 The analysis of the ageing of the current 23 overdue management actions across directorates shown at [figure 6](#) highlights that continued improvements are needed within the Place Directorate and the Health and Social Care Partnership to ensure management actions are addressed by originally agreed implementation dates.
- 4.10 Appendix 2 provides details of all overdue management actions as at 5 December 2022 together with an update from management on progress with implementation of the action. A link to the audit report is also provided where available.

Management actions closed based on management’s acceptance of risk

- 4.11 Management periodically review audit actions to consider whether they remain appropriate and whether there has been any movement on risks originally identified

at the time of the audit. In line with agreed audit processes management can request that a risk is closed based on management's risk acceptance aligned to risk appetite.

- 4.12 Management are required to complete a risk acceptance proforma which provides rationale for the risk acceptance including details of mitigating controls in place, the residual risk following application of controls and any further action planned. The risk acceptance must be approved by the appropriate Executive Director/Chief Officer.
- 4.13 Five management actions were closed based on management's acceptance of risk during the period 1 September to 5 December 2022. Details of the five risk accepted actions are provided in Appendix 3.

5. Next Steps

- 5.1 IA will continue to monitor the open and overdue actions position providing monthly updates to the CLT and quarterly updates to the GRBV Committee.

6. Financial impact

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

7. Stakeholder/Community Impact

- 7.1 If agreed actions are not implemented by management, the Council will be exposed to the risks set out in the relevant audit reports. IA actions are raised due to control gaps or deficiencies identified during reviews; therefore, overdue items inherently impact upon effective risk management, compliance and governance.

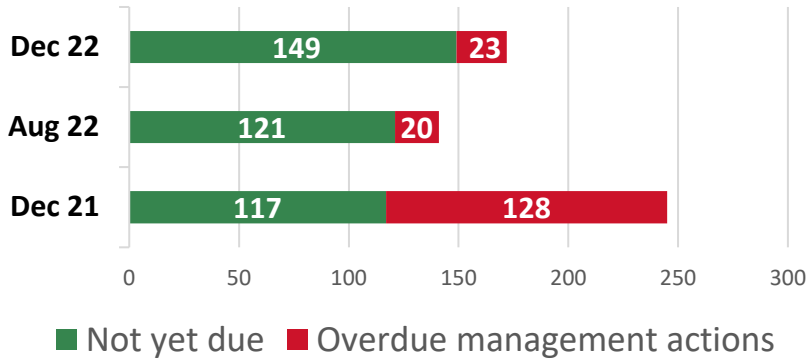
8. Background reading/external references

- 8.1 [Open and Overdue IA Findings – Performance Dashboard as at 31 August 2022 - GRBV](#)

9. Appendices

- 9.1 Appendix 1: IA open and overdue actions dashboard as at 5 December 2022
- 9.2 Appendix 2: IA Overdue Management Actions as at 5 December 2022
- 9.3 Appendix 3: Actions closed as management accepts risk (1 September to 5 December 2022)

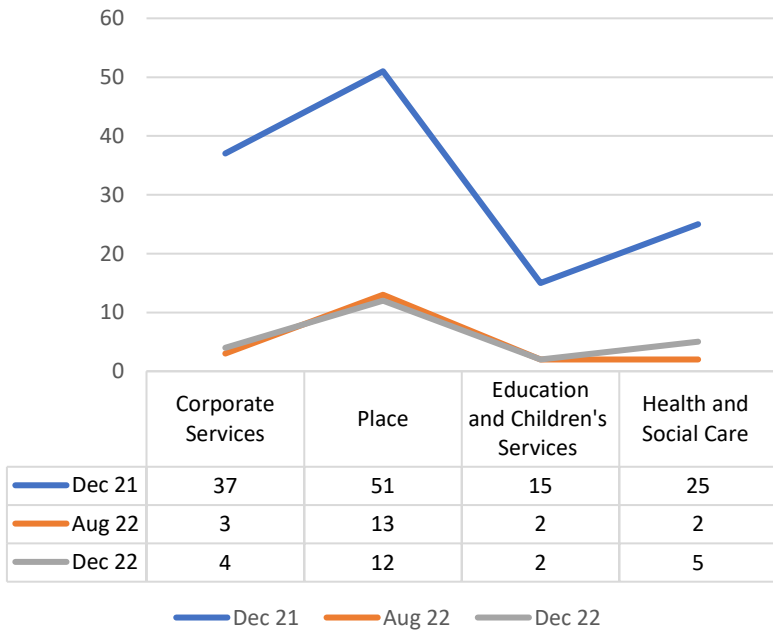
1. Management Actions Status Trend



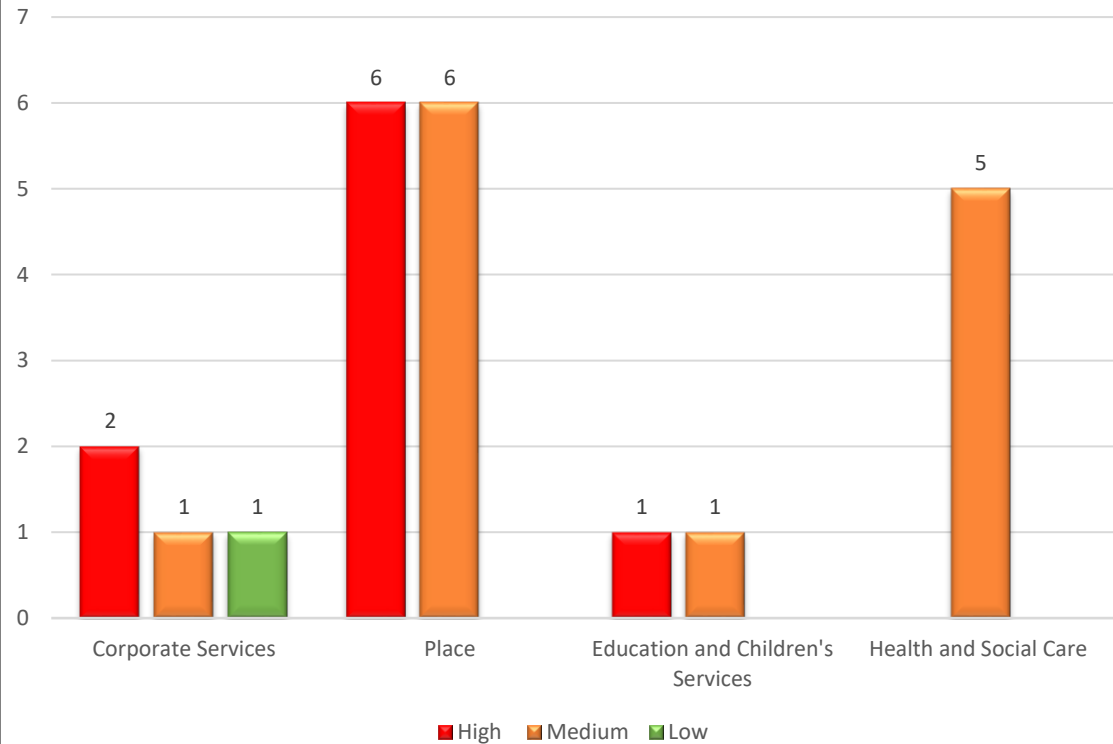
2. Analysis of changes in management actions between Sep 22 – Dec 22

	31/08/22	New	Closed	05/12/22	Trend
Open Actions	141	65	34	172	↑
Overdue Actions	20	12	9	23	↑

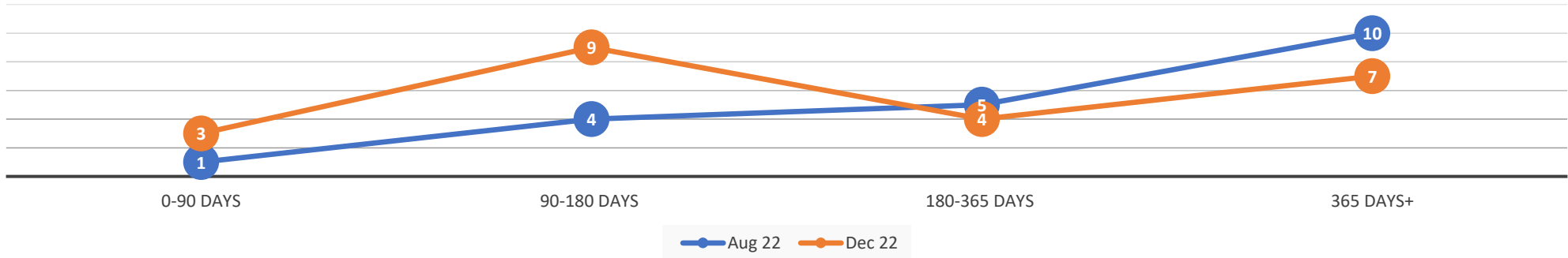
3. Overdue Management Actions Trend Analysis



4. Overdue Actions by Directorate and Risk Rating December 2022

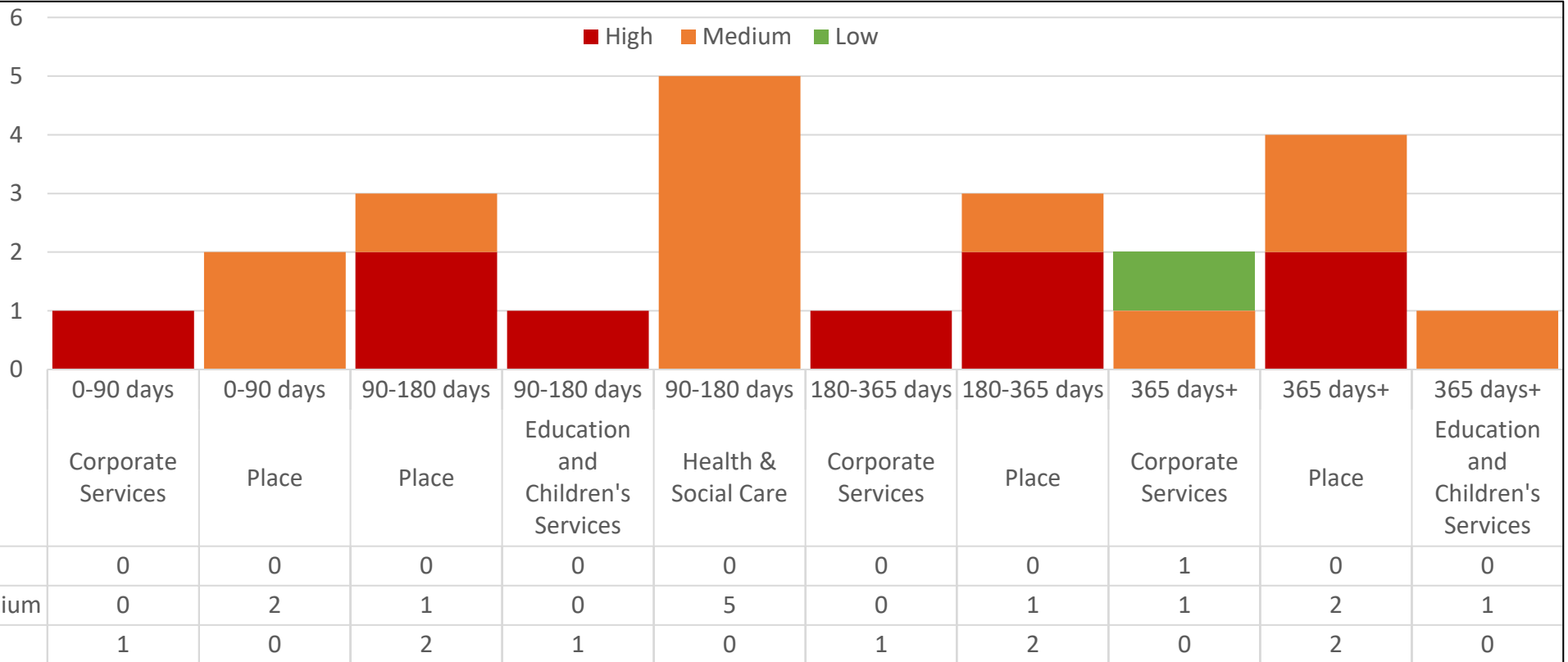


5. Overdue management actions ageing (Sep 22 vs Dec 22)



Appendix 1: IA open and overdue actions dashboard as at 5 December 2022

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Appendix 2 - Internal Audit Overdue Management Actions as at 5 December 2022

* **Implemented** - actions where evidence has been provided and is currently being reviewed by IA

Ref	Directorate	Executive Committee	Audit Name and link to report	Issue Title	Risk Rating	Recommendation Title	Agreed Management Action	Status	Est Date	Revised Date	Management Update
1	Health and Social Care Partnership	Policy and Sustainability	Lone working	Issue 1: Lone Working Framework	Medium	HSC1902: 1.2(b) - Lone Working Policy, procedures and devices	The current CEC lone working policy for the HSCP will be reviewed and updated to reflect all points set out in the recommendation. This will apply for CEC employees within the Partnership. Review of policy and procedures will be overseen by the Lone Working working group which includes representation across Partnership. Working group has been established. Following approval by EMT, the CEC HSCP operational Lone Working procedure will be reviewed within 1 year to ensure remains relevant. Thereafter, it will be reviewed on a 3 yearly basis, or when there are relevant changes to guidance or regulations which impact operations. Each document will include a revision schedule detailing review dates. SRO will be assigned to the operational procedure for the Council. The Partnership will identify essential learning for teams across the Partnership relating to the policies and will ensure delivery of the necessary training and/or guidance. Policy will be communicated Partnership wide across accepted platforms, such as The Orb and NHS Lothian intranet, and shared at forums such as Team Meetings as required.	Implemented*	31/08/2022	30/11/2022	N/A IA review of evidence currently in progress.
2	Place	Transport and Environment	Edinburgh Trams Contract Management	Issue 2: Term maintenance plan	Medium	PL2004 Rec 2.2: Ongoing operational effectiveness and compliance assurance	The findings of the independent assessment, implementation of Agility and the arrangements in place for ensuring that the tram assets are adequately maintained will take account of all of the points noted in this audit. An on-going risk assessment will be undertaken to identify and address any risks arising until the Agility system is fully operational. However, as outlined in the agreed management action 1.1b above, the on-going arrangements will include a review of the historic information held and a risk based approach to address any weaknesses highlighted will be implemented.	Implemented*	31/08/2022	30/11/2022	N/A IA review of evidence currently in progress.
3	Place	Transport and Environment	Edinburgh Trams Contract Management	Issue 3: Quality assurance and competency	High	PL2004 3.1: Quality assurance, training, and competency	With the introduction of Agility for recording all asset maintenance, this information will be stored in the system. As set out in 1.1d, the Council will ensure that quarterly sample testing will take place and appropriate action will be taken if any issues are identified. There are other mechanisms within the operate and maintain contract which could be triggered in the event of poor performance against agreed KPIs which would require a rectification plan to be implemented.	Implemented*	31/08/2022	30/11/2022	N/A IA review of evidence currently in progress.
	Place	Transport and Environment	Edinburgh Trams Contract Management	Issue 4: Supplier Management	High	PL2004 4.1: Supplier Management Framework	New supplier management arrangements have been introduced to support the new operate and maintain contract with Edinburgh Trams, which came into effect on 30 April 2021. This includes details of the roles and responsibilities for maintenance. A contract classification is underway, and a contract manager will be identified to manage the contract in line with the Council framework. Details of the contract management arrangements, including training and support will be developed and implemented.	Implemented*	31/08/2022	30/11/2022	N/A IA review of evidence currently in progress.
5	Health and Social Care Partnership	Policy and Sustainability	Lone working	Issue 4: Essential Learning, Training, and Supervision Arrangements	Medium	HSC1902: 4.1 - Review and Alignment of Essential Learning Templates; Review of Essential Learning Requirements	We will carry out a review to determine what information is contained within existing Essential Learning Templates. The Partnership will seek support from Learning and Development colleagues to ensure that role specific essential learning templates detail lone working practices, personal safety, risk assessment, dealing with conflict and dealing with violence and aggression as part of the induction process undertaken by any employee who will undertake lone working. Where required, revised templates will be agreed by service managers, approved by Heads of Service, and published on The Orb and NHS Lothian intranet, Health and Social Care blog and via Managers' News updates.	Implemented*	31/08/2022	30/11/2022	N/A IA review of evidence currently in progress.

6	Health and Social Care Partnership	Policy and Sustainability	Lone working	Issue 4: Essential Learning, Training, and Supervision Arrangements	Medium	HSC1902: 4.3 - Communicating requirements and monitoring regular supervision responsibilities	a) The supervision policy will be reviewed and to reissued to all staff. Managers will be requested to include regular supervision requirements on team meeting agendas. Managers across the Partnership will be reminded of their obligation to undertake supervision meetings with their teams at regular intervals inline with supervision policy. b) Where there are extended absences or vacancies supervision responsibilities will be transferred to another line manager. c) The Partnership will consider whether implementation of KPIs for supervision completion will be required.	Implemented*	31/08/2022	30/11/2022	N/A IA review of evidence currently in progress.
7	Education and Children's Services	Policy and Sustainability	Health and Safety – Managing Behaviours of Concern	Issue 1 - Policies, Procedures and Complaints	High	CF2003 1.3 - Quality Assurance	This is usually covered as part of Supported Self-Evaluation / Validated Self-Evaluation visits undertaken in a sample of schools in the course of a school year. Good practice and concerns are communicated to Senior Education and Quality Improvement Managers as appropriate and improvement actions identified. Where there are schools with high levels of incidents as reported on the SHE Portal, this is followed up by the Quality Improvement Education Officer to make sure any specific issues are identified and addressed. Given that the current restrictions continue to prohibit school visits, this session sampling will be undertaken as a desktop exercise. Further actions to address the Internal Audit recommendations are as follows: The Lead Officer for Managing BoC will report quarterly to the Education Management Team to enable discussion with senior education managers on both statistics and lessons learned.	Started	30/06/2022	31/03/2023	Education Colleagues will conduct a thematic review of BoC in January 2023 to satisfy the outstanding audit actions. Jackie Reid will identify 2 Quality Improvement Officers and Martin Gemmel will identify an Education Psychologist. We will also ask school staff to be on teams in each other's schools (once we identify schools) and will also involve union reps. Revised date will be amended to 31 March 2023 to allow time to collate the data from the Thematic Review,
8	Corporate Services	Policy and Sustainability	Planning and Performance Framework Design Review	Issue 1: Completeness and Accuracy of Divisional source performance data	High	CS2109 1.1a: Guidance for Divisions on Data Collation and Preparation	This recommendation will be implemented as recommended by Internal Audit.	Started	30/09/2022	31/03/2023	Guidance and Data Assurance template completed. However, as the business plan is being updated we will now need to update and align the performance measures to the new plan. An updated Planning & Performance framework is scheduled to go to P&S in March 2023. The new framework will be launched in April and as part of the service planning process we will issue the guidance and assurance survey to the relevant data owners.
9	Place	Policy and Sustainability	Council Emissions Reduction Plan	Issue 1: Key Dependency and Capacity Issues	Medium	CS2201: 1.2 - CERP Board Escalation of Capacity Risks	The Sustainability Team capacity risks have now been reflected in the CERP board risk register (as critical) and were also highlighted at the last board meeting on 05/09/2022. These risks will also be escalated to the next Sustainability Board meeting.	Implemented*	31/10/2022	30/12/2022	N/A IA review of evidence currently in progress.
10	Place	Policy and Sustainability	Resilience BC	Issue 2 Completion and adequacy of service area business impact assessments and resilience arrangements	High	CW1702 6.1a Review of third party contracts to confirm appropriate resilience arrangements	Existing third party contracts supporting critical services will be reviewed by Directorates in consultation with contract managers / owners to confirm that they include appropriate resilience arrangements. Where gaps are identified, Procurement Services will be engaged to support discussions with suppliers regarding inclusion of appropriate resilience clauses. Where these changes cannot be incorporated into existing contracts, they should be included when the contracts are re tendered.	Started	20/12/2019	31/12/2022	This action will form part of the ongoing Place contract review.
11	Place	Policy and Sustainability	Resilience BC	Issue 2 Completion and adequacy of service area business impact assessments and resilience arrangements	High	CW1702 6.2a Annual assurance from Third Party Providers	Following receipt of initial assurance from all third party providers for statutory and critical services (as per rec 6.1), annual assurance that provider resilience plans remain adequate and effective will be obtained and contract managers include this requirement as part on ongoing contract management arrangements. Where this assurance cannot be provided, this will be recorded in Service Area and Directorate risk registers.	Started	28/06/2019	31/12/2022	This action will form part of the ongoing Place contract review.

12	Corporate Services	Policy and Sustainability	Resilience BC	Issue 3 Adequacy, maintenance and approval of Council wide resilience plans	Medium	CW1702 4 -Update of Council Business Continuity Plan to include key elements from resilience protocols	The Council Business Continuity Plan (BCP) was developed and signed off the Chief Executive in May 2019. Following Directorate review and update of resilience protocols, the Council BCP will be updated to include key elements of Directorate plans.	Started	18/12/2020	30/06/2024	<p>The Council Business Continuity Plan will be merged with the Council Emergency Plan, as well as the Chief Officers' ICE Pack, for ease of reference.</p> <p>A decision was made by CLT in July 2020 and P&S in October 2020 to shift the Council's resilience management to a protocol-based approach to allow more effective planning and response.</p> <p>Since that decision, a number of resilience plans have been adapted as protocols; some are maintained corporately by Resilience, and others are maintained by Directorates.</p> <p>A Plans and Protocol Review Schedule has been revised and shows the name, last and next review date, status and owner of each document; as with the previous iteration, this information will be monitored regularly but it will also align with Directorate checklists.</p> <p>As part of the BIA programme, resilience scenarios are considered and any planning gaps identified plans protocols they ought have in place (by scenario).</p> <p>A Directorate checklist has been developed to provide assurance that any documentation that is the responsibility of Directorates, is maintained.</p> <p>This methodology has been agreed with Internal Audit.</p>
	Place	Policy and Sustainability	Life Safety	Issue 1 Life safety systems and reporting	High	CW1910 1.2 Life safety key performance measures and reporting	A holistic life safety performance framework will be established following consolidation of the second line teams and resources that have life safety responsibilities across the housing and operational property estate, and implementation of comprehensive life safety systems that include all relevant life safety data. This framework will incorporate all existing performance frameworks (for example the Housing Property Services performance framework that is current being reviewed) and will include a new set of standard risk based and proportionate life safety key performance measures designed to support reporting to management and governance forums (including risk committees and Council executive committees) and confirm ongoing compliance with applicable legislation and regulations. The revised performance framework will be reviewed and approved by the Corporate Leadership Team (CLT) prior to implementation. Life safety performance management information will include supporting rationale where performance measures have not been achieved or instances of non-compliance have occurred, together with details of remedial actions. The process applied to produce relevant life safety management information for reporting purposes will also include completion of quality checks to confirm its ongoing completeness and accuracy, especially where the preparation process involves manual consolidation of data from a wide range of sources. In the interim, there will be no changes made to the existing performance frameworks and the processes supporting production of existing life safety management information by divisions and directorates.	Started	29/04/2022	30/04/2023	Implementation of action has been delayed by absence within the Housing Team. Replacement resource now identified and action being progressed.
14	Corporate Services	Policy and Sustainability	Life Safety	Issue 3 Life safety – training, competence and assurance	High	CW1910 3.1 Training and competence – Corporate Health and Safety	<p>1. Relevant Council policies will be revised to include first line (divisional and directorate) and second line (Corporate Health and Safety) responsibilities for assessing and confirming the ongoing competence of duty holders; facility technicians; and third party external contractors (where these activities are outsourced) in relation to completion of their life safety responsibilities.</p> <p>2. Corporate Health and Safety will provide guidance to support completion of a training needs analysis by first line managers for all relevant staff that will reflect the direct role responsibilities of duty holders in the context of Property and Facilities Management support.</p> <p>3. Following the training needs analysis being completed for relevant roles, consideration will be given to whether any changes are required to existing training programmes.</p> <p>4. All duty holders and facilities technicians requiring training on the SHE portal will be required to register and attend a training session.</p>	Started	17/12/2021	31/03/2023	<p>Trailing of joint Duty Holder and FM staff training has taken place at two school sites.</p> <p>Feedback has been positive.</p> <p>Full programme of training delivery now to be prepared.</p> <p>Expectation is that March 2023 deadline is achievable.</p>

15	Place	Policy and Sustainability	Life Safety	Issue 3 Life safety – training, competence and assurance	High	CW1910 3.4 Assurance framework implementation – Properties and Facilities Management	An appropriate risk based assurance programme will be implemented with resourcing requirements determined as part of the proposed consolidation of second line teams and resources that have life safety responsibilities across the housing and operational property estates (refer agreed management action 1.1.1 in this report). The assurance programme will consider all of the Internal Audit recommendations noted above and also the recommendations resulting from the recent external asbestos review.	Started	30/04/2022	31/05/2023	Implementation of action has been complicated as second-line teams have not been consolidated. Resource has now been identified to coordinate across constituent areas and progress action in partnership with Corporate H&S.
16	Education and Children's Services	Finance and Resources	Unsupported Technology (Shadow IT) and End User Computing	Issue 1: Digital strategy and governance	Medium	CW1914 1.4d - Review of existing shadow IT contracts (Education and Children's Services)	The following actions were discussed and agreed by the Council's Corporate Leadership Team and will be applied by all Directorates following receipt of guidance from Commercial and Procurement Services as per recommendation 1.4a above. 1. The Directorate will complete a review of all contracts supporting the ongoing use of shadow IT / cloud based applications used within divisions in comparison to the guidance provided by Commercial and Procurement Services (CPS) to ensure identify any contracts that need to be refreshed or procured, with support from CPS and Digital Services. 2. Where inadequate contracts are identified, and the supplier is unable to support an immediate contract refresh, the criticality of the system and the service it supports will be assessed to determine whether the system is required, or whether an alternative system solution can be procured. 3. Where inadequate contracts support critical systems that cannot be immediately re-procured, the risks associated with ongoing use of these systems and their contracts will be recorded in divisional and directorate risk registers, and the contract re-procured at the earliest possible date.	Started	30/09/2021	29/12/2023	Education Colleagues will conduct a thematic review of BoC in January 2023 to satisfy the outstanding audit actions. Jackie Reid will identify 2 Quality Improvement Officers and Martin Gemmel will identify an Education Psychologist. We will also ask school staff to be on teams in each other's schools (once we identify schools) and will also involve union reps. Revised date will be amended to 31 March 2023 to allow time to collate the data from the Thematic Review,
17	Health and Social Care Partnership	Policy and Sustainability	Lone working	Issue 4: Essential Learning, Training, and Supervision Arrangements	Medium	HSC1902: 4.2 - Monitoring Completion of Essential Learning and associated KPIs	Processes are in place for employees registered with the Care Inspectorate/SSSC. A Partnership wide approach to manually record and monitor essential learning will be applied inline with essential learning templates via Orb until CEC webbased option is live. Management will meet with Learning and Development colleagues to discuss.	Started	31/08/2022	30/11/2022	Due to the current challenges within the Partnership, supporting two inspections and normal delivery of services, the Partnership require a three month extension to complete this work.
	Health and Social Care Partnership	Policy and Sustainability	Lone working	Issue 3: Incident Monitoring and Assurance Reporting	Medium	HSC1902 3.2 Incident monitoring and lessons learned	The Partnership will review current arrangements for post-incident reviews undertaken with Partnership or third-party lone workers. Investigation of incidents will form part of operational processes.	Started	31/08/2022	30/11/2022	Due to the current challenges within the Partnership, supporting two inspections and normal delivery of services, the Partnership require a three month extension to complete this work.
	Place	Transport and Environment	Road Services Improvement Plan	Issue 1: Roads Improvement Plan financial operating model and project governance	Medium	PL1808 - 1.4 Post implementation reviews	A post implementation review of both the new organisational structure and completed Roads Service Improvement Plan actions will take place to assess the effectiveness of the new service and any requirements for change, and the impact of the changes delivered through the Plan.	Started	31/03/2021	01/11/2022	Update requested will be provided prior to APM
20	Place	Regulatory Committee	Registration and Bereavement Services	Issue 2: Bereavement Services systems and records	Medium	PL2003 2.1: Digitalisation of historic burial records	Management plan to move burial records on-line. This will require transfer from current CGI BACAS to a Cloud based version which is currently in progress. Thereafter, that will give access to a bolt on module which will allow more secure management of burial and memorial safety records in compliance with anticipated new legislation. The cost of the module is not anticipated to be onerous, but if required will be the subject of a business case. The business case will also identify resources required to transfer historic hard copy records to the system as required.	Started	31/03/2022	31/03/2023	Trial scan of registers conducted in November 2022 and process ongoing to determine if data can be directly imported into BACAS system. Target date expected to be met.
21	Place	Housing, homelessness and fair work	Housing Property Services Repairs Mgt during C-19	Issue 2: Complaint Resolution	Medium	PL2107 R 2.1: Complaint Resolution	Plans are currently being developed for the transition of the Resolution Team from the contact centre into Housing Property Services, therefore, a phased implementation approach will be adopted to enable implementation of these changes and development of an action plan to support improvement of end-to-end complaints management. The plan will be shared with internal audit to confirm that appropriate actions have been defined, or risks accepted (where appropriate), and management actions will then be agreed based on the content of the plan, with their implementation progress monitored through the established IA follow-up process.	Started	30/11/2022		Resolution Manager in post and transition of 3 Resolution Officers now complete. Plan to address issues identified to be submitted early 2023.
22	Place	Finance and Resources	Asset Management Strategy	Issue 1 : Visibility and Security of Shared Council Property	Medium	RES1712: 1 - Review of existing shared property	A review of the office estate is underway by the Operational Estates team to identify third party users and approach them to seek appropriate leases or licences to allow them to occupy the premises and ensure the Council is appropriately reimbursed.	Started	31/10/2018	01/06/2026	Work ongoing. Target date of 01/06/2026 expected to be achieved.
23	Corporate Services	Finance and Resources	Budget Setting and Management	Issue 3: Continuous improvement: Lessons learned and customer feedback.	Low	RES1903 3.2: Finance customer and staff feedback surveys	Finance will conduct customer and staff feedback exercises every two years. A feedback process will be developed and implemented that is aligned with the lessons learned methodology as described in recommendation 3.1. In addition, feedback from each exercise will be consolidated and used to generate improvement actions. The survey results and improvement actions will be reported to service managers and staff.	Started	31/12/2020	31/12/2022	Customer Survey delayed due to other priorities / staff ill health. Revised implementation date of 30th June 2023 requested.

Appendix 3: Actions closed as management accept risk (1 September to 5 December 2022)

Directorate	Audit	Recommendation	Initial Risk Rating	Residual Risk Rating at closure
Education and Children's Services	CF2003 Health and Safety – Managing Behaviours of Concern	Recommendation 2.1 - Education and Children's Services Training Refresh Recommendation 2.2 – Employee and Induction Training - Pupil Support Assistants	High	Medium

Management rationale

The Behaviours of Concern protocols were relaunched in March 2022. Following on from this, the Education Senior Leadership Team were issued updated guidance and training links on how to extract meaningful incident reports from the SHE Assurance Portal.

The Violence at Work Policy (2014) is being reviewed by the Corporate Health & Safety Team as part of a larger review including Lone Working. A comprehensive induction program has been created for all Pupil Support Assistants and time for PSA training added in to the ASL (Additional Support for Learning) service level agreement with schools.

In addition, 2022 saw the creation of the Health, Safety & Wellbeing Committee that consists of colleagues across Education and Children's Services, Health & Safety, and representatives from the Unions. These meetings are quarterly, with the Quarterly BOC Dashboards from H&S are scrutinised and reviewed. There is also a new annual report. Individual areas of concern are identified and reviewed further to address and agree lessons learned.

Place	RES1813 Asset Management Strategy and CAFM system	Issue 3.2 - Resolution of known data quality issues	High	Medium
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Management rationale

Evidence has now been submitted detailing that action requirements 1,2 and 4 have been completed.

The outstanding action requires the volume and value of known concessionary lets across the Council Estate to form part of the Annual Investment Portfolio to be reported to the F&R Committee. Mitigating key controls thus relate only to agreed management action 3,

Mitigating key controls in place:

- A recent exercise has been undertaken to collate information on concessionary lets across the Council estate. This has been compiled into an excel spreadsheet. This data is ready to be presented to elected members as part of the investment portfolio update on request.

- Estates information in TF Cloud/AMIS system includes data on whether an asset is a concessionary let. There is an ongoing process to review and update all estates data in the system.
- Elected Members have been informed that all future concessionary lets will come to committee for agreement. This process will mean that no let can be agreed at a concessionary rate without elected member approval.
- The definition of a concessionary let (anything less than market value) was included in the November delegated authority report to the F&R Committee.

The outstanding action requires the volume and value of known concessionary lets to form part of the Annual Investment Portfolio to be reported to the Finance & Resources Committee. Management have advised it is unclear when an update will be provided to committee as this is driven by elected member priorities. The service have accepted this interim risk until a committee report is prioritised by the Finance & Resources Convener.

Further actions: Concessionary let data will continue to be recorded as part of the TF Cloud/AMIS input exercise, as demonstrated in evidence submitted. Data will be updated on an ongoing basis and available to be submitted to committee once a political request is received.

Directorate	Audit	Recommendation	Initial Risk Rating	Residual Risk Rating at closure
Place	CW1910 Life Safety	Rec 1.1.1 Consolidated life safety management and reporting systems	High	Medium

Management rationale

The action requirement is to consolidate life safety management and reporting systems. At the time of the Internal Audit report, the feasibility of consolidating second line teams with life safety responsibilities across the operational property estate was being explored. If teams were consolidated, then a business case would be developed and project established to combine systems.

An organisational review process determined that life safety teams should not be combined and thus the Place Directorate has continued to maintain separate systems for operational property (CAFM) and Housing Property (Northgate).

Mitigating key controls include:

- The Northgate system is structured to allow for Housing teams to undertake risk management through the module.
- The Northgate system is structured to allow for ongoing compliance with Scottish Housing Regulator requirements.
- Handheld device and data entry has been rolled out for janitorial staff using CAFM, thus improving data quality.
- Dedicated CAFM ICT Support via ICT Administrator and Superusers is in place to support janitorial service users.
- Daily janitorial H&S checklists are completed in CAFM. All this takes place in the CAFM system as is auditable throughout the process.
- Monthly FTS H&S Checklist audits are completed in CAFM.
- A suite of snap audits are undertaken regularly to ensure compliance with the QMS, including last logged into CAFM report, Incomplete H&S DLO jobs etc.
- CAFM reporting now includes incomplete H&S jobs, for example, Top 10 H&S incomplete jobs, Repeat Offenders, Last Logged into CAFM report etc.

- Workshops including relevant Hard FM staff are being set up in order to produce Feasibility Studies in relation to the use of AMIS / other CAFM feeder systems for the overall management of Asbestos, Fire & Water Management issues as well as the capturing of relevant data and ongoing monitoring for performance reporting.
- Data is regularly being incorporated into CAFM or moved from other systems:
 - Water Safety is currently managed in Zetasafe, a separate system to CAFM. It is proposed that this moves over to CAFM in the next 12-24 months.
 - The Asbestos Module in CAFM is now in use for capturing all Asbestos Surveys. Further work will be undertaken to evolve the system to provide greater benefits to all, such as Client Access direct to the asbestos register.
 - FM are about to embark on a large programme of work to undertake new fire safety surveys across the operational estate, using the R&M contract. The requirement of the work will be to input the data into our CAFM system. This can either be with the Contractor having direct access to update them or via a Fire Safety app which can be completed in the field.
- The Safety, Health and Environment (SHE) portal is utilised for incident reporting and ongoing management of second line health and safety assurance findings.

Further actions include migration of data to the CAFM system will continue (including Zetasafe, Asbestos and Fire Risk Assessments).

In the meantime, the residual risk will be carried on the Operational Services Risk Register.

Corporate Services	RES2003 Corporate Network Management	Rec 2.1 Network management effectiveness and assurance	High	Medium
Management rationale				
<p>Management conclude that this action does not add any valuable assurance on vulnerability remediation. Instead, there will be a focus primarily on vulnerability reports (provided monthly and based on a full scan of the network) as the single source of the truth across the Corporate, L&T, and People's Network estates.</p> <p>Several mitigating controls have been established in lieu of this action being completed and ongoing:</p> <ul style="list-style-type: none"> • fortnightly vulnerability review meetings between the Council and CGI • monthly vulnerability reviews as part of the existing Security Working Group • oversight of progress on vulnerability remediation at executive level and the Cyber Information Security Steering Group (including both Council & CGI representation) • multiple additional recommended actions resulting from the CS2102 Vulnerability Management audit • ongoing Risk Management reviews. 				

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 24 January 2023

Internal Audit Update Report: 1 September to 5 December 2022

Item number	
Executive/routine	Executive
Wards	
Council Commitments	

1. Recommendations

- 1.1 It is recommended that the Committee:
 - 1.1.1. notes progress with delivery of the 2022/23 Internal Audit (IA) annual plan;
 - 1.1.2. approves deferment of the Total Mobile audit into the 2023/24 IA plan and an extension to the number of audit days required to complete the Empowered Learning Programme audit due to commence in Quarter 4;
 - 1.1.3. notes performance in achieving IA Key Performance Indicators (KPIs);
 - 1.1.4. notes progress with recommendations and improvement actions arising from the 2021/22 External Quality Assessment (EQA);
 - 1.1.5. notes outcomes and feedback from end of audit surveys;
 - 1.1.6. notes the current IA risk profile and action being taken to mitigate risks; and
 - 1.1.7. notes progress with delivery of IA key priorities and ongoing areas of focus.

Laura Calder

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Internal Audit Update Report: 1 September to 5 December 2022

2. Executive Summary

- 2.1 Good progress in delivery of the 2022/23 Internal Audit (IA) annual plan is evident, with all 41 audits included in the IA plan in progress. This includes the 32 audits to be completed across the Council.
- 2.2 15 audits are complete, with a summary of overall outcomes included within this update.
- 2.3 Updates to the 2022/23 plan are outlined in sections 4.2 to 4.5 of this report including a request to defer the audit of the Total Mobile project to the 2023/24 IA plan, and to increase the number of audit days required to complete the audit of the Empowered Learning Programme due to commence in Quarter 4.
- 2.4 Performance in achieving IA Key Performance Indicators as at Quarter 3 highlights that improvements are required by both services and IA to support timely completion of audits and delivery of the IA annual plan by 30 April 2023.
- 2.5 Progress continues with implementation of IA actions following the External Quality Assessment (EQA) completed by the Institute of Internal Auditors in March 2022.
- 2.6 Stakeholder surveys completed at the end of audits demonstrate further positive engagement between IA and services across the Council.
- 2.7 The IA risk profile continues to be managed within risk appetite, with mitigating actions in place as required.

3. Background

2022/23 Internal Audit Annual Plan

- 3.1 A rebased [2022/23 internal audit annual plan](#) was approved by Committee in October 2022. The plan comprised a total of 40 audits, with 31 for the Council and 9 for ALEOs. 29 audits are being delivered by the Council's IA team, while the remaining 11 are being delivered with support from co-source partners.
- 3.2 All reports with either an overall red (Significant Improvement Required) outcome or which include any red (High) rated findings are presented to the Committee for scrutiny. A total of 4 reports are presented to Committee for scrutiny and an

opportunity provided to discuss findings raised with the relevant service area and IA, where relevant.

Elected Members may also request presentation of other reports that do not meet these criteria at Committee. A total of 8 further reports are available and have been provided to Members to review via the GRBV MS Teams room (see [Appendix 1](#) for details).

Internal Audit Key Performance Indicators

- 3.3 IA key performance indicators are in place to support effective and timely delivery of the annual plan by both services and the IA team and prevent delays in completion of audits and finalisation of the IA annual opinion.
- 3.4 IA reviews progress against these KPIs and report it monthly to the Corporate Leadership Team and quarterly to the Governance, Risk and Best Value Committee.

External Quality Assessment (EQA)

- 3.5 An EQA of the City of Edinburgh Council's IA function was undertaken by the Chartered Institute of Internal Auditors (IIA) during 2021/22 with the final outcomes and recommendations together with IA improvement actions reported to Committee in [October 2022](#).

Internal Audit Surveys

- 3.6 An audit survey is issued to key contacts following completion of audits to obtain feedback on both audit performance and the audit experience for services. This report provides a summary of audit survey outcomes from 1 September to 5 December 2022.

4. Main report

2022/23 IA annual plan

- 4.1 Good progress is being made with all audits started which means IA is on track to complete the audit programme no later than 30 April 2023, to enable the 2023/24 IA plan to commence in a timely manner.

Updates to the 2022/23 IA plan

- 4.2 Due to scopes extending across differing areas, the Essential Learning audit and Application technology audits have been changed from 2 audits to 4 audits each covering distinct areas. Separate audit reports are available setting out the findings for the areas as follows:

Essential Learning

- Induction and Ongoing Learning for Elected Members
- Role Specific Learning and Development for Council Officers

Application technology controls

- SEEMIS Application Technology Controls

- SWIFT Application Technology Controls

- 4.3 Due to project delivery timescales, it is requested that the audit of Total Mobile planned for Quarter 4, is now completed as part of the 2023/24 IA plan. The audit will consider project completion and lessons learned, following on from the review of project initiation completed as part of the Health and Social Care [Transformation and Benefits Realisation](#) audit completed in September 2022.
- 4.4 In addition, initial scoping of the Empowered Learning audit due to commence in Quarter 4 has identified a wider breadth of audit areas to be reviewed than initially planned, therefore the number of planned audit days has increased from 25 days to 40 days to enable completion of this work. The extended scope will include a review of two audit areas simultaneously - Empowered Learning Programme Governance and Operational Ongoing Learning and Teaching Technology Support.
- 4.5 As a result of the above changes a total of 41 audits will be delivered through the 2022/23 IA plan (32 for the Council and 9 for other organisations).
- 4.6 The status of the 41 audits included within the IA plan is as follows:
- 15 audits complete – this includes one audit for LPF and one for the EIJB
 - 2 draft reports are currently being prepared by IA
 - 16 audits are in fieldwork
 - 8 audits are currently being planned
- 4.7 A full audit report was not provided for the Vendor Bank Mandate Process review as this was an ad hoc management request to review the processes established to verify and process requests to change vendor bank details on Oracle, the Council’s financial management system. Recommendations were made on an agile basis as the work was completed and confirmed by IA as complete.
- 4.8 Further detail on the content; progress and completion timescales for the 2022/23 IA plan is included at [Appendix 2](#).

2023/23 audit reports for scrutiny

- 4.9 The following 4 audit reports assessed as ‘significant improvement required’ or with ‘high’ rated findings have been finalised and are provided to members within this paper for scrutiny:

Audit Title	Overall Audit Assessment	Number of findings raised		
		H	M	L
1. Allocation and Management of Purchase Cards	Some Improvement Required	1	1	1
2. Port Facility Security Plan	Some Improvement Required	1	1	3

3. SWIFT Application Technology Controls	Significant Improvement Required	1	0	0
4. CGI Security Operations Centre	Significant Improvement Required	2	1	1

- 4.10 Due to the nature of the vulnerabilities raised, the CGI Security Operations Centre audit report is included as a B agenda item.
- 4.11 A further 8 audit reports assessed as either ‘some improvement required’ or ‘effective’ and have no high rated findings are also complete and have been provided to members to review via the GRBV MS Teams room.
- 4.12 A list of the 8 audit reports and outcomes is provided in [Appendix 1](#). Members have requested that the following five reports are presented to Committee for scrutiny and that relevant Council officers are available to respond to any questions:
- Council Emissions Reduction Plan
 - Essential & role specific learning for Council Officers
 - Induction and Ongoing Learning for Elected Members
 - Repairs and Maintenance Framework (Operational Properties)
 - Active travel project management and delivery

IA Key Performance Indicators (KPIs)

- 4.13 Review of progress in achieving IA key performance indicators which aim to support timely completion of the IA annual plan as set out in [Appendix 3](#) as at Quarter 3 highlights that:
- services have taken longer than the agreed 5-day KPI to approve 72% of the issued terms of reference (ToR), with 32% approved within 10 days and 40% taking more than 10 days
 - services have taken longer than the agreed 5-day KPI to provide agreed management actions for 55% of audits following the audit workshop to discuss the draft report
 - directors provided their approval within the agreed 5-day KPI for 74% of ToR and 73% of final draft reports
 - IA issued 62% of draft reports within the agreed 10-day KPI and 100% of the final reports within the 5-day KPI. It should be noted that cumulative performance for the year was impacted in Q2 due to a delay while the new audit reporting format was developed.
- 4.14 Continued cooperation is required from directorates to ensure KPIs are achieved to support delivery of the remainder of the 2022/23 annual plan by 30 April 2023, as agreed with Committee.

- 4.15 KPIs will be reviewed prior to the commencement of the 2023/24 audit plan to ensure they remain appropriate, with any proposed changes presented to Committee for approval.

IA External Quality Assessment (EQA)

- 5.1 The EQA finalised in September 2022 concluded that the Council's IA function is generally conforming with the PSIAS. Two recommendations to address partial conformance with the standards were made by the IIA, together with a range of continuous improvement recommendations
- 5.2 Progress continues with implementing the management actions in response to the EQA which were reported to Committee in October 2022.
- Recommendation 1: Preparation for the 2023/24 annual plan has commenced with the intention to develop an initial annual plan aligned to business-critical risks with a quarterly review to ensure the plan continues to provide timely and relevant assurance aligned to emerging risks and priorities.
 - Recommendation 2: Work has been initiated to gain understanding of other first and second line assurance processes and third line assurance sources and to establish the extent to which reliance can be placed and to avoid duplication where possible.

Internal Audit Surveys

- 5.3 An audit survey is issued to key contacts following completion of audits to obtain feedback on both audit performance and the audit experience for services. Key themes are reviewed, and where relevant improvements to the internal audit process have been identified.
- 5.4 A total of 5 audit surveys were completed by 15 stakeholders between 1 September to 5 December 2022.
- 5.5 From the 5 surveys returned the following positive feedback has been received:
- 100% of respondents agreed that the audit focused on the key risks associated with the service
 - 100% of respondents agreed that control gaps identified and included in the final report were factually accurate
 - 100% of respondents agreed that the audit recommendations addressed the risks identified and were relevant and achievable
 - 80% of respondents agreed that the evidence required to support closure of findings raised was communicated and agreed, and training offered on the Internal Audit follow-up process.
- 5.6 Overall, feedback from services on the audit experience was positive. Highlights from feedback received across the key audit stages were:
- **Audit planning:**

- Audit objectives were discussed, negotiated, and amended to ensure that the audit really targeted the issues we wanted to address and therefore ensured the recommendations were helpful and constructive.
- More than happy with the work that the IA team have been doing recently to help coordinate the audit plan with our key risks.

- **Audit fieldwork:**

- Any issues that emerged during the audit were addressed in real time with the team. This meant that we could effect change immediately where possible and not wait to the very end of the audit to undertake improvements. This was much more agile and impactful and felt more like a constructive partnership than abstract judgement.
- Ongoing discussion at appropriate points were welcome.

- **Audit reporting:**

- Control gaps were discussed and importantly, I felt listened to and adjustments were made where reasonable and an understanding on the language used was also reached.
- Through helpful discussion we were able to share some perspectives on audit opinion and these were taken into account.
- This was a much more engaged and positive experience of audit. the agile process is really constructive and preventative model.
- The final report was easy to read - effective layout and format.

5.7 One comment was provided on areas for improvement:

- The audit survey is potentially too detailed – IA intends to review the survey for the 23/24 audit year.

5.8 Results from post audit surveys are incorporated into post audit briefings held between the auditor and the manager. Where relevant, performance improvements / training requirements are discussed and agreed. This is also linked to monthly performance conversations.

IA Risk Profile

5.9 The IA risk register has been reviewed with assurance that appropriate actions are currently being taken to address the risks highlighted in the October 2022 update to Committee.

5.10 Actions to mitigate the following risk continue:

- Applications and systems design – options to upgrade the current Internal Audit system software to enable system-based efficiencies which would support IA capacity challenges and efficiencies are being considered with an aim to resolve by April 2023.
- Capacity – IA capacity is currently below the FTE as set out in the team structure. Recruitment to fill vacant posts will be progressed during Quarter 3, with an aim to have the team fully resourced for the 2023/24 audit year.

Progress with Internal Audit key priorities

5.11 Progress with IA key priorities and ongoing areas of focus is detailed below:

- preparation for the 2023/24 Internal Audit Annual Plan – meetings are arranged with key stakeholders including Committee members in January and February 2023.
- implementation of recommendations and continuous improvement actions identified in the recently completed EQA.
- a risk-based approach to follow-up and validating evidence for agreed audit actions has been implemented.
- positive feedback has been received from stakeholders following implementation of a refreshed audit report template which focuses on key messages and priorities
- audit reports are now available on the IA pages on the [Orb](#), together with details on the [audit process](#)
- Internal Audit training for Committee members has been delivered for GRBV and EIJB Audit and Assurance Committee
- controls training for employees and elected members has been developed and is available via the Council's myLearning Hub platform.

5. Next Steps

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

6. Financial impacts

6.1 Costs for delivery of agreed PwC audits remain within the agreed budget. Planning for the 2023/24 internal audit plan will seek to limit PwC resource to specialist areas only.

6.2 There are no associated budget implications for completion of audits completed for other organisations as direct recharge is applied for costs incurred.

6.3 Upgrade costs for the IA system are being finalised within a detailed business case.

7. Stakeholder/Community Impact

7.1 Delivery of an audit plan which is not aligned to key risks and priorities will result in a disproportionate use of limited resources across both services and IA.

7.2 Responses to audit surveys are reviewed and appropriate action is taken, where relevant.

8. Background reading/external references

- 8.1 [Public Sector Internal Audit Standards](#)
- 8.2 [Approved rebased IA 2022/23 annual plan GRBV October 2022 - item 8.3](#)
- 8.3 [The Chartered Institute of Internal Auditors: External Quality Assessment Report GRBV October 2022 - item 8.1](#)

9. Appendices

- 9.1 [Appendix 1- 2022/23 Audits assessed as either 'some improvement required' or 'effective' with no high rated findings](#)
- 9.2 [Appendix 2 - 2022/23 IA Plan progress, outcomes and expected completion dates](#)
- 9.3 [Appendix 3: Performance in achieving IA key performance indicators as at Q3 2022/23](#)

Appendix 1 – 2022/23 Completed audits assessed as either ‘some improvement required’ or ‘effective’ with no high rated findings

Audit Title	Overall Audit Assessment	Number of findings raised		
		H	M	L
1. Council Emissions Reduction Plan	Effective	0	1	0
2. Implementation of the New Consultation Policy	Some Improvement Required	0	2	4
3. Records Management and Statutory Requests	Effective	0	1	3
4. Induction and Ongoing Learning for Elected Members	Effective	0	0	2
5. Role Specific Learning and Development for Council Officers	Some Improvement Required	0	2	2
6. SEEMIS Application Technology Controls	Effective	0	1	1
7. Repairs and Maintenance Framework (Operational Properties)	Some Improvement Required	0	1	1
8. Active Travel Project Management and Delivery	Some Improvement Required	0	2	4

Appendix 2 –2023/24 IA Plan progress, outcomes and expected completion dates

Completed Audits			Outcome
1.	Corporate Services	Implementation of the New Consultation Policy Review of implementation and application of the Council's new consultation policy and supporting processes.	Some Improvement Required
2.		Council Emissions Reduction Plan (CERP) Review of the framework designed to support implementation of the Council Emissions Reduction Plan.	Effective
3.		Vendor Bank Mandate Process Review of the design and effectiveness of processes established to verify and process requests to change vendor bank details on Oracle, the Council's financial management system.	n/a process review
4.		Security Operations Centre (PWC) Review of the adequacy and effectiveness of contractual security services delivered through the established CGI Security Operations Centre to the Council.	Significant Improvement Required
5.		Induction and Essential Learning for Elected Members Review of established induction; essential learning, and ongoing training delivered to elected members.	Effective
6.		Role Specific Learning and Development for Council Officers Review of role specific learning and development for Council Officers including progress with implementing myLearning Hub.	Some Improvement Required
7.	Council Wide	Records Management and Statutory Requests Review of the design and effectiveness of processes implemented to support effective records management and compliance with statutory request requirements.	Effective
8.		Allocation and Management of Purchase Cards Review of the allocation, management, use and monitoring of purchase cards across the Council.	Some Improvement Required
9.	Education and Children's Services	Application technology controls - SEEMiS Review of the general (change management and access) and application (transaction processing) controls for SEEMiS - education management system used by all Edinburgh schools and Early Years settings.	Effective
10.	Education and Children's Services / Health and Social Care Partnership	Application technology controls - SWIFT Review of the general (change management and access) and application (transaction processing) controls for the Swift system (a social care case management system used to support delivery of adult and children's social care and criminal justice services).	Significant Improvement Required

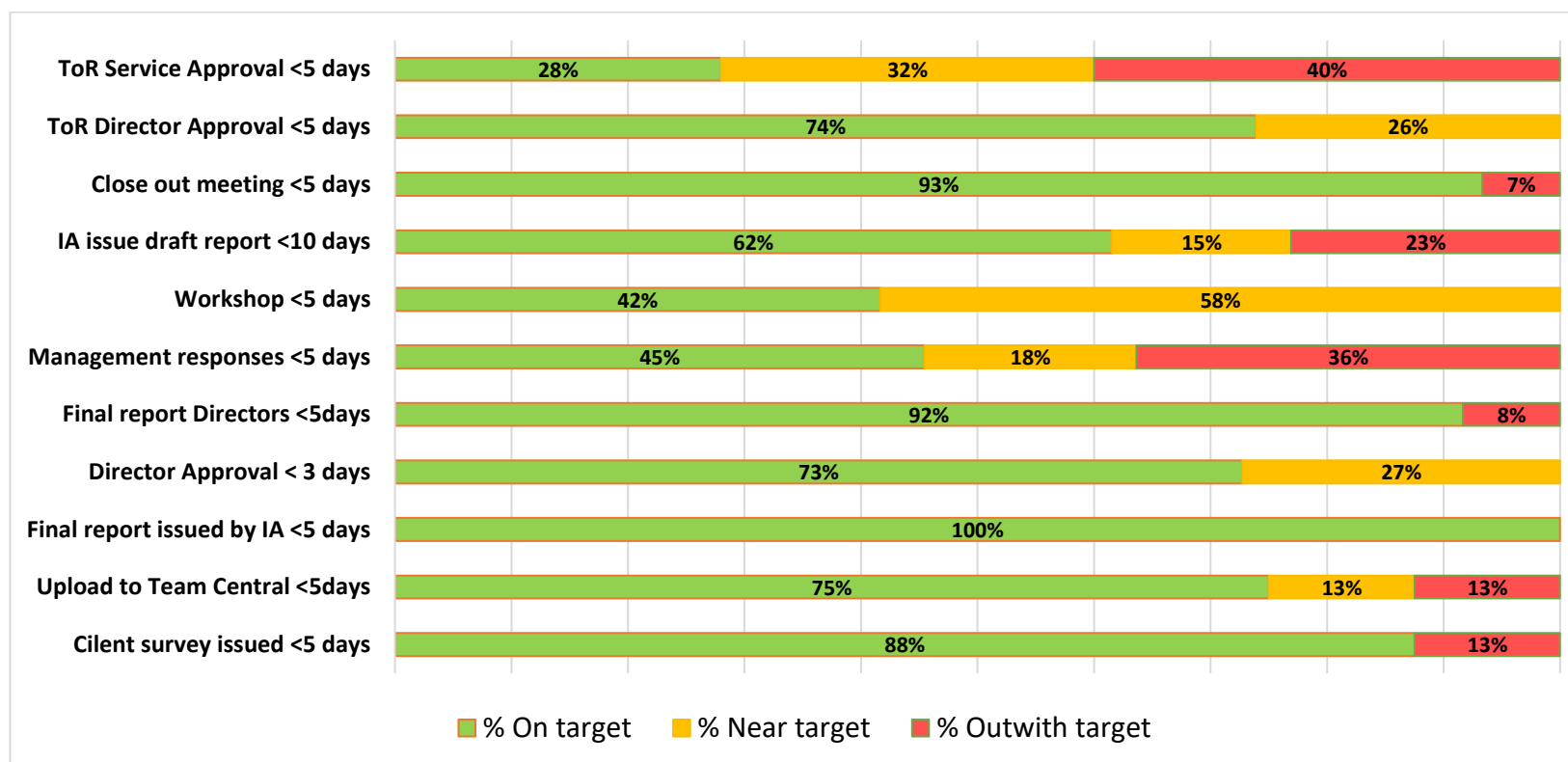
11.		Port Facility Security Plan Annual review of existence and operation of the Port Facility Security Plan as per Department for Transport requirements.	Some Improvement Required
12.	Place	Active Travel Project Management and Delivery Review of the design and operating effectiveness of the key controls supporting management; governance; and delivery of the Active Travel programme.	Some Improvement Required
13.		Repairs and Maintenance Framework (Operational Properties) Review of the design and effectiveness of the new repairs and maintenance framework for Council operational properties prior to implementation.	Some Improvement Required
14.	Edinburgh Integration Joint Board (EIJB)	Governance of Directions Review of governance arrangements for directions to ensure they are associated with EIJB decisions; are revised in response to transformation, service redesign, and financial developments; and partner implementation and performance is monitored.	Effective
15.	Lothian Pension Fund (LPF)	Project Forth – Programme Assurance (PwC) Review of programme assurance and governance arrangements for Project Forth.	Some Improvement Required
Total audits completed			15
Audits in reporting			Expected Completion
16.	Education and Children's Services	Early Years Education Expansion Programme Review of the project governance to support expansion of the early years education programme including delivery of new infrastructure.	January 2023
17.	Corporate Services	Enterprise Architecture Arrangements (PwC) Review of established Council and CGI enterprise architecture arrangements to support change implementation in line with the Council's Digital and Smart City Strategy and support consistent alignment and use of technology across the Council.	
Total audits in reporting			2
Audits in progress (fieldwork)			Expected Completion
18.	Corporate Services	Enterprise Resource Planning (ERP) Ongoing agile review of the project management and governance arrangements supporting implementation of the enterprise resource planning system.	Ongoing agile audit
19.	Place	Tram to Newhaven Ongoing agile review of project governance; procurement; and gateway decisioning and payments. The audit will include ongoing assessment of the ongoing controls supporting the funding model.	

20.	Other Organisations	Tattoo – Budget Management	January 2023
21.	Corporate Services	Risk Management – CGI and Digital Services (PwC) Review of CGI and Digital services process supporting identification; assessment; recording; management; and escalation of relevant technology risks	
22.		Insurance Services (PwC) Review of the adequacy of insurance arrangements across the Council, including the process applied to address any questions received from insurers, and implement any insurance provider recommendations and requirements.	
23.	Corporate Services	Management of the Housing Revenue Account (Capital and Revenue) Review of the processes established to support both the capital and revenue elements of the Housing Revenue Account (HRA), and management and allocation of HRA reserves	February 2023
24.	/ Place	Preparation for IFRS 16 – Lease Accounting Review of the Council's preparation for implementation of the new single lessee accounting model that recognises assets and liabilities for all material leases longer than 12 months, and proposed processes for accounting for any low value leases.	
25.	Place	Health and Safety of Outdoor Infrastructure (PwC) Review of processes established to ensure the health and safety of outdoor infrastructure – specifically: playparks, gravestones and community art/statues.	
26.	Education and Children's Services / Health and Social Care Partnership	Day Care to Adult Social Care Transition Arrangements Review of processes established to support the transition of services for young adults with a disability or complex needs to adult social care.	
27.	Health and Social Care Partnership	Sensory Support Review of the commissioning and partnership / supplier management arrangements for provision of sensory support services to adults aged 16 and over.	March 2023
28.	Place	Granton Waterfront – Levelling-up Assurance required by the UK Government Department of Levelling Up, Housing, and Communities in relation to the conditions attached to the Granton Gas Holder LUF Grant Determination.	
29.		City Deal Integrated Employer Engagement Service request as part of required audit programme to support grant funding requirements.	
30.	Other Organisations	Lothian Valuation Joint Board (LVJB) - Non-Domestic Business Rate Appeals	March 2023
31.	^Lothian Pension Fund (LPF)	LPF - Third Party Supplier Management (PWC)	
32.	Council wide	Validation of Implementation of Previously Closed Management Actions	

		Review of a sample of previously implemented and closed IA agreed management actions to confirm that they have been effectively sustained.	
33.	Education and Children's Services	Review of Historic Complaints (Project Apple requirement) Review of historic complaints to confirm whether any handled by for employees noted in Project Apple outcomes had been appropriately investigated and reported.	
Total reviews in fieldwork			16
Audits at planning stage			Expected Completion
34.	^Lothian Pension Fund (LPF)	LPF - Information Governance (PWC)	March 2023
35.		LPF - Adequacy of technology security assurance arrangements (PwC)	
36.	^Other Organisations	SEStran - Thistle Assistance Project	
37.		Children's Social Work Practice Review Teams Review of processes and procedures established to support review of children's social work practices across social work practice teams to confirm that the levels of support provided remain appropriate to meet the child's needs, and that all changes in circumstances have been considered.	
38.	Education and Children's Services	Schools Admissions Appeals – Follow-up Service request to complete focused review of schools admissions appeals in line with the recommendations made in the schools admissions audit completed in 2020.	
39.		Self-Directed Support – Children's Services Review of processes established to support implementation of self-directed support across Children's Services with a focus on budgets (including use of external providers), and review and reassessment processes.	
40.	Education and Children's Services/Digital Services	Empowered Learning Programme Review of the project assurance and governance for the Empowered Learning programme which underpins Digital Learning across all aspects of learning and teaching.	
41.	^EIJB	Review of set aside budget setting and monitoring processes (NHSL) Including identification of services and their associated costs; underlying budget assumptions; and financial reporting to the IJB on ongoing set aside budget management.	
Total reviews in planning			8

^Audits completed for Other Organisations

Appendix 3: Performance in achieving IA key performance indicators as at Q3 2022/23



Internal Audit Report

Allocation and Management of Purchase Cards

1 November 2022

CW2207

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Overall Assessment	Some Improvement Required
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment

Some Improvement Required

Overall opinion and summary of findings

The controls in place to support the purchase card scheme are generally satisfactory. Our review identified that while there is evidence of sound control around administration of the scheme, there are opportunities to improve the compliance with scheme guidelines within services, and to improve the process for escalating instances of persistent non-compliance. Our findings are summarised as follows:

- there is evidence of non-compliance with purchase card policy and procedure and there are no monitoring or reporting controls to identify and escalate instances of persistent non-compliance
- guidance documents require review and update to reflect recent changes in policy and procedure, and there is no process in place to periodically review them
- the leavers checklist does not have prompt for managers to check if the leaver has a purchase card, and the monthly comparison between the list of Council leavers and the list of purchase card holders has not been performed since August 2020.





Areas of good practice

Our review identified:

- the banking and payments team has recently moved elements of the process from paper-based processes to electronic, which aligns with the Council's objectives
- purchase card management software is provided by the supplier and enables control over spending limits, authorisation of transactions, audit trails, as well as reporting functionality
- good segregation of duties surrounding the issuing of new cards, as well as appropriate documentation being held
- procurement staff prepare financial management information for Directorates, which gives additional oversight to wider purchase card trends, and allows for discussions around best value to take place

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Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Financial processing and monitoring			Finding 1 – Review, authorisation, and compliance monitoring	High Priority
2. Scheme administration			Finding 2 – Council leavers	Medium Priority
			Finding 3 – Guidance and compliance	Low Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The City of Edinburgh Council's (the Council) Purchase Card Scheme is designed to complement banking and procurement policies and procedures, allowing authorised cardholders to make one-off purchases which cannot be supplied by the Council's approved suppliers.

Circa 400 cards have been issued across the Council. The total spend on purchase cards for the last 3 financial years is as follows:

- 2019/20 £787,963
- 2020/21 £480,258
- 2021/22 £783,301

The Council's [Financial Regulations](#) state that arrangements for procurement/purchasing, including the use of purchase cards, must comply with procedures established by the Service Director: Finance and Procurement as summarised in the [Finance Rules](#). They also delegate responsibility for ensuring that purchasing activity is undertaken in accordance with the guidance contained in the [Procurement Handbook](#) and associated equality requirements to Executive Directors

The Purchase Card Scheme is set up between the Council and Royal Bank of Scotland Card Services (Mastercard). Applications for the scheme are authorised by managers with final approval from Finance. Once an application is approved, the Council's Banking and Payments service manage the card request process with the bank. The Banking and Payments service has an established process for managing applications including application and authorisation forms and supporting guidance.

Line managers are responsible for setting monetary limits to be applied to cards, and the cost centre for coding new purchases. Line managers are also responsible for retrospectively reviewing and authorising purchase card transactions on a monthly basis.

The Banking and Payments service reconciles transactions with the Council's purchase card statement, checks that all transactions have required codes and processes relevant journal entries. Banking and

Payments also manage cancellation of purchase cards in line with the Council's leavers process.

Commercial and Procurement Services issue quarterly management information on purchase card spends split by vendor and value to directorates.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to allocate and manage purchase cards across the Council.

There were no limitations stipulated on the scope of this review.

Risks

- Financial and budget management
- Fraud and serious organised crime
- Compliance with relevant accounting and financial regulations
- Reputation.

Reporting Date

Testing was undertaken for the period 1 April 2021 to 31 March 2022.

Our audit work concluded on 22 September 2022 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Review, authorisation, and compliance

Finding Rating	High Priority
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Following receipt of monthly statements from RBS, purchase card holders are required to log in to the RBS portal to input a description, VAT details, and nominal ledger details for each transaction. Authorising Officers should then review purchases and authorise the transactions. Purchase card transactions by nature are therefore retrospectively approved, i.e., the authorisation of the transaction occurs after the purchase has taken place.

Our review identified many transactions across the financial year 2021/22 which had not been reviewed or authorised. A large number of instances were identified where transactions:

- did not have a sufficient description to determine the nature of the goods or services received
- did not have full nominal ledger coding details. While purchase card expenses are assigned to an appropriate cost centre, full coding details are required to ensure they are allocated to the correct account code, which determines what the spend relates to.
- had 'nil' VAT claimed, suggesting by the types of purchases that VAT details had not been recorded resulting in the Council being unable to reclaim the VAT on these transactions. This was the case for more than 90% of the transactions in the sampled months.

Automated controls were designed in collaboration with Procurement Services to capture some of these infringements, including missing descriptions and unauthorised transaction reminders. These controls have not been operating since September 2021 due to process design and system issues.

It is also not currently known if receipts/invoices are held for all transactions, as these are sent in paper format to Waverley Court with no further checks performed. The new RBS system has functionality to upload receipts/invoices for retention, however this functionality is not currently used.

Risks

- **Financial and budget management** – budgets may be inaccurate, or the Council may be obligated to pay for goods and services that have not been subject to procurement protocols. If VAT payable is not reclaimed, the Council is not receiving best value
- **Fraud and serious organised crime** – fraudulent and/or erroneous transactions may go undetected
- **Compliance with relevant accounting and financial regulations** – the Council may be non-compliant with statutory financial requirements.
- **Reputation** – if the Council is not receiving best value or safely spending public funds, it could be damaging to its reputation.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	Controls relating to the review and approval of transactions should be revised to ensure that the process and related roles and responsibilities are complete and remain appropriate. These	After meeting with RBS (System Supplier), new functionality are contained within the SDOL upgrade portal to produce email reminders to card holders and authorisers to approve their monthly spend and code	Richard Carr - Interim Executive Director of	Catherine Smith Transactions Team Manager -	30/05/2023

	controls should include processes to capture infringements and escalate these as appropriate.	related transactions. Staff within BPS will send monthly reports to BPS manager advising of non-compliance for further escalation to service.	Corporate Services	Banking & Payment Services	
1.2	Processes for retaining receipts/invoices for transactions should be reviewed in line with relevant legislation and VAT requirements.	New functionality within SDOL allows all cardholders to upload receipts. New guidance will be issued to users and authorisers with instructions on this change.		Radoslaw Szlendak - Senior Transactions Officer	31/03/2023
1.3	Levels of compliance with the guidance should be monitored and reported to Directorates by Banking and Payments (to allow monitoring and decision making), as well as the Service Director of Customer and Digital Services (to enable the decision to continue or withdraw card facilities where the misuse of a card or non-compliance with the scheme guidelines is suspected).	BPS manager will issue monthly reports of non-compliance to service directors. Directorates will take the decision on action against noncompliance. This includes suspension of card usage for users who continue to infringe procedures. BPS Manager will report noncompliance to Head of Customer Services for oversight and compliance at directorate level.			31/05/2023
1.4	If all controls have been exhausted, cards which continue to be non-compliant with financial rules, financial regulations, and purchase card policy or guidance should be suspended or cancelled.	BPS manager will issue monthly reports of non-compliance to service directors. Directorates will take the decision on action against noncompliance. This includes suspension of card usage for users who continue to infringe procedures. BPS Manager will report noncompliance to Head of Customer Services for oversight and compliance at directorate level.			31/05/2023

Finding 2 – Council Leavers

Finding
Rating

Medium
Priority

Preventative controls in place to identify instances where cardholders leave employment of the Council rely heavily on line managers informing the purchase card administration team of required cancellations. There is no prompt on the Council's Leavers Checklist document for managers relating to purchase cards.

Purchase Card Admin Officers previously received the Council's Leavers Lists circulated by Business Intelligence. These would be reviewed against active purchase cards to detect any leavers not captured by line managers. This procedure has not been performed since August 2020.

Risks

- **Fraud and serious organised crime** – the Council may be liable to pay for fraudulent or erroneous transactions if cards are not cancelled for leavers.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	A prompt should be added to the Council's leavers checklist to direct line managers of purchase card holders to take appropriate steps to review and authorise any remaining transactions before cancelling the leaving officer's card. Any changes should be supported by comms to relevant Officers.	BPS manger will contact HR and request them to include a process in the leavers check list to notify BPS of Staff leaving who have a purchase card to allow us to deactivate their access from SDOL system and their card. will be cancelled on the system.	Richard Carr - Interim Executive Director of Corporate Services	Catherine Smith Transactions Team Manager - Banking & Payment Services	31/03/2023
2.2	It would be prudent to undertake a full review of active purchase cards to confirm that all leavers since August 2020 with a purchase card have been captured.	BPS will undertake this task as a one-off housekeeping and fraud prevention opportunity. Current security protocols dictate where a card is not used over a period of 6 months it is automatically deactivated.			31/05/2023
2.3	Regular reconciliation of the Leavers List to active purchase cards should be reinstated to confirm all instances of leavers of the Council are captured and cards cancelled in a timely manner.	BPS manger will contact HR and request to be included in the leavers list to allow us to cancel cards on SDOL, and remove access to SDOL system, as above unused cards are deactivated automatically if not used after 6 months in the system.		Radoslaw Szlendak - Senior Transactions Officer	31/03/2023

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Finding 3 – Guidance and compliance

Finding Rating	Low Priority
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Significant changes to the processes and procedures surrounding purchase cards have been necessary because of the COVID-19 pandemic working from home arrangements, and a new system imposed by the supplier of purchase cards (RBS). The guidance document used to inform staff of their roles and responsibilities has not been updated to reflect these new processes.





Risks

- **Financial and budget management** – transactions not processed in line with policy and procedure
- **Fraud and serious organised crime** – fraud and serious organised crime could go undetected
- **Compliance with relevant accounting and financial regulations** – relevant accounting and public sector legislation may not be compliant
- **Reputation** – if the Council does not strive for best value.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	The Purchase Cards Guidance Document should be reviewed and updated periodically to reflect current processes and best practice. Appropriate comms should be issued explaining changes to relevant Officers.	BPS are reviewing guidance which will be issued, with the inclusion of new functionality upgrades referenced at point 1.2.	Richard Carr - Interim Executive Director of Corporate Services	Catherine Smith - Transactions Team Manager - Banking & Payment Services Radoslaw Szlendak - Senior Transactions Officer	31/05/2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

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Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Port Facility Security Plan

18 November 2022

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Overall Assessment	Some Improvement Required
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment

Some Improvement Required

Overall opinion and summary of findings

The design and operation of the controls in place to ensure public and staff safety at the Hawes Pier are generally satisfactory. However, the following improvement actions related to the operation of controls are noted:

- there is a key-person dependency resulting in limited contingency arrangements to provide cover if the PFSO (Port Facility Security Officer) is unable to work
- a minor deviation from the documented PFSP (Port Facility Security Plan), relating to the issuing of a pass to the street sweeper driver was observed
- risk assessments for pier operations should be carried out, and the results of major incident exercises circulated to all participants
- management should manage relevant security contracts in line with the Council's [Contract management manual and toolkit](#) on the Orb.

Areas of good practice

Our review identified:

- the G4S security team are aware of the procedures in the PFSP
- during an onsite visit, the auditor observed the security team carrying out checks in line with the Department for Transport (DfT)
- the PFSO is an experienced officer who holds relevant qualifications and understands their responsibility to ensure pier operations are compliant with DfT inspection requirements
- previous Internal Audit recommendations in relation to communication equipment have been addressed under the new contract, by provision of radios to port security team, PFSO, and Ship Security Officer (SSO)
- DfT audit recommendations raised in 30 May 2022 have also been addressed.

Audit Assessment

Audit Area	Design	Operation	Findings	Priority Rating
1. Port Facility Security Plan			Finding 1 – PFSO: Key-person dependency	High
2. Security Operations			Finding 2 – Operational practice: deviation from PFSP requirements	Low
3. Third party security – contract management			Finding 3 – Contract Management	Low
4. Communication and Information			Finding 4 – Records management and communication	Low
5. Major incidents and evacuations			Finding 5 – Risk assessments, incident reviews, and emergency contacts	Medium
6. DfT review recommendations			No findings	N/A

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The City of Edinburgh Council (the Council) owns, manages, and maintains the Hawes Pier (the Pier) port facility in South Queensferry.

Security at port facilities in the UK is governed by legislation and guidance including the Ship and Port Facility Security Regulations (2004) and is subject to oversight by the Maritime Security & Resilience Division of the UK government Department for Transport (DfT).

As owner of the Pier, the Council is responsible for ensuring an appropriate Port Facility Security Plan (PFSP) is prepared and maintained, and that security arrangements are consistently and effectively applied in line with DfT requirements.

The PFSP outlines the range of security measures and requirements which the DfT expect to apply at the Pier when cruise ships visit. Aspects of port security are outsourced to a third-party supplier, G4S. G4S are a new supplier that were procured as part of a Council-wide procurement in 2020.

One of the key PFSP requirements is a designated Port Facility Security Officer (PFSO) – a Council employee who has responsibility for managing and overseeing security arrangements at the Pier, principally on the days when cruise ships are visiting.

The presence of a cruise ship in the Firth of Forth presents an increased risk of a security incident. Consequently, the Pier is designated by the DfT as a Temporary Restricted Area (TRA) during such visits.

The cruise ship season is principally from May to September, and typically consists of 22 cruise ship visits generating circa £350K net income (after direct costs). Visits usually last one day but occasionally involve anchoring overnight.

The pier was closed during 2020 and 2021 as there were no cruise ship visits to the Forth because of Covid-19. The PFSP is normally subject to annual review and approval by the DfT, with exception of during the Covid-19 pandemic.

Scope

This review assessed the adequacy of design and operating effectiveness of the key controls to ensure the PFSP content remains compliant with DfT requirements, and that the security controls detailed in the plan are consistently and effectively applied.

Risks

- Health and safety
- Supplier, contractor, and partnership management
- Regulatory and legislative compliance
- Reputational risk

Reporting Date

Testing was undertaken between 30 August and 9 September 2022. This included an onsite visit to the pier on 9 September 2022 during a cruise ship visit.

Our audit work concluded on 23 September 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – PFSO: Key-person dependency

Finding Rating	High Priority
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Key-person dependencies were noted with no deputy Port Facility Security Officer (PFSO) available for Hawes Pier, and no formally documented contingency arrangements if the PFSO is unable to work.

The need to improve succession planning for the PFSO, and to have a trained PFSO were included on November 2019 pier risk register as medium actions. The PFSO has also escalated the lack of cover arrangements line managers during 2020 and 2021.

Whilst it is noted that the G4S security supervisor at Hawes Pier holds a PFSO qualification, DfT rules state that the PFSO must be employed by the City of Edinburgh Council. Therefore, the Council currently only has the one PFSO to provide guidance to the security team and perform the key operational functions of the pier.

The current PFSO has also advised that:

- lack of a PFSO present on duty could mean no passengers can legally land on the pier
- the DfT have been made aware of the lack of deputies currently available
- the PFSO has had to attend work whilst unwell, and often works extensive hours due to having no cover arrangements in place.

Risks

- **Health and safety** – lack of adequate contingency arrangements for the PFSO resulting in an over-reliance on an individual.

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Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
1.1	Develop and document contingency arrangements in event that PFSO is unavailable to ensure compliance with Department for Transport (DfT) requirements, which could include relevant training and certification of staff or provision of deputy PFSOs.	<p>The phased implementation approach will be utilised for the closure of this action due to the ongoing Organisational Review which impacts the PFSO and responsibilities.</p> <p>On conclusion of the organisational review this will be revisited to determine what action will be taken to address the identified risk.</p>	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Gareth Barwell, Gavin Brown, Alison Coburn, Ross Murray</p>	28/02/2023

Finding 2 – Operational practice: deviation from PFSP requirements

Finding
Rating

Low Priority

When the Temporary Restricted Area (TRA) is opened, a street sweeper clears debris from the pier in advance of cruise ship passenger arrivals. The PFSP requires the issue of a temporary ID for the street sweeper driver and vehicle.

During an onsite visit, the auditor observed that the driver of the vehicle was verified in person by the PFSO and allowed to proceed without issuing a temporary pass to driver or vehicle.

Risks

- **Regulatory and legislative compliance** – non-compliance with DfT reviewed plan.
- **Health and safety** – not all personnel on site are recorded and can be accounted for in the event of an incident on the pier.

Recommendations and Management Action Plan

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Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
2.1	<p>The PFSO should review the adequacy of current practice and consider whether updates are required to the PFSP.</p> <p>Any proposed revisions should be approved by the Department for Transport (DfT).</p>	<p>PFSO to liaise with DfT re current practice re the issuing of temporary ID passes and determine if a wording change to the PFSP is required.</p>	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray</p>	30/04/2023

Finding 3 – Contract management

Finding Rating	Low Priority
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A copy of the contract management discussion between the Council and G4S that took place in August 2022 was reviewed by Internal Audit. It was noted this meeting did not utilise the Council’s [contract management meeting template](#) which is available via the Orb and assists in the effective management of contract review meetings, such as ensuring there is discussion of Key Performance Indicators as set out in the contract. Management have advised they were unaware of the template being in existence.

Risks

- **Supplier, contractor, and partnership management** – non-compliance with council contract management framework and limited opportunities to identify and resolve performance issues.
- **Regulatory and legislative compliance** – inadequate provision of security operatives will lead to non-compliance with the PFSP.

Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
3.1	Management responsible for managing contracts related to the pier should review and familiarise themselves with the Contract Management guidance available via the Orb and apply the relevant conditions to ensure the G4S contract is managed in line with requirements, including the use of the Contract Management meeting template.	Management meetings for the G4S contract will be held according to contract management guidance and the Contract Management Meeting Template will be utilised going forward.	Owner: Paul Lawrence, Executive Director of Place Contributors: Gareth Barwell, Rew Ferguson, Alison Coburn, Ross Murray	30/04/2023
3.2	Commercial and Procurement Services should issue regular communications reminding all contract managers to review and utilise the contract management manual and toolkit for contracts they are responsible for managing.	Commercial and Procurement Services will issue regular (twice yearly) communications to contract managers as a reminder of the toolkit/guidance and their availability.	Owner: Richard Carr, Interim Executive Director of Corporate Services Contributors: Hugh Dunn, Lynette Robertson, Ronnie Swain	31/12/2022

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Finding 4 – Records management and communication

Finding Rating	Low Priority
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During audit discussions, management advised that the paper copies of the passenger manifests were retained off site by the PFSO for a short period until they could be securely destroyed, as there are no secure storage or destruction facilities currently in place at Hawes Pier, and office reorganisations have meant the original safe storage location at Waverley Court has been moved and is no longer accessible to the PFSO.

In addition, during an onsite visit, the auditor observed that the PFSO added a comment to the Declaration of Security (DoS) document stating that the pier did not have an X-ray machine or bag search policy. This comment passes responsibility for bag searches to the Ship Security Officer (SSO) – the individual responsible for security on board the ship and at the boarding/unloading area of the pier). However, it was noted the SSO was not verbally advised of this addition to the DoS during the security meeting.

Risks

- **Regulatory and legislative compliance** – confidential passenger information could be lost or misplaced, breaching data protection regulations.
- **Reputational risk** – if there is a security incident on board a cruise vessel, reputational damage to the Council could occur where the Council is viewed to have taken insufficient action to ensure the SSO was aware of policies in force at Hawes Pier.

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Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
4.1	A process should be implemented to ensure that paper copies of passenger lists are dealt with in line with records retention schedule requirements including destruction or secure retention at appropriate periods.	To implement a secure document retention area for individual ship search sheets in a Council building.	Owner: Paul Lawrence, Executive Director of Place Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Derek Shade, Ross Murray	31/03/2023
4.2	The PFSO should ensure there is verbal communication of the lack of an X-ray machine and bag search policy to CSO/SSO at Hawes Pier.	Recommendation accepted	Owner: Paul Lawrence, Executive Director of Place Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	31/12/2022

Finding 5 – Risk assessments, incident reviews, and emergency contacts

Finding Rating	Medium Priority
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1. Through discussion with management, it is evident that management are aware of the Health and Safety implications of operations at Hawes Pier, however management advised that no risk assessments have been carried out during 2022 at Hawes Pier, excepting the DfT threat risk assessments. It was also noted there are no documented public Health and Safety assessments held within the PFSP folder.

2. Whilst notes for this year's tabletop major incident exercise (where emergency services, the Council, and the PFSO discuss simulated emergency scenarios in a meeting) provide sufficient information to understand the context of the exercise and actions to be taken to address issues, it is understood that these were informal notes taken by the PFSO. Management have advised that there are no formal meeting notes taken and shared between all participants in the exercise.

In addition, a review of the emergency contacts in the PFSP folder noted that the date on the print-out was from 2016, with manual written updates to the contacts in 2019.

Risks

- **Regulatory and legislative compliance** - non-compliance with [HSE](#) and [Council](#) requirements to complete H&S risk assessments
- **Health and Safety**
 - lack of risk assessments may result in failure to identify health and safety risks
 - out of date contact details could result in delays in contacting relevant Council personnel as required
 - failure to share meeting notes may lead to differing interpretations of what was agreed at the major incident exercise.





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Recommendations and Management Action Plan

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
5.1	Management should liaise with Council Corporate Health and Safety Team to understand HSE and Council requirements for carrying out and documenting risk assessments.	To liaise with Council Corporate Health and Safety to understand HSE and Council requirements for carrying out and documenting risk assessments.	Owner: Paul Lawrence, Executive Director of Place Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	30/04/2023
5.2	In line with the above HSE and Council requirements , management should carry out and document risk assessments (including public Health and Safety) for Hawes Pier. This may involve escalation to risk register where significant risks have been identified and require additional management intervention.	Recommendation accepted.	Owner: Paul Lawrence, Executive Director of Place Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray	30/04/2023

5.3	<p>Management should update Council emergency contacts in the PFSP folder to reflect current arrangements and ensure contacts are reviewed and updated on a regular basis.</p> <p>Management should also consider reviewing contacts with the Resilience Team to ensure they are kept up to date.</p>	<p>Emergency contacts will be reviewed and updated where necessary.</p>	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray</p>	31/03/2023
5.4	<p>Management should consider formally documenting and circulating the action notes from DfT incident exercises and drills amongst participants.</p>	<p>Risk Accepted.</p> <p>Current process is compliant with DfT requirements with the output of the exercises being to develop the PFSO plan. This does not tend to lead to other actions for other stakeholders.</p> <p>The date for the next drill is not yet set (expected during 2023).</p>	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Gareth Barwell, Chris Spence, Alison Coburn, Ross Murray</p>	N/A

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

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Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Swift Application Technology Controls

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Overall Assessment	Significant improvement required
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall
Assessment

Significant
improvement
required

Overall opinion and summary of findings

The design and operating effectiveness of the controls in place to manage system security, data quality, and data loss prevention for the Swift system require significant improvement.

A briefing note on Swift provided to the Corporate Leadership Team (CLT) in June 2022 noted the following key areas of weakness:

- Swift is an end-of-life system which is no longer being developed by the supplier
- training materials are not comprehensive and, in particular, do not cover the basics of data capture
- induction training is provided locally and not centrally, and may therefore be inadequate
- procedure documents are not comprehensive and, specifically, do not fully cover data entry and recording
- data quality has diminished due to a reduction in assurance reviews
- reports produced by the system are not trusted by managers due to poor data quality
- data is not deleted from the system in a timely manner, meaning that data protection standards are not being adhered to
- the system is difficult to use because it is not intuitive, slow, and has performance issues
- the system does not allow for effective reporting to other organisations, e.g. the Scottish Government.

The findings of our review are largely aligned with the issues highlighted in the CLT paper, and we have summarised them at [Appendix 1](#).

A result we have raised one High-rated finding, which has two recommendations: a business case should be created to evaluate the options for replacing the system, and an interim plan should be put in place to manage system risks prior to the implementation of a new system.

Areas of good practice

Our review identified:

- there are robust controls surrounding adding new users, changing user access, and removing leavers access for Council staff. This includes a reconciliation to the Council's leavers lists which are circulated by Business Intelligence.

Background and Scope

Swift is a social care case management system provided by OLM Systems, which the Council has used to support delivery of adult and children's social care and criminal justice services since 2006.

The Council's ICT service provider CGI manages the relationship with OLM systems for the Council. The Swift system is 'end of life', and the Council has limited control over the future of Swift and its use within the organisation.

Due to the age of the Swift system and lack of support and development, the Swift system has a number of functional weaknesses (as noted in the June 2022 CLT paper) which we understand would require replacing the system to ensure that the various services who rely on Swift have a modern solution that will fit their needs.

A Business Case to replace the Swift system was presented to the Council's Corporate Leadership Team (CLT) in October 2019; however despite significant time invested by staff, and engagement with external consultants, the request to invest up to a total of £5.674m over a 2-year implementation period in 2020/21 and 2021/22, was not approved.

The Scottish Government have agreed plans to move to a 'National Care Service' model of health and social care by 2026. This, coupled with increasing demands for services and increased budgetary pressures means the appetite for capital investment in this area is uncertain.

Scope

The objective of this review was to assess the adequacy of the design and operating effectiveness of the key Swift technology controls established to manage system security; data quality; and data loss prevention, and the processes and controls applied by services to ensure that personal sensitive records maintained on the Council's network are appropriately protected.

Risks

- Strategic delivery
- Financial and budget management
- Health and safety
- Supplier, contractor, and partnership management
- Technology and information
- Governance and decision making
- Regulatory and legislative compliance.

Limitations of Scope

The scope of our review was limited to understanding the assurance that the Council receives from third parties (CGI and OLM) in relation to relevant system and supplier management controls, with no direct engagement with these third parties.

Reporting Date

Testing was undertaken across the period April 2021 to March 2022.

Our audit work concluded on 17 October 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Swift Strategy

Finding Rating	High Priority
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In June 2022 a briefing note was presented to the Corporate Leadership Team (CLT) highlighting the significant risks the Council is exposed to by the Swift application, including data quality and compliance with data protection legislation, system usability, and reporting functionality. The briefing note recommended that:

- a Swift/AIS data quality recovery plan was agreed to
- CLT considered the future role of Swift/AIS and plan for its replacement.

The briefing note to CLT stated that the work to improve data quality would take approximately 12 months to complete and would involve significant staff time. However, our review notes that a data quality recovery plan has not yet been created.

Management have advised that the purchase of a new system has recently been agreed in principle. However, given that it has been three years since the last business case was developed, costs and options will likely need to be updated.

The risks associated with the use of the current system have been recorded in both the CLT and Health and Social Care Partnership’s risk registers, stating that the system is end-of-life and has maintenance issues.

The findings of our audit were largely aligned with the issues highlighted in the CLT briefing note, and we have summarised these findings at [Appendix 1](#).

Risks

- **Strategic Delivery** – Council objectives may not be achieved
- **Financial and Budget Management** – best value may not be achieved
- **Health and Safety** – increased risk of unreliable data, and increased staff stress
- **Supplier, Contractor, and Partnership Management** – roles and responsibilities, timescales, and services provided are not defined
- **Technology and Information** – inefficient use of data and technology
- **Governance and Decision Making** - inability to make appropriate decisions
- **Regulatory and Legislative Compliance** – non-compliance with relevant data protection legislation.

Recommendations and Management Action Plan: Swift Strategy

Ref.	Recommendation	Agreed Action	Action Owner	Contributors	Timeframe
1.1	A system management plan should be created and approved by CLT, which aligns with the Council’s Data Strategy, and which will be used to manage Swift risks in the interim during the move to	1. a system management plan will be created, aligned with Council’s Data Strategy, and with the Practice Standards	Amanda Hatton, Executive Director of Education and Children’s Services	Rose Howley, Children’s Services Senior Manager Carey Fuller, Head of Criminal Justice	31 August 2023

	<p>the new system. Specifically, these risks should be noted in a risk register, with any risk acceptances, mitigating actions, and responsible staff clearly stated.</p> <p>The plan should include actions relating to data management and cleansing, and the process to ensure that there is complete and accurate transfer of data to the new system.</p> <p>In addition, the plan should set out how the other issues noted in the CLT briefing note, and the issues noted in Appendix 1 of this report, will be managed.</p>	<ol style="list-style-type: none"> 2. risks will be stated in a risk register, with risk acceptances, mitigating actions, and responsible staff clearly stated 3. the plan will include actions relating to data management and cleansing, and the process to ensure that there is complete and accurate transfer of data to the new system 4. in addition, the plan will set out how the other issues noted in the CLT briefing note, and the issues noted in Appendix 1 of this report, will be managed. 	<p>Judith Proctor, Chief Officer, Edinburgh Health and Social Care Partnership</p>	<p>Jon Ferrer, Senior Manager Quality, Governance, and Regulation</p> <p>Andrew McWhirter, Acting Senior Manager Children's Practice Teams</p> <p>Anna Duff, Interim North- West Locality Manager</p> <p>Nikki Conway, South- East Locality Manager</p> <p>Deborah Mackle, South- West Locality Manager</p> <p>Angela Lindsay, North- East Locality Manager</p>	
1.2	<p>A refreshed business case for the replacement of the current Swift system should be prepared and then approved by CLT. It should give consideration to the scale of resources required to implement the new system, involve liaison with the Council's projects team, and should be aligned with the Council's major projects programme.</p>	<p>A business case is currently being created, with the aim to have it completed by January 2023. The costs for purchasing a new system will need to be approved as part of the Council's budget setting work for financial year 2023-24.</p> <p>With regard to implementation of the new system, there will be liaison with the Council's projects team, and alignment with the Council's major projects programme.</p>	<p>Amanda Hatton, Executive Director of Education and Children's Services</p> <p>Judith Proctor, Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Richard Carr, Interim Executive Director of Corporate Services</p>	<p>Richard Williams, Programme Director</p> <p>Nicola Harvey, Service Director, Customer and Digital Services</p> <p>Anna Duff, Interim North- West Locality Manager</p> <p>Nikki Conway, South- East Locality Manager</p> <p>Deborah Mackle, South- West Locality Manager</p> <p>Angela Lindsay, North- East Locality Manager</p>	<p>28 February 2023</p>

Appendix 1 – Summary of Findings

Audit Area	Control Objectives	Audit Findings
System strategies	1. System owners have a clear understanding of the lifetime of the systems and supplier timeframes for providing ongoing support.	Our review identified that the Swift system is no longer being developed by the supplier and is therefore 'end of life'.
	2. Clear strategies are in place to support replacement of the systems before they are no longer supported by the suppliers.	Previous proposals to replace Swift have not been approved. The last Business Case was prepared in 2019 and is therefore outdated. It is estimated that replacing the system will take 4 years including recovering Swift data to an acceptable level and fully completing a replacement project.
System Data Quality Controls	1. Data quality controls are included within the Swift system that include (but are not limited to): <ul style="list-style-type: none"> • specified data and value input formats (e.g., dd/mm/yyyy or £0,000.00) • limited numbers of 'free text' fields • inability to leave certain fields blank • data validation checks (e.g., is less than 0 or greater than 100 years old). 	While validation controls exist on Swift, the extent of these is not known, and therefore we cannot confirm that the needs of the Council are being met. Furthermore, the Council has limited control to implement new controls given the lack of development on the system identified above.
	2. There are established data quality checking procedures that include the requirement to perform regular checks on the quality of system, including use of system exception reports (where available).	Data quality checking procedures have been designed by Business Support, though they are not tasked with inputting the data. The quality of data in the Swift system varies across services, but has deteriorated in general in recent years, making the task of quality improvement a challenge. Management highlighted that data quality work is often side-lined due to competing priorities, difficulties navigating and using the system, and there are no central checks performed to confirm that data quality work is effective and has been completed.
	3. Data quality checking procedures are consistently applied.	
	4. There is an effective process in place for the creation and adjustment of system generated reports.	While our review found that there was a robust process in place for the creation and adjustment of system generated reports, some Swift-specific reports (such as Mail Merge and Oracle integration) are more complex in nature and there is a potential key-person dependency around the ongoing

		functionality of these elements of the system. Management have advised that, due to the lack of effective reporting functionality, there is difficulty in tracking drift and delay in case work, and that there is the requirement to develop a more effective performance culture.
	5. Process and procedure notes supporting the ongoing use of the systems been prepared and are available to all system users.	Our review identified 118 policy, procedure, and guidance documents on the Orb relating to the use of Swift. We found that most of these documents were either no longer available or had not been subject to review for up to 9 years. Discussions with officers confirmed that Swift processes have been localised, and therefore the extent of guidance documents and processes is not known. This might suggest that the approach to Swift is inconsistent across teams and directorates. Management have advised that a team was in place which provided centralised training to staff, and which maintained policies and procedures, but that the team was disbanded in 2016.
Information governance and system security	1. There are records management procedures in place which outline the requirements for holding, archiving, and deleting data, and which have been approved by IGU and comply with the Council's data protection standards.	As highlighted above, records management procedures are localised and therefore we could not confirm that procedures have been designed appropriately or that they are operating effectively. We noted that the Swift system has limited functionality in relation to archiving and deleting data. As a result, the Council is non-compliant with elements of GDPR legislation and its own data protection standards.
	2. Records management procedures are consistently applied.	
	3. Access to personal sensitive data held on Council network drives is appropriately restricted and regularly reviewed.	Although the Swift system has document retention functionality, the Council did not elect to procure this. As a result, documents which are supplementary to Swift case records are stored on individual network drives. Officers noted that user access for such folders is not aligned with Swift user access privileges, and in some instances, there are no processes to periodically review user access rights to confirm access to sensitive data is restricted.
	4. Controls have been established to prevent unauthorised data extraction and transfer.	Swift has controls in place to prevent the unauthorised extraction and transfer of data through its user security functionality. In addition, the Council also relies on confidentiality agreements and the Councils ICT Acceptable Use Policy.

	5. There are controls in place to manage the secure provision of information to third parties.	No data sharing agreements with third parties were provided to Internal Audit, and therefore we were unable to confirm that controls are adequate. Furthermore, user access controls only cover Council employees and, therefore, the Council is reliant on third parties notifying any changes (e.g. leavers), otherwise access will continue until RSA tokens expire (after 3 months).
	6. Known records management weaknesses have been recorded in relevant risk registers and escalated to the Council's Information Governance Unit.	While we noted that the risks associated with Swift have been discussed and added to some risk registers, we were unable to confirm that all relevant service risk registers detail the issues with the Swift system.
System Access	1. Established system user profiles have been mapped to and are aligned with employee roles and responsibilities to ensure that access to records is appropriately segregated and restricted.	Swift user access rights are not clearly and directly aligned to current operational roles. As a result, it is necessary to copy an existing user's access. This is not considered best practice as any errors will be compounded.
	2. There are controls in place to manage system access rights, including assigning the appropriate user profiles for new starts; allocation and management of RSA tokens for Swift access; employees changing roles; and removing access for leavers.	Our review identified robust controls surrounding adding new users, changing user access, and removing leavers access for Council staff. This includes a reconciliation to the Council's leavers lists which are circulated by Business Intelligence.
	3. Regular reviews are performed to ensure that access rights remain appropriate.	Discussions with officers highlighted that a new process is currently being designed to perform a full review of user access rights on a six-monthly basis. No details of this new process were available and therefore we were unable to test operational effectiveness. As previously highlighted, this task may be made more difficult because user rights are not aligned to operational roles and responsibilities.
Ongoing Supplier Management	1. Council owners have been established for both systems.	No issues were noted regarding the ownership of the system.
	2. An appropriate escalation route has been established to highlight any emergency system issues to the suppliers.	We identified that the relationship with OLM is managed by the Council's ICT supplier CGI, and therefore escalation of emergency system issues, assurance over system security, data protection, and change management

	3. The Council receives appropriate assurance from suppliers in relation to their system security, data protection, and change management controls.	controls, as well as system security issues, is done via the Council's normal ICT procedures.
	4. Any significant system security issues or data protection challenges are communicated to the Council.	

Appendix 2 – Assurance and Priority Definitions

Overall Assurance Ratings	
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.
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.
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.
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.

Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

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Internal Audit Report

Council Emissions Reduction Plan Design review

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Overall Assessment	Effective
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment

Effective

Overall opinion and summary of findings

The controls in place to support the governance and delivery of the Council's Emissions Reduction Plan (CERP), and achievement of the Council Business Plan objective to 'becoming a net zero organisation that can contribute to a sustainable and net zero city', are generally satisfactory.

We noted the following areas for improvement:



- There are capacity and key-person dependency issues within the Corporate Sustainability team that should be addressed to ensure the effective management of the CERP.
- The CERP notes that an All-Party Oversight Group (APOG) will act as a political sounding board for key decisions, but this group has not met since the May 2022 elections.

In addition, advice provided by Internal Audit in relation to the CERP board terms of reference, and the need to update the next version of the CERP to reflect the new governance arrangements, have been acknowledged by management.

Audit Assessment

Areas of good practice

- Good governance arrangements are in place to ensure ongoing accountability and oversight of delivery of the CERP.
- Regular CERP board meetings take place, and additional meetings are held when required.
- Templates are used for monitoring reports to ensure consistency and compliance.
- A draft CERP risk register has been prepared, and the Sustainability team are currently working with the Corporate Risk team to develop this further.
- Carbon workshops and carbon literacy training sessions are run to encourage services to change the way in which services are delivered in order to achieve emissions reductions.

Audit Area	Control Design	Control Operation*	Findings	Priority Rating
1. CERP maintenance and implementation		N/A	No reportable findings – IA advice during the audit was actioned by management.	N/A
2. Oversight and governance by the Council		N/A	Finding 1 – Key Dependency and Capacity Issues	Medium Priority
			Finding 2 – Governance Arrangements	Advisory

*Design only audit, no testing of operation of controls.

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and Scope

The [Climate Change \(Emissions Reduction Targets\) \(Scotland\) Act 2019](#), sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest. The City of Edinburgh Council (the Council) is committed to working towards a politically agreed target of net zero emissions by 2030 for both city and corporate emissions.

The Council's carbon emissions footprint is equivalent to 3% of the city net zero target. The [Council Emissions Reduction Plan](#) (CERP) sets out the initial interventions the Council will undertake to support delivery of net-zero by 2030, by targeting the Council's major emissions sources: energy (buildings and lighting), waste, fleet, and transport.

In approving the CERP in November 2021, Policy and Sustainability (P&S) Committee recognised there are significant emissions in sectors of council activity where actions to achieve reductions are yet to be identified, and also that the CERP (and the budgets supporting it) is a rolling plan which needs to be continually updated and revised until 2030, as more clarity is obtained from operational projects and as future low-carbon technologies evolve.

The CERP introduced carbon budgets to measure progress. Each emissions source is addressed through a dedicated chapter, including the thematic strategic approach to achieving net zero emissions, a phased plan with key milestones and the associated resources required (where known). Each chapter also includes key projects and programmes and their estimated carbon savings. Potential projects have also been quantified to show how they would contribute to the net-zero target.

The Council reports its organisational emissions annually to the Scottish Government through [Public Bodies Climate Change Duties Reporting \(PBCCD\)](#). The P&S Committee provides political oversight and scrutiny of progress of the CERP and receives annual reports on both the CERP and the PBCCD, prior to submission of the PBCCD to the Scottish Government. A CERP board was set up in April 2022 to provide strategic leadership and

operational accountability for delivery of the Council's organisational emissions target.

The Corporate Sustainability Team provides policy co-ordination and support for the CERP and works with the relevant service area leads responsible for ensuring the plan's delivery. The team also lead and co-ordinate the annual committee and quarterly board progress reporting

Scope

The objective of this agile review was to assess the adequacy of design of the key controls established to support governance and delivery of the Council's Emissions Reduction Plan (CERP). This included an assessment on whether the design of the controls supported achievement of the Council Business Plan objective to 'becoming a net zero organisation that can contribute to a sustainable and net zero city'.

Risks

- Programme, Project and Strategic Delivery.
- Regulatory and Legislative Compliance.
- Reputational Risk.

Limitations of Scope

- Testing of the effectiveness of the governance and implementation controls supporting CERP delivery.
- Progress with delivery of city net-zero emissions targets.

Reporting Date

Testing was undertaken between 24 May and 17 August 2022. Our audit work concluded on 17 August 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding Rating	Medium Priority
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Finding 1 – Key Dependency and Capacity Issues

There are current key dependency issues in relation to the support provided by the Corporate Sustainability team in managing the CERP including:

- A vacant key leadership post due to the departure of the Strategy Manager in June 2022.
- Only one Council Carbon Manager is in post and, while their work can be undertaken by another colleague, there would be a significant gap if both the Carbon Manager and the other team member were to leave.

The Head of Service escalated these risks to the Corporate Services Risk & Assurance Committee in August 2022. However, although there is a draft CERP board risk register, these risks are not stated in it.

Risks

- **Programme and project delivery** - failure to effectively manage projects due to capacity issues may result in significant overspends, delays and reputational damage to the Council
- **Reputational risk** - reduced capacity within sustainability team structure resulting in slowed delivery
- **Strategic delivery** - insufficient capacity and skills to support the delivery infrastructure for the Climate Strategy and the CERP
- **Regulatory and legislative compliance** – the Council does not achieve the national emissions reduction targets.

Recommendations and Management Action Plan: Key Dependency and Capacity Issues

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Ref	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	The Corporate Sustainability team's resourcing requirements in relation to CERP should be determined, with recruitment or the sharing of resources with other organisations then being undertaken as required. In addition, resourcing key dependencies should be identified, and appropriate mitigating controls put in place.	Recruitment for the Strategy manager (grade 10) is on-going. A new sustainability team structure is being designed and will be proposed as part of the budget discussions. This structure will take into account CERP resourcing requirements as well as better knowledge transfer.	Richard Carr, Interim Executive Director of Corporate Services	Paula McLeay, Head of Policy & Insight	31/10/2022 for recruitment of new Strategy Manager. 28/02/2023 for approval of new sustainability team structure.
1.2	The Sustainability Team capacity risks should be reflected in the CERP board risk register for discussion, action, and escalation as required.	The Sustainability Team capacity risks have now been reflected in the CERP board risk register (as critical) and were also highlighted at the last board meeting on 05/09/2022. These risks will also be escalated to the next Sustainability Board meeting.	Paul Lawrence, Executive Director - Place	Peter Watton, CERP Senior Responsible Officer	15/09/2022 Escalation of risks at next Sustainability Board meeting by 31/10/2022.

Finding 2 – Governance Arrangements

Finding
Rating

Advisory

1. The governance organisation chart detailed in the November 2021 CERP does not reflect new CERP board arrangements that were put in place during 2022.
2. The CERP notes that a Sustainability and Climate Emergency All-Party Oversight Group (APOG) will act as a political sounding board for key decisions, but this group has not met since the May 2022 elections. The purpose of this working group is to focus on thematic aspects of the plan and explore challenges relating to delivery in collaboration with relevant officers.

In addition, it is noted that the APOG which was in place prior to the May 2022 elections had not received any CERP progress reports.





Risks

- **Governance and decision making** – without an APOG in place, there is limited opportunity for elected members to support, champion and provide additional political governance, scrutiny, and oversight of the CERP.

Recommendations and Management Action Plan: Governance Arrangements

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	The next revision of the CERP (due in late 2022) should reflect the current governance arrangements.	The revision of the CERP due in November 2022 will highlight new governance arrangements (establishment of new CERP board in 2022). The full governance diagram that was presented in the initial CERP published in November 2021 will be updated in the next version of the plan (November 2023) once new political management arrangements are approved.	Richard Carr, Interim Executive Director of Corporate Services	Claire Marion, Lead Change and Delivery Officer (Carbon Management)	30/11/2023
2.2	It should be decided whether the Sustainability and Climate Emergency All-Party Oversight Group (APOG) should be reinstated. If it is, then CERP progress reports should be provided to it on a regular basis.	Political management arrangements (PMAs) will be determined in the Autumn 2022 following elections from May 2022. It is not possible to update the CERP Governance diagram or clarify the role and remit of the APOG until that work is undertaken. Following confirmation of the PMAs the governance of the CERP and Sustainability Board, including the role of the APOG will be updated to the Boards and embedded into the CERP documents in 2023.	Richard Carr, Interim Executive Director of Corporate Services	Paula McLeay, Head of Policy & Insight	31/12/2022

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for-purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design-only audit

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Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Role Specific Learning and Development for Council Officers

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10 November 2022
CW2208

Overall Assessment	Some improvement required
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment

Some improvement required

Overall opinion and summary of findings

The design of controls in place to support the effective learning and development of Council Officers to ensure they possess the necessary skills, knowledge and behaviours needed to deliver the Council's priorities are generally satisfactory. Some areas for improvement have been identified:

- there is not a formal process for regular review of learning and development guidance, checklists and learning materials
- service areas should be reminded of the requirement to regularly review and update role specific templates and ensure that versions on the Orb reflect current practice. L&D have advised that they have a plan in place to address this

completion and monitoring of role specific induction and refresher learning topics could be improved in some service areas

it is recognised that improved completion rates for digital learning and effective monitoring of learning in some services is required, however this is dependent on the hosting of all learning requirements within, and access for all colleagues to, the new myLearning Hub system.



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Areas of good practice

Our review identified that:

- comprehensive Council wide guidance and checklists have been developed for managers and colleagues covering management and completion of induction and ongoing learning, with links to key activities, learning options, resources and systems on the Learning and Development (L&D) Orb pages
- clear and regular Council wide communications are issued to support new and revised learning and policies, for example, the roll out of myLearning Hub and ongoing reminders to encourage and support increased uptake
- good working relationships between the L&D team, subject matter experts and the services that they support were highlighted during the review. The good engagement by the L&D team, and the service areas reviewed during the audit process is also recognised and was appreciated.
- accessibility to learning systems by hard-to-reach colleagues is a recognised issue, with ongoing campaigns to implement a Council wide solution to digital accessibility for all colleagues
- frontline / remote areas reviewed were working to improve digital access to learning for non-desk-based colleagues, e.g., via standalone PCs and kiosks
- evaluation of post course / learning feedback forms and reflections were business as usual processes in most service areas reviewed and were subject to dashboard reporting for L&D led learning.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Role Specific Learning and Development for Council Officers			Finding 1 – Learning Guidance and Materials – Content and Review	Low Priority
			Finding 2 – Role Specific Learning Templates	Medium Priority
			Finding 3 – Completion, Review and Monitoring of Learning	Medium Priority
			Finding 4 – myLearning Hub Roadmap	Low Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Internal Audit Report: CW2208 – Role Specific Learning and Development for Council Officers

Background and scope

The Council's [People Strategy for 2021-2024](#) sets out what colleagues should expect from the Council as their employer and what the Council expects from their workforce. The 'maximising our capability and performance' theme commits to ensuring that everyone is clear about what's expected of them in their role, giving everyone the opportunity to develop the skills they need to do their job well; and making sure there is sufficient learning and development to keep colleagues safe but also to support their career development.

The [Strategic Workforce Plan](#) describes specific actions the Council will take to address the gaps between the current and future workforce needed to deliver the Business Plan. Ongoing and annual actions to support this workstream include:

- implementation of new digital learning platform
- annual supply/ demand exercise for role specific learning
- guidance and/or learning for all (appropriate) employment policies.

As agreed by the Corporate Leadership Team, there is currently no Council-wide reporting on learning completion; however, there are plans for learning data to be included in the workforce report to Finance and Resources Committee in January 2023 under the people strategy theme 'maximising capacity and performance'. Learning data from L&D monthly internal dashboards will be included in this report.

A new digital learning system [myLearning Hub](#) replaced CECil, learnPro and Thrive in August 2021, and is used to complete essential learning for each Council role, in addition to face-to-face learning. The system is accessible to all colleagues; colleagues who do not have a Council email address can sign-up using their personal email address. Accessibility to learning for all Council colleagues is recognised as a key risk by Human Resources (HR).

A range of learning and development [guidance and toolkits](#) is included on the Orb (the Council's Intranet) to support colleagues and managers to

complete high quality induction processes and ongoing learning.

The L&D team work with service area managers and subject matter experts across the Council to articulate essential learning for each role, captured on role specific templates on the Orb. Templates are reviewed with the service areas to ensure that role specific learning is current and relevant. A full review of all templates commenced in July 2021.

The roll out of new and revised policies is supported by learning campaigns, which are communicated to colleagues through News Beat, Managers' News, and on the Orb. During the Covid-19 pandemic essential learning was condensed for some key roles, mainly for new home care and care home colleagues, with face-to-face learning replaced by online learning.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established for role specific learning and development for Council Officers.

Risks

- Governance & Decision Making
- Service Delivery
- Workforce
- Regulatory and Legislative Compliance.

Limitations of Scope

Verification checks of colleagues' professional accreditation and certificates was specifically excluded from this review.

Reporting Date

Testing was undertaken between 21 July and 10 October 2022. Our audit work concluded on 10 October 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Learning guidance and materials – content and review

Finding Rating	Low Priority
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While good quality Council wide guidance and checklists have been designed, with induction guidance including a reminder to managers to ensure that new starts ‘complete all of the other essential learning’, there are no clear statements within the performance and leadership frameworks stating the need for managers to monitor completion of mandatory elements of induction and ongoing learning in their service areas. Feedback from service areas indicated that further guidance and support would be welcomed in this area.

The respective roles and responsibilities of the L&D team and Service Area Managers for essential learning are communicated on an ongoing basis in line with process changes, however, they are not outlined in the L&D Orb pages for reference.

Guidance and learning materials prepared by L&D are reviewed on an ongoing basis, but there is no formal process in place to ensure regular review of all learning related Orb / document content, and no version control included in key induction guidance and checklists. Subject matter experts are also not reminded to ensure they undertake regular checks of role specific templates and learning materials. L&D have advised that there is a plan in place to do this.

In three service areas sampled, review schedules were not in place for local guidance and learning materials to ensure these remain relevant and up to date.

While review processes would benefit from a more formal framework, it is recognised that updates on key topics are regularly communicated when relevant, for example, updated policy, guidance and learning on domestic abuse awareness in July 2022.

Several examples were noted on the Orb of out-of-date content: reference to obsolete learning systems or HR system processes. The L&D team were pro-active in rectifying all issues highlighted during the audit.

In two service areas reviewed, instances were also noted where obsolete induction checklists and summary guidance were used. These documents referenced induction processes and timescales no longer applicable.

Risks

- **Governance & decision making** – Council Officers may not be provided with effective learning for their role and duties
- **Regulatory and legislative compliance** – if guidance and materials are not regularly reviewed, they may no longer align with organisational changes or any changes in national guidance or changes required in response to external assurance reviews.

Recommendations and Management Action Plan: Learning guidance & materials – content and review

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
1.1	Consideration should be given to reviewing the performance and leadership frameworks to include guidance on how services can effectively monitor	1. Information on this will be included in the Managers’ Guidance which will be published on the Orb.	Owner: Richard Carr, Interim Executive Director of Corporate Services	31/03/2024

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	mandatory induction and ongoing role specific learning.	<ol style="list-style-type: none"> 2. Consider adding information to the Managers' Essentials Resource. 3. Consider inclusion within the Leadership and Performance Frameworks when these are next updated. 	<p>Contributors: Katy Miller, Service Director - Human Resources</p> <p>Margaret-Ann Love, Head of HR, Consultancy & Policy</p> <p>Caroline Bayne, Lead HR Consultant, L&D</p>	
1.2	Respective roles and responsibilities for both L&D and service managers should be clearly outlined on the L&D Orb pages.	<ol style="list-style-type: none"> 1. Draft and publish roles and responsibilities of L&D and managers in relation to induction and role-specific learning on to the Orb pages. 		31/03/2023
1.3	<p>A review process and schedule should be put in place to ensure that all induction and learning guidance and learning materials are subject to regular review and update, to ensure that they remain relevant and in line with organisational and external changes, for example, every 3 years or in line with operational/ legislative changes.</p> <p>All documents should include version control, clearly stating the date of last review, and the date of the next scheduled review.</p> <p>The process should include the issue of reminders:</p> <ul style="list-style-type: none"> • to subject matter experts and services to undertake regular reviews of learning materials that they are responsible for, both in myLearning Hub and locally held • to service areas to use the most up to date induction and learning templates and checklists. 	<ol style="list-style-type: none"> 1. Annual communication to all managers and Directorates to remind colleagues providing learning that materials are updated and archived with version control and dates every three years or in line with operational or legislative changes. 2. L and D draft and publish guidance on Orb. 3. Annual communication planned for managers to ensure that managers use most -up-to-date checklists and templates for role-specific learning. 4. Explore use of myLearning Hub functionality to assign role specific templates to service areas and subject matter experts to enable an alert to be set up to prompt checking content on digital learning resources and role-specific templates. 		30/06/2023

Finding 2 – Role specific learning templates

Finding
Rating

Medium
Priority

Discussions with Service Area Managers on their role specific templates, and review of specific topics within these templates highlighted that:

- some templates on the Orb are out of date as local changes to role specific topics, job roles or frequency of refreshers have not been advised to L&D to ensure the master version on the Orb is updated. Examples were noted in four of five areas reviewed
- one service area use their own learning template (not the template on the Orb) however they confirmed they would engage with L&D in respect of the current review. Two service areas made a distinction between learning topics in their templates that they considered critical / essential, such as H&S training, noting that some other topics were deemed less essential
- for some topics reviewed, there was a lack of clarity within services whether role specific induction and refresher learning applied to all colleagues with the same job title, for example, adult protection in customer contact roles and child protection in sport and outdoor learning roles.

L&D have advised that following completion of the current revision of all templates, an annual communications process will be implemented which will include asking service managers for any required template changes and include encouraging them to review role specific learning completion as part of annual conversations.

L&D have also advised managers who lead organisational change to ensure that they update role specific templates where appropriate; this is detailed within in the Council's Managing Change user guide.

Risks

- **Governance & decision making**– Council Officers may not be provided with effective learning for their role and duties
- **Workforce / Service delivery** – Council Officers may not complete all the required role specific learning for their role.

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Recommendations and Management Action Plan: Role specific learning templates

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
2.1	<p>As part of the planned annual communications process, service areas should be reminded to only use the versions of the role specific templates on the Orb to manage and monitor completion of learning.</p> <p>Service areas should be encouraged to notify L&D of any required changes to the master version, such as:</p> <ul style="list-style-type: none"> • any new job roles that should be added so L&D, subject matter experts and the service can agree role specific learning applicable 	<ol style="list-style-type: none"> 1. Planned annual communications to all managers every February to ask for any changes to role-specific learning templates to be communicated to L&D. 2. Managing Change Guidance has been updated to include advice for managers to work with L&D to update any role-specific learning templates after a service re-design. 	<p>Owner: Richard Carr, Interim Executive Director of Corporate Services</p> <p>Contributors: Katy Miller, Service Director - Human Resources</p> <p>Margaret-Ann Love, Head of HR, Consultancy & Policy</p>	31/03/2023

	<ul style="list-style-type: none"> any required changes in the role specific topics, frequency and staff groupings updates to address any omissions from the current templates in place (which should be captured in the current roll out of revised templates). Management have advised that there is already a plan in place for this. 		<p>Caroline Bayne, Lead HR Consultant, L&D</p>	
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Finding 3 – Completion, review and monitoring of learning

Finding
Rating

Medium
Priority

Discussions with Service Area Managers on induction learning, and review of a sample of induction programmes highlighted:

- Only 3 of 5 new starts reviewed had access to myLearning Hub, where they are required to complete six induction modules. Only one of the new starts reviewed had completed the two induction modules sampled. This pattern mirrors the Council wide position; 40% of new starts had completed the ICT Acceptable Use Policy module from 2 August 2021 to 31 May 2022, with 47% completion rates by new starts for the Keeping You Safe module in the same period.
- In one area reviewed, two new starts had not undertaken the specified child protection learning on induction. Alternative learning was provided for one, and learning provided by a previous employer had been deemed sufficient by their line manager for another. L&D has confirmed that for job roles requiring this learning, the specified module should always be completed on induction.

Completion of specific refresher learning topics reviewed across 5 areas show that not all colleagues have completed their required learning. Examples include:

- Counter terrorism (ACT) online learning had only been completed by two of five colleagues reviewed; Internal Audit has highlighted this with the Service Manager.
- For one officer required to complete Level 4 child protection learning every three years, an alternative training course had been undertaken.
- Refresher topics selected from templates for two further areas could not be reviewed. The service advised that they were either no longer applicable or delivered as an ongoing programme of toolbox talks rather than as the three-year refresher requirement noted. [See recommendation 2.1.](#)

Overall, it was noted that effective monitoring of completion of role specific learning is not performed in most areas reviewed as part of audit fieldwork, and no evidence was provided of departmental reporting on the completion of learning.

Specific issues noted include:

- In the areas reviewed there was a willingness to do more, however issues such as a lack of business support, management capacity, too many different systems and restrictive systems functionality were noted as barriers. Service managers advised they were reluctant to request reports from L&D as they did not want to overburden them.
- Services advised that current functionality in myLearning Hub could be improved. For example, one Training Officer advised they cannot allocate tasks to new starts via delegated authority as they are not a direct line manager. L&D have confirmed that this will be possible in the future.

Risks

- **Governance & decision making** – limited assurance that all necessary learning is being completed to enable all Council Officers to undertake their roles safely, competently, legally and effectively.
- **Workforce / Service delivery** – Council Officers may not be completing all the required role specific learning for their role.

Recommendations and Management Action Plan: Completion, review and monitoring of learning

Ref.	Recommendation	Agreed Management Action	Action Owner/ Contributors	Timeframe
3.1	<p>Managers should be reminded of their responsibilities to ensure role specific induction learning is completed as required.</p> <p>The reminder should highlight that learning undertaken with a previous employer does not remove the need for this learning to be undertaken on induction with the City of Edinburgh Council.</p>	<ol style="list-style-type: none"> 1. Planned communications to all managers to remind them of their responsibilities about role-specific induction. 2. Guidance drafted and published on the Orb to highlight manager responsibilities about induction and role-specific learning. 	<p>Owner: Richard Carr, Interim Executive Director of Corporate Services</p> <p>Contributors: Katy Miller, Service Director - Human Resources</p> <p>Margaret-Ann Love, Head of HR, Consultancy & Policy</p> <p>Caroline Bayne, Lead HR Consultant, L&D</p>	30/06/2023
3.2	<p>Managers should be reminded that they have reporting functionality within myLearning Hub to monitor completion of all required induction modules, and that they should perform regular monitoring.</p>	<ol style="list-style-type: none"> 1. Include details about regular use of the dashboard on myLearning Hub in managers' guidance on the Orb and communicate in Managers' News. 		30/06/2023

Finding 4 – myLearning Hub Roadmap

Finding Rating	Low Priority
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Of the 25 colleagues included in audit testing, 4 (16%) did not have a myLearning Hub account, and 9 of 21 who did have accounts (43%) had not activated their account within four of the five service areas reviewed. This activation pattern mirrors the Council wide position as of 8 July 2022, where 41% of accounts had not yet been activated. Management have advised that from November 2022 all staff will be provided with a myLearning Hub account whether or not they have a corporate email address.

Basic literacy and numeracy issues were noted as a barrier to some colleagues in using digital learning within two services reviewed.

Not all colleagues have access to the corporate network, Orb or myLearning Hub. While myLearning Hub can be accessed from individuals' phones or other mobile device, the Council cannot mandate a requirement for employees to use their own devices. Accessibility to learning systems by hard-to-reach colleagues is a recognised issue and risk, and L&D colleagues are part of a wider team supporting a Council wide solution and campaign for digital accessibility for colleagues.

L&D have outlined the future aim, that all learning will be tracked in myLearning Hub, including functionality to assign all role specific learning within the system. Annual monitoring reports and associated reminders will also be facilitated.

Full functionality has not yet been enabled due to the team focusing on access issues first. Phase 2 will focus on how to improve functionality.

Risks





- **Governance & decision making** – limited assurance that all necessary learning is being completed to enable all Council Officers to undertake their roles safely, competently, legally and effectively.
- **Workforce / Service delivery** – Frontline colleagues may not have access to required learning.

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Recommendations and Management Action Plan: myLearning Hub Roadmap

Ref	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
4.1	While it is recognised that there is a good strategy in place to host the majority of learning on a single platform, with increased access and associated functionality to permit more effective monitoring, the strategy and phases / timescales for achieving should be communicated Council wide, taking into consideration the findings from testing and feedback received from services that current arrangements for recording and monitoring require to be improved.	Work with Communications Team to plan and implement regular comms which highlight to managers the functionality of myLearning Hub and introduce colleagues to new features as appropriate.	Owner: Richard Carr, Interim Executive Director of Corporate Services Contributors: Katy Miller, Service Director - Human Resources Margaret-Ann Love, Head of HR, Consultancy & Policy	31/12/2024
4.2	L&D should consider running a campaign to signpost colleagues to literacy learning available.	Plan a campaign using myLearning Hub to signpost literacy resources to managers and colleagues. This will take place during the annual Learning at Work Week in May 2023.	Caroline Bayne, Lead HR Consultant, L&D	31/05/2023

Appendix 1 – Control Assessment and Assurance Definitions

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Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings

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.
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.
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.
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.

Finding Priority Ratings

Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Induction and Ongoing Learning for Elected Members

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Overall Assessment	Effective
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Executive Summary

Overall Assessment

Effective

Overall opinion and summary of findings

The controls in place to support the effective induction and development of elected members with the necessary skills, knowledge and behaviours needed to deliver the Council's priorities are generally satisfactory.

We noted the following areas for improvement:

- a formal process for regular review of elected members guidance and training materials has not been established
- some members had not completed their mandatory training three months post-election, despite clear communications being issued in relation to the mandatory nature of some induction training sessions, with flexibility offered in relation to delivery methods, times and dates for completion of this training. However, escalation processes are in place to ensure attendance is maximised
- survey results were not collated into a formal lessons learned plan to improve future training provision, although member feedback was gathered in advance of induction programme planning.



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Areas of good practice

Our review identified that:

- comprehensive guidance is provided to new and returning elected members to ensure that they are aware of where and how to access learning materials, with Digital Services and Learning & Development Officers attending the first day of induction to provide support
- induction session facilitators are offered guidance and training to improve their delivery of elected member sessions
- a comprehensive induction programme was developed and delivered in May and June 2022, and an ongoing programme of training is underway for autumn 2022 onwards
- the induction timetable is circulated to all candidates in advance of the election to ensure maximum uptake and awareness of mandatory and recommended topics
- the Governance team engage regularly with elected members on training, support, and continuous professional development
- there is effective partnership working between the Council's Governance team, the Improvement Service, and other local authorities to ensure that a quality induction programme is planned and delivered, and best practice shared.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
Elected Members Induction and Ongoing Learning			Finding 1 – Review Schedule for Guidance and Training Materials	Low Priority
			Finding 2 – Escalation Processes for Mandatory Topics	Low Priority
			Finding 3 – Post-Survey Outcomes	Advisory

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Internal Audit Report: CW2208 – Induction and Ongoing Learning for Elected Members

Background and scope

An Elected Member learning and induction programme was developed for the 2022 intake of new and returning Councillors, following the local government elections in May 2022. Phase 1, which commenced on 9 May 2022, was an initial 8-week period for mandatory and recommended learning including specialist learning for frontline Councillors (Conveners, Vice-Conveners, and Group Leaders), and members of specialist committees (for example, Licensing).

A second programme (phase 2) commenced in August 2022. This will be followed by an ongoing programme of learning throughout the term of the Council.

A range of learning sessions, resources and guidance was provided to support new and returning elected members induction and ongoing learning including:

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- a Welcome event, a freshers' fair, a tour of City Chambers, and services for members' introductory briefing
 - the [Standards Commission for Scotland Councillors' Code of Conduct](#).
 - Political management arrangements and how committees work
 - Personal Safety
 - the Council's Governance Framework
 - Effective Scrutiny.

In-person sessions are supported by online and pre-recorded options to ensure a range of access options are available. Elected members were provided with laptops and also have access to all modules on myLearning Hub, with a tailored landing page. The learning programme is supported by day-to-day advice and guidance from the members' services support team.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established for Induction and Essential Learning for Elected Members.

Risks

- Governance & Decision Making
- Regulatory and Legislative Compliance
- Service Delivery.

Limitations of Scope

No limitations to scope were identified.

Reporting Date

Testing was undertaken between 21 July and 24 August 2022. Our audit work concluded on 6 September 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Review Schedule for Guidance and Training Materials

Finding Rating

Low Priority

A formal process to ensure regular review of all elected members guidance and training materials held on the Orb and in myLearning Hub has not been established.

Previously, learning materials were reviewed on a five-year basis aligned to the Council term. During audit planning, it was noted that a range of training documents for elected members dated 2017 were still live in the Orb at the end of May 2022, with some out-of-date content noted. However, these have since been removed, and the Governance team has stated that training materials will be subject to more regular review in future.

A lack of clear version control was also noted. A guidance booklet for elected members dated May 2022 includes no review schedule. However, the Governance Manager stated that this document is on the Governance Team's work plan for annual review and update.

While the process would merit a more formal framework, Internal Audit recognise that the Governance team do provide updates to elected members on key topics when relevant, for example, an additional session was held on changes to the code of conduct (in 2020) during the last Council term. In addition, an update from the Standards Commission in June 2022, including guidance on the Code of Conduct, was circulated.

Risks

- **Governance & Decision Making** – Elected members may not be provided with effective learning for their role and duties.
- **Regulatory and Legislative Compliance** – If guidance and training materials are not regularly reviewed, they may no longer align with organisational changes or any changes in national guidance, or changes in response to external assurance reviews.

Recommendations and Management Action Plan: Review Schedule for Guidance and Training Materials

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	<p>A process and schedule should be established to ensure that all elected members guidance and training materials are subject to regular review and update on an ongoing basis, to ensure that they remain relevant throughout the term of the Council for reference by existing and any new members elected, and for any members changing the committees that they sit on during the Council term.</p> <p>The process should include the issue of reminders to subject matter experts to undertake a similar review of elected member training materials that they are responsible for (for example annually) and following any changes in internal / external processes and legislation.</p>	<p>The Governance team will update their workplan to include a process for reviewing guidance and training materials.</p> <p>This will include the issue of an annual reminder by the Governance team to subject matter experts to also review and, where relevant, update the training materials that they are responsible for.</p>	Richard Carr, Interim Executive Director of Corporate Services	<p>Gavin King, Head of Democracy, Governance, and Resilience</p> <p>Laura Callender, Governance Manager</p> <p>Laura Millar, Governance Officer</p>	31 July 2023
1.2	All training documents should include clear version control, including the date of last review, and the date of the next scheduled review.	Agreed – this will be actioned.			31 July 2023

Finding 2 – Escalation Processes for Mandatory Induction Training

Finding Rating

Low Priority

The Council categorises some learning sessions as mandatory, namely the session on the Code of Conduct and the sessions on specialist committees. However, the Standards Commission do not require a mandatory approach, or set any timescales for the completion of training, but does require that Council members are familiar with the provisions of the Code and comply with the law and their council's rules, standing orders and regulations.

With regard to the training on the Code of Conduct and on specialist committees, our review noted that three months post-election:

- 25% of members had not attended either in-person or online sessions on the Code of Conduct, which were held in both May and August 2022. This was however, escalated to political group management, and political group / one-to-one sessions are being arranged
- for two specialist committees, 7 members had not attended all of the mandatory sessions held in May and June 2022, resulting in additional sessions being required. For one of these committees, two of nine members had not completed mandatory committee training as at 24 August 2022 despite the first meeting of this committee in the current session being held on 27 June 2022.

However, clear communications are issued by the Elections team, the Governance team and the Council Monitoring Officer to members in relation to the mandatory nature of some induction training sessions, and flexibility is offered in relation to delivery methods and times. In addition, the Governance team monitor attendance, and follow a set escalation in relation to non-attendance.

Risks

- **Governance & Decision Making** - Elected members may not complete all mandatory and committee-specific learning prior to undertaking committee duties, and the need to schedule additional sessions may have an impact on Officer time and resource
- **Regulatory and Legislative Compliance** – If members do not attend mandatory sessions, they may not be fully aware of their roles and responsibilities.

Recommendations and Management Action Plan: Escalation Processes for Mandatory Induction Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Any non-attendance at mandatory induction training sessions that require to be completed during the induction period and prior to commencement of Council/committee meetings should be escalated by the Governance team with political group management prior to the summer recess to ensure compliance, and minimise the time spent by Officers in monitoring, arranging and facilitating additional training sessions.	<p>There were complicating factors this year due to the delays in final appointments to committees.</p> <p>The process stated in the recommendation is the established process that will be followed on future occasions.</p>	Richard Carr, Interim Executive Director of Corporate Services	<p>Gavin King, Head of Democracy, Governance, and Resilience</p> <p>Laura Callender, Governance Manager</p> <p>Laura Millar, Governance Officer</p>	30 April 2023

Finding 3 – Post-Survey Outcomes

Finding
Rating

Advisory

While details were provided by the Corporate Governance Manager on how the results from an elected member survey completed in February 2022 were used to inform Governance team discussions in shaping the induction programme, post survey outcomes were not recorded and tracked via an action plan.





Risks

- **Service Delivery** - If feedback results are not formally recorded, opportunities to identify ideas for new learning materials, improvements to existing content, and the means in which this is delivered and accessed, may not be captured and addressed fully and in a timely manner.

Recommendations and Management Action Plan: Post Survey Outcomes

Ref.	Advisory Recommendation (<i>no management action required</i>)
3.1	Survey results should be documented and analysed to ensure that all comments, preferences and improvements identified are recorded and used to inform future elected member learning.

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

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Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Repairs and Maintenance Framework (Operational Properties)

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Overall Assessment	Some improvement required
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment

Some improvement required

Overall opinion and summary of findings

The controls in place to support the repairs and maintenance arrangements for Council operational properties are generally satisfactory. The following areas for improvement were identified:





- contract management arrangements are not aligned with the requirements set out in the Council’s Contract Management Manual and toolkit
- contract management responsibilities for individual members of staff have not been documented
- record keeping for performance monitoring and contractor progress meetings is not comprehensive
- the Council does not receive regular assurance that PVG requirements are fully met by contractors.

Areas of good practice

Our review identified:

- the governance structure for management of the contracts is well-established, including a Repairs and Maintenance Board chaired by the Service Director
- there are a number of forums for the Council and contractors to discuss issues including progress meetings, early warning, escalation and task order meetings
- performance adjustment schedules demonstrated effective KPI monitoring and, where performance did not meet the agreed standard, penalties were applied
- electrical and gas safety is discussed as a standing item in monthly progress meetings
- contractors provide annual confirmation that their IT systems are secure.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Design and approval of the contracts			Finding 1 – Alignment with the Contract Management Manual and Toolkit	Medium
2. Oversight and governance			Finding 2 - PVG Assurance for Repairs and Maintenance Contractors	Low

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

Hard facilities management services (ongoing maintenance of physical structures) for all Council operational properties are provided by two contractors: [Mitie](#) and [Skanska](#). The contracts came into effect on 1 October 2021, will run for 7 years, and have estimated annual value of £10m per year. The contractors provide services for specific geographical areas within the city. However, if there is an emergency, the contractors can work in other areas where required.

Repair requests are submitted to the Council's [Facilities Management Helpdesk](#), within Customer Services, which operates standard office hours along with emergency out-of-hours availability. The Helpdesk team prioritise the repairs and, if they require advice, contact Facilities Management. Both contractors also have helpdesks to respond to queries from staff at the Council's Helpdesk.

Contract management and governance arrangements

The Council's [Contract Management Manual and Toolkit](#) was implemented in June 2018 and provides guidance on the management of contracts, and aims to provide a consistent approach across the Council.

Governance arrangements for the repair contracts include a project board and daily engagement with contractors. There are also regular meetings with records of meeting actions maintained. Contractors provide monthly reporting which includes information such as a summary of the work performed compared to planned work, and response times.

Information technology and data protection

Both contractors use their own technology systems to record work performed, with live updates provided to the Council's CAFM system. The information transferred includes relevant information including the work performed, costs, individual performing the work, location, and the time when the work was performed. During audit fieldwork, it was established that one contractor's CAFM integration had failed during updates and the Council was

monitoring performance through a manual system. A performance improvement notice was issued to the contractor as a result.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the new repairs and maintenance arrangements for Council operational properties, including ongoing completion of gas and electrical safety checks, and arrangements for maintenance of fire alarms.

Risks

- Health and safety (including public safety)
- Supplier, contractor, and partnership management
- Service delivery
- Regulatory and legislative compliance.

Limitations of Scope

The following areas were excluded from scope:

- CGI's ongoing management of application programming interfaces used to transfer data into the CAFM system
- repairs and maintenance of Public and Private Partnership (PPP) and Design, Build, Finance and Maintain (DBFM) Schools – an audit of this area was completed in May 2021
- repairs and maintenance of operational properties performed by Council employees.

Reporting Date

Testing was undertaken between 18 August and 4 November 2022.

Our audit work concluded on 4 November 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Alignment with the Contract Management Manual and Toolkit

Finding Rating	Medium Priority
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Our review confirmed there are established arrangements for managing both contracts. Due to their value, these contracts are classified as Tier 1, which means there are specific contract management activities aligned to the risk and complexity of the contracts as set out in the [Councils Contract Management Manual and Toolkit](#). It is noted that the contracts are not fully managed and monitored in alignment with the guidance, for example a Contract Management Plan that sets out responsibilities for managing key contract requirements has not been developed.

The Council monitors contractor performance against agreed KPIs and penalties are applied in accordance with performance adjustment schedules when standards are not met. A process to issue performance improvement notices has been established and, while our review identified that this process was being followed, a log is not being maintained of issued notices, with staff relying instead on email trails for monitoring.

Additionally, a review of records of monthly progress meetings with contractors confirmed that actions are being noted at each meeting. However, there was no rolling action log in place to track actions to completion.

Discussions with management confirmed that there is currently no requirement to regularly report to committee on the performance and delivery of the contracts, other than by exception.

It is also noted that staff responsible for management of the current repairs contracts have not completed the contracts and grant management eLearning. Management has advised however that staff have received training on NEC4 Term Service contracts monitoring but these sessions have not been formally recorded.

Risks

- **Supplier, contractor and partnership management** – contract management is inconsistent with the guidance of the Council's Contract Management Manual and Toolkit.

Recommendations and Management Action Plan: Alignment with the Contract Management Manual and Toolkit

Ref.	Recommendation	Agreed Management Action	Action Owner / Contributors	Timeframe
1.1	<p>The Service Manager should review the Contract Management Manual and Toolkit and engage with the Contracts and Grants Management team for support in addressing any unclear elements of contract management.</p> <p>A mapping exercise should be completed to compare the requirements of the Contract Management Manual and Toolkit with current practice to identify areas where requirements are not being met. This should include consideration of:</p> <ul style="list-style-type: none"> development of a Contract Management Plan (using the template provided within the Contract Management Manual and Toolkit) to capture key contract requirements and roles and responsibilities of relevant staff involved in management and monitoring of the contracts implementing a performance improvement log to ensure performance improvement notices issued to contractors are being recorded. The log should be reviewed periodically to identify themes and trends, with repeated issues fed into monthly progress meetings maintaining a rolling action log as a standard item for monthly progress meeting agendas. 	<p>The Service Manager will review the Contract Management Manual and Toolkit and conduct a mapping exercise to identify potential (any) areas where requirements are not being met.</p> <p>The CAGM Team will be engaged on any elements that are unclear.</p>	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Stephen Gemmell, Service Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager</p>	30 April 2023

1.2	<p>All employees with contract management responsibilities for the repairs contracts should complete the relevant e-learning module on contract and grants management available on myLearning Hub.</p> <p>In addition, management should contact Learning and Development to request that the e-learning is added to the role specific officer learning templates available on the Orb.</p>	Recommendation agreed.	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Stephen Gemmell, PPM Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager</p>	31 May 2023
1.3	<p>Consideration should also be given to the benefits of reporting on contractors' performance to committee. Management should raise this with the Repairs and Maintenance Board, with the decision recorded.</p>	<p>An item will be added to the agenda of a future Repairs and Maintenance Board to discuss whether reporting on contractor performance to committee would bring additional benefit.</p>	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Stephen Gemmell, PPM Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager</p>	31 May 2023

Finding 2 – PVG Assurance for Repairs and Maintenance Contractors

Finding Rating	Low
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There is a contractual requirement for contractors to provide details of employees who are members of the PVG scheme when regulated work is carried out. Additionally, where required, the Council has established a process to ensure contractors working in Council buildings are accompanied by a Council employee for the duration of their visit.

Our review established that, while both contractors have policies that cover vetting procedures, including PVG membership, the Council does not receive ongoing assurance that PVG responsibilities are being met by contractors.

Risks





- **Regulatory and legislative compliance** – contractors may not comply with the requirements of the PVG scheme.

Recommendations and Management Action Plan: PVG Assurance for Repairs and Maintenance Contractors

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Ref.	Recommendation	Agreed Management Action	Action Owner/ Contributors	Timeframe
2.1	Assurance statements should be requested from both contractors annually to confirm the PVG status for all employees who attend Council sites.	Both contractors will be approached to request annual assurance statements regarding PVG status for all employees who attend Council sites.	<p>Owner: Paul Lawrence, Executive Director of Place</p> <p>Contributors: Stephen Gemmell, PPM Manager; Murdo MacLeod, Technical Operations Manager; Ross Murray, Operations Manager</p>	28 February 2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

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Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Internal Audit Report

Active Travel Project Management and Delivery

2 December 2022

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Overall Assessment	Some improvement required
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The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall Assessment

Some improvement required

Overall opinion and summary of findings

Controls to support the project management and governance of the Active Travel programme are generally satisfactory. Our review confirmed there are well managed health and safety controls, however, opportunities to improve controls in the following areas were identified:

- not all consultation results are published in line with the Consultation Framework
- the Active Travel stakeholder forum has not been reinstated following the Covid-19 pandemic
- a record of essential learning and training for officers has not been developed
- Active Travel records are not being managed inline with the Council's records retention schedule, and data protection impacts may not always be considered when conducting consultations
- the authority to approve funding and grants is not defined and a record of funding and grant details is not kept centrally
- some project risk registers are not being updated regularly.

Areas of good practice

Our review identified:

- regular meetings are held with key stakeholders
- reporting is submitted to the main funding partner, Sustrans, on a regular basis
- programme and project updates are presented to committee when appropriate
- road safety audits are conducted at the relevant key stages of projects
- public consultations are performed where appropriate and results are analysed to inform decisions.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Engagement and communication with the public, stakeholders, and elected members			1 – Format and Publishing of Consultation Results	Medium
			2 – Reinstatement of Active Travel Forum	Low
2. Governance, decision making, finance and budget management			3 – Essential Learning and Training	Low
			4 – Records Retention and Data Protection	Medium
			5 – Record of Grants Awarded and Funding Agreements	Low
3. Health and safety			No Issues noted	N/A
4. Programme and project delivery			6 – Project Risk Registers	Low

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Internal Audit Report: PL2203 - Active Travel Project Management and Delivery

Background and scope

In September 2010, the City of Edinburgh Council approved the first edition of the Active Travel Action Plan (ATAP). The plan set out a practical set of actions aimed at increasing the levels of walking and cycling in Edinburgh and was [refreshed in 2016](#). Following the adoption of the [City Mobility Plan 2021-2030](#), the ATAP is currently under review and an update is planned to be presented to committee in February 2023 and approval for public consultation will be sought. The new ATAP will set out a range of actions which will seek to maximise opportunities to expand and enhance the city's walking, cycling, and wheeling network.

The Council has an approximately £118m (£103m excluding George Street and 1st New Town) prioritised capital improvement programme for Active Travel projects from 2019/20 to 2025/26, which was approved at the [Transport and Environment Committee in October 2021](#). These permanent capital projects vary in size, with approximately 80% of the costs being funded by the Scottish Government (SG), including 100% of design and development costs and 70% of construction costs. The funding from SG is administered and allocated by [Sustrans](#).

The Active Travel Programme has established its own programme management office (PMO) and risk management and reporting arrangements, which are currently in the process of being brought in-house. This is supported by project and risk management arrangements that are applied to each Active Travel initiative.

Scope

The objective of this review was to assess the adequacy of the design and operating effectiveness of the key programme management and governance controls established to ensure that the Council effectively delivers its Active Travel programme.

Risks

- Governance and Decision Making
- Programme and Project Delivery
- Health and Safety (including public safety)
- Supplier, Contractor, and Partnership Management
- Regulatory and Legislative Compliance
- Reputational Risk.

Limitations of Scope

The following areas were excluded from the scope of this review:

- the transfer of Travelling Safely (formerly Spaces for People) projects to the Active Travel programme.

Reporting Date

Testing was undertaken between 5 July 2022 and 18 October 2022.

Our audit work concluded on 18 October 2022, and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Format and Publishing of Consultation Results

Finding Rating	Medium Priority
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Audit testing on a sample of Active Travel projects confirmed that formal post-consultation reports were created for 100% of the sampled projects.

However, there were three instances identified where the Consultation report was either not published on the Consultation Hub or not provided in the 'We Asked, You Said, We Did' format, as required by the Council's Consultation Framework.

Risks

- **Reputational Risk** – adverse publicity due to the public or consultees not being made aware of how their views have been considered when decisions are being made on Active Travel projects

Recommendations and Management Action Plan: Format and Publishing of Consultation Results

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Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
1.1	<p>All consultation reports should be added to the Consultation Hub in a timely manner, and summarised in the Council's 'We Asked, You Said, We did' format.</p> <p>This should include a review to ensure all previous consultations are published and summarised as required.</p>	<p>The Active Travel Team will ensure that consultants engaged to carry out consultations will be required to utilise the correct format as per the Council's Consultation Policy.</p> <p>Officers will be made aware of the requirement to publish consultation reports on the Consultation Hub in the correct format.</p> <p>A Review will look at consultation reports since the current iteration of the Consultation Policy was introduced and ensure they are uploaded and summarised in the We asked, you said, we did format".</p>	Paul Lawrence, Executive Director of Place	<p>Andrew Easson, Road Safety and Active Travel Manager</p> <p>Phil Noble, Active Travel Team Leader</p> <p>Ross Murray, Operations Manager</p>	30 June 2023

Finding 2 – Reinstatement of Active Travel Forum

Finding Rating	Low Priority
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The Active Travel Forum used to meet on a regular basis to discuss relevant active travel matters. Membership of this forum included a range of key stakeholders, such as elected members, organisational representatives, transport user representatives and neighbourhood nominees.

During the Covid-19 pandemic, the forum stopped meeting, resulting in reduced opportunities for multiple stakeholders to meet with the Council’s officers and elected members.

Audit testing verified that Council officers meet monthly with key stakeholders, such as Living Streets and Spokes, and confirmed that Edinburgh Access Panel were engaged in all the projects sampled where it was reasonable to expect engagement.

Management have advised that the future of the Active Travel Forum should ultimately be decided by elected members. In August 2022, dialogue was started between Active Travel management and Transport and Environment Committee Convenor on the reinstatement the forum.

Risks

- **Governance and Decision Making** – elected members are unaware of the opinions of relevant stakeholder groups
- **Supplier, Contractor, and Partnership Management** – Active Travel stakeholders are unaware of the opinions of other groups

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Recommendations and Management Action Plan: Reinstatement of Active Travel Forum

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
2.1	Dialogue should continue between Active Travel Management and Elected Members on the future of the Active Travel forum, including the remit of the forum and its membership.	To determine, in consultation with the T&E Convener, whether the AT Forum is the most appropriate vehicle or whether its functions can be carried out by an alternative forum going forward.	Paul Lawrence, Executive Director of Place	Daisy Narayanan, Head of Placemaking & Mobility Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	30 April 2023

Finding 3 – Essential Learning and Training

Finding Rating	Low Priority
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The Council’s [essential learning](#) helps employees to feel safe, confident, and compliant when carrying out the requirements of their role. Role-specific learning requirements are held within matrices on the Orb. Discussions with management and a review of the Sustainable Development essential learning on the Orb, established that a record of essential learning and training has not yet been developed for Active Travel officers. However, management have advised that they are currently developing a training matrix.

It is also noted that the Council’s Learning and Development team are currently enhancing arrangements for role-specific training and delivery via the myLearning Hub e-learning platform.

In addition, one project manager stated it would be beneficial to have training and/or guidance to help officers communicate more effectively with elected members. The Project Management Office (PMO) has also identified and recorded this as a training need for specific officer levels. It should be noted that no issues were identified during the audit regarding the quality of the information currently provided.

Risks

- **Programme and Project Delivery** – officers may not have received induction or refresher essential training for their role
- **Regulatory and Legislative compliance** – officers are unaware of regulation or legislation relevant to their role

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Recommendations and Management Action Plan: Essential Learning and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
3.1	A training record should be developed that identifies and records employees essential learning requirements, professional qualifications, and training. The service should seek support from the Learning and Development team to ensure minimum essential learning requirements are captured and to request that the matrices are published on the Orb.	<p>To develop a training record that identifies and records Active Travel Team essential learning requirements, professional qualification, and training for key Active Travel Team roles.</p> <p>The service will seek support from the L&D team to ensure that minimum essential learning requirements are captured and to request that matrices are published on the Orb as per Council policy.</p> <p>N.B Actions will be completed following the conclusion of ongoing organisational review.</p>	Paul Lawrence, Executive Director of Place	<p>Andrew Easson, Road Safety and Active Travel Manager</p> <p>Phil Noble, Active Travel Team Leader</p> <p>Ross Murray, Operations Manager</p>	30 December 2023

3.2	The service should engage with Committee Services to discuss development of training/guidance to support Active Travel officer engagement with elected members.	To approach Committee Services/Governance to organise a training session on engagement with elected members (Member/Officer Protocol).			31 July 2023
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Finding 4 – Records Retention and Data Protection

Finding
Rating

Medium
Priority

The Council's [records retention schedule](#) is a key element of the Council's Records Management Policy and a core requirement of the Council's Records Management Framework and sets out how long various types of information should be retained for.

Discussions held with various officers within the Active Travel team highlighted a lack of awareness of the retention schedule and confirmed there was a tendency to retain records indefinitely.

In addition, The Council's [Consultation and Engagement Quality Standards](#) state a Data Protection Impact Assessment (DPIA) should be completed as a minimum requirement when collecting or processing personal data. However, it was established that there was a lack of awareness of when a DPIA may be required in relation to collecting data for consultation activities.

Risks

- **Regulatory and Legislative Compliance** – the Council does not comply with data protection legislation and records retention requirements

Recommendations and Management Action Plan: Data Retention and Data Protection

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
4.1	Officers should review the Council's guidance on records management available via the Orb . Using the Council's records management toolkit , a review of active travel records should be undertaken and a records retention log created in line with the Council's retention schedule and records management framework.	A records retention log will be created outlining key types of active travel documents and retention timescales.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader	31 August 2023
4.2	Active Travel should engage with the Council's Information Governance Unit to establish the requirements regarding the completion of Data Protection Impact Assessment (DPIA) forms for consultation activities, particularly in relation to the Consultation and Engagement Quality Standards.	To engage with the IGU to establish the requirements regarding the completion of DPIA forms for consultation activities, particularly in relation to the Consultation and Engagement Quality Standards.		Ross Murray, Operations Manager	31 July 2023

Finding 5 – Record of Grants Awarded and Funding Agreements

Finding
Rating

Low Priority

The main funding partner for Active Travel projects is Sustrans. Audit testing confirmed that 100% of Sustrans funded projects sampled had funding agreements in place that had been approved by the Council's Legal team.

A small number of projects are awarded grants from other sources, such as South-East Scotland Transport Partnership (SEStran) and Paths for All. Audit testing highlighted that these grant awards are managed and approved in a different manner to Sustrans funded projects and are not signed-off by the Council's Legal team. It was noted there is a lack of clarity on who is responsible for signing-off smaller grant awards from other sources.

Internal Audit also identified that the Active Travel team do not maintain a central record of approvals together with the key funding agreements/grant awards details. However, the requirement to establish a funding/grants tracker has been recognised by the new PMO.

Risks

- **Supplier, Contractor, and Partnership Management** – funding agreements and awards are not approved in a timely manner by an appropriate officer.

Recommendations and Management Action Plan: Record of Grants Awarded and Funding Agreements

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Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
5.1	The Active Travel Team should agree and document who is responsible for approving grant awards of differing values and sources to ensure the different types of funding agreements and grant awards are approved by the correct officer or department.	To agree and document who is responsible for approving incoming grant awards of differing values and sources to ensure the different types of funding agreements and grant awards are approved by the officer at the right level.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager	31 August 2023
5.2	A tracker should be established by the Project Management Office to track the progress of grant approvals and maintain a record of key contract details. This should be managed in line with the records management processes as recommended at 4.1.	A high-level summary tracker (key clauses) will be introduced for contracts and grants to track progress.		Phil Noble, Active Travel Team Leader	31 July 2023
				Ross Murray, Operations Manager	

Finding 6 – Project Risk Registers

Finding Rating	Low Priority
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Risk registers are maintained for the overall Active Travel programme and for the individual projects. However, although project risks are discussed at monthly meetings with project managers by the PMO, audit sample testing of five live projects identified one project where the risk register has not been updated since 2020.





Risks

- **Governance and Decision Making** – project risks are not identified and managed appropriately

Recommendations and Management Action Plan: Project Risk Registers

Ref.	Recommendation	Agreed Management Action	Action Owner	Contributors	Timeframe
6.1	Controls should be developed to ensure project risk registers are reviewed regularly. This should include regular meetings to review and record risks and ensuring discussion on risks is a standing item for project meetings.	A standing risk item to be added to all PMO/Internal Team meeting agendas.	Paul Lawrence, Executive Director of Place	Andrew Easson, Road Safety and Active Travel Manager Phil Noble, Active Travel Team Leader Ross Murray, Operations Manager	31 March 2023

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

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Overall Assurance Ratings	
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.
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.
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.
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.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

by virtue of paragraph(s) 14 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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Governance, Risk and Best Value Committee

10.00am, Tuesday, 24 January 2023

Corporate Leadership Team Risk Report as at 28 November 2022

Item number	
Executive/routine	Executive
Wards	All
Council Commitments	

1. Recommendations

1.1 It is recommended that the Committee notes:

- 1.1.1 The Council’s risk profile as at 28 November 2022, reflecting the most significant risks facing the Council, and key actions being taken in response to those risks.

Andrew Kerr
Chief Executive

Contact: Chris Lawson, Head of Health and Safety and (Interim) Risk
Legal and Assurance Division, Corporate Services Directorate
E-mail: chris.lawson@edinburgh.gov.uk | Tel: 07732 405 330

Corporate Leadership Team Risk Report as at 28 November 2022

2. Executive Summary

- 2.1 The purpose of this paper is to present the Council's risk profile as at 28 November 2022, to highlight the most significant risks facing the Council, and key actions being taken in response to those risks.
- 2.2 Risk assessments within this paper are based on management's view of the internal and external environments within which the City of Edinburgh Council operates, with subsequent actions considered in the context of the Council's risk appetite.
- 2.3 The Council's 13 enterprise risks have been rated as follows:
- Five High rated risks – Strategic Delivery, Financial & Budget Management, Technology & Information, Service Delivery and Workforce; and
- Eight Moderate rated risks – Programme & Project Delivery, Health & Safety, Resilience, Supplier, Contractor and Partnerships Management, Governance & Decision Making, Regulatory & Legislative Compliance, Reputational Risk and Fraud & Serious Organised Crime.
- 2.4 Trending – Fraud & Serious Organised Crime has increased since last quarter but remains within risk appetite; Resilience has decreased and is now within risk appetite.
- 2.5 Risk appetite – Seven risks currently exceed the Council's risk appetite: Strategic Delivery, Financial & Budget Management, Health & Safety, Technology & Information, Governance & Decision Making, Workforce and Regulatory & Legislative Compliance.

3. Background

- 3.1 The purpose of this report is to provide the Governance, Risk and Best Value Committee with an update on the most significant risks the City of Edinburgh Council has identified and assessed during Quarter 3 2022.

4. Main report

Quarter 3 2022 Current Risk Profile (as at 28 November 2022)

- 4.1 This report contains the most significant risks discussed at the CLT risk committee on 28 November 2022 and the risk assessment for the Council's thirteen enterprise risks. This is based on the aggregated risk scores from divisions, overlaid with council-wide risks.
- 4.2 The Council's enterprise risk descriptions and potential impacts are included in Appendix 1, and a summary of the Council's current enterprise risk profile and trending is included at Appendix 2.
- 4.3 Risk assessments within this paper are based on management's view of the internal and external environments within which we operate, with subsequent actions considered in the context of the Council's risk appetite.
- 4.4 The Council's 13 enterprise risks have been rated as follows:
- 4.4.1 Five High rated risks – Strategic Delivery, Financial & Budget Management, Technology & Information, Service Delivery and Workforce; and
 - 4.4.2 Eight Moderate rated risks – Programme & Project Delivery, Health & Safety, Resilience, Supplier, Contractor and Partnerships Management, Governance & Decision Making, Regulatory & Legislative Compliance, Reputational Risk and Fraud & Serious Organised Crime.
- 4.5 Trending – Fraud & Serious Organised Crime has increased since last quarter but remains within risk appetite; Resilience has decreased and is now within risk appetite.
- 4.6 Risk appetite – seven risks currently exceed the Council's Risk Appetite: Strategic Delivery, Financial & Budget Management, Health & Safety, Technology & Information, Governance & Decision Making, Workforce and Regulatory & Legislative Compliance.
- 4.7 **Rationale for the Council's 13 enterprise risk ratings, and associated actions**
- 4.7.1 Strategic Delivery (High), Finance & Budget Management (High), Governance & Decision Making (Moderate) – these risks remain outwith risk appetite due to continuing economic pressures and public sector resource constraints. The mitigations associated with these are dependent on agreement of the Council's revised Business Plan and Medium-Term Financial Plan.
 - 4.7.2 In relation to the Strategic Delivery of major priority programmes, the current actions to reduce the risk here include commencement of the Poverty Prevention Board in October 2022; a new manager has been successfully recruited to support delivery of the Climate Strategy and Carbon Emissions Reduction Programme (CERP); alignment of Finance staff to work closely

with relevant service and policy colleagues to support development of realistic and deliverable policies / plans aligned to anticipated resources. However, in the context of the Council's revised Business Plan and financial position, what can be delivered over an initial two year period is being reviewed.

4.7.3 Programme and Project Delivery remains Moderate and within risk appetite; however, it continues to be monitored under existing biannual financial governance arrangements.

4.7.4 Health and Safety (including Public Safety) remains Moderate and outwith risk appetite. Risks driving this current assessment include the need for competent fire risk assessors, changes to the Fire Alarm response from the Fire and Rescue Service planned from April 2023, and the risk of Damp and Mould in Council homes,

Action to reduce the risk associated with health and safety include the production of a new Health and Safety Strategy for the Council which will contribute to the successful management of this risk. The new Strategy will be considered by the Finance and Resource Committee at its next meeting on 24 January 2023. In addition a new programme of fire risk assessments by competent specialists have been developed. The Council is also preparing new guidance for Duty Holders in relation to what the Fire and Rescue Service changed response to fire alarms will mean after April 2023 and to consider the risk these changes may create out of hours.

A pilot scheme to add damp/mould sensors in 500 properties is scheduled to be completed in April 2023. The sensors will go into a range of property types, with the data from this to be used to gather better information about where there is higher risk of dampness. The age profile of our stock is such that the majority will be in homes that are 60/70 years old.

4.7.5 Resilience has reduced to Moderate and is now within risk appetite. While the potential impacts of concurrent events remains high, the latest assessment reflects the Council's responsiveness to crises throughout 2022. Subsequent resourcing and financial impacts on services continue to be monitored, alongside planning for additional winter pressures.

4.7.6 Supplier, Contractor, and Partnership Management remains Moderate and within risk appetite, noting continual monitoring of challenging insurance market conditions. Contract management processes are under review alongside ongoing training for services.

4.7.7 Technology and Information remains High and outwith risk appetite due to reliance on legacy systems, most notably iTrent and SWIFT and the heightened threat of cyber-attacks. Prioritisation of investment in new technology is being considered within the Medium Term Financial Plan (MTFP).

iTrent – 5,000 staff do not have access. Paper transactions cause delays, resulting in late notifications of leavers, pay requests etc. which in turn

results in overpayments (currently just under £1m). The system doesn't have an integrated recruitment module with myjobscotland, meaning information has to be moved over manually, causing delays and increased workloads.

A cloud based system will allow for access to remote workers and live integration with our recruitment website.

Swift – end-of-life system which is no longer being developed by the supplier; the system is difficult to use because it is not intuitive, slow, and has performance issues; the system does not allow for effective reporting to other organisations, e.g. the Scottish Government.

A refreshed business case for the replacement of the Swift system is currently underway and is expected to be presented to CLT for approval in Q1 2023.

Cyber – the assessment of a heightened threat is in line with data published by the National Cyber Security Centre (NCSC), in which the UK is the third most targeted country for cyber-attacks. This has been exacerbated by the invasion of Ukraine and further threat of state-led attacks.

The Council and CGI teams continue to identify and manage potential threats across the estate.

4.7.8 Service delivery remains High and within risk appetite, driven predominantly by continued workforce and capacity pressures facing the Health & Social Care Partnership. The Capital City Partnership is providing further support to increase care sector staffing levels through targeted local recruitment.

4.7.9 Workforce remains High and outwith risk appetite due to challenging recruitment markets for key roles within services. The ability to attract and retain talent has been considered within a recent Succession Planning review for CLT. CLT are scheduling a session to explore the most appropriate strategic response to workforce pressures which are unlikely to diminish in the foreseeable future.

While workforce capacity has reduced, in some instances the demands for services has increased. This has exacerbated pressures on existing staff and led to subsequent high levels of employee absence. Comprehensive support continues to be provided for colleagues' wellbeing, and for line managers to support the absence management process. Agency workers are being used to fill capacity gaps where appropriate, while recruitment campaigns continue to focus on the need to fill permanent positions.

4.7.10 Regulatory and Legislative Compliance remains Moderate and outwith risk appetite due to the long term use of temporary accommodation in response to the Ukraine crisis. This continues to be reviewed under the statutory Unsuitable Accommodation Order; performance reporting of statutory care and education services is being monitored closely due to workforce pressures against demand.

4.7.11 Reputational Risk remains Moderate and within risk appetite. The performance and delivery of services will continue to be scrutinised under existing Council committees, within which citizen impacts will be considered.

4.7.12 Fraud and Serious Organised Crime has increased to Moderate but remains within risk appetite. While no new significant instances have been recorded this quarter, several areas of improvement have been identified during a recent internal audit, and mitigating actions agreed for implementation throughout. Staff training and awareness continues to be promoted due to the heightened threat of cyber-attacks.

5. Next Steps

5.1 Resultant actions from the risks identified in this report will continue to be monitored within directorate and CLT risk committees, and are subject to further scrutiny within the next GRBV committee.

6. Financial impact

6.1 There are no direct financial impacts directly arising from this report, although effective management of risks is part of good financial management and failure to manage them appropriately may have financial consequences.

7. Stakeholder/Community Impact

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

8. Background reading/external references

8.1 [Enterprise Risk Management Policy – Policy and Sustainability Committee November 2021 – item 7.17](#)

8.2 [Risk Appetite Statement - Policy and Sustainability Committee November 2021 – item 7.18](#)

9. Appendices

9.1 Appendix 1 Enterprise Risk Descriptions and Impact Statements.

9.2 Appendix 2 Current Enterprise Risk Summary and Trends.

Appendix 1: Enterprise Risk Descriptions and Impact Statements

Ref	Risk	Risk Description	Impact Statement
R1	Strategic Delivery	Inability to design and / or implement a strategic plan for the Council.	Lack of clarity regarding future direction and structure of the Council impacting quality and alignment of strategic decisions
R2	Financial and Budget Management	Inability to perform financial planning; deliver an annual balanced budget; manage cash flows; and confirm ongoing adequacy of reserves	Council is unable to continue to deliver services and implement change in line with strategic objectives; inability to meet EIJB financial directions; adverse external audit opinion; adverse reputational consequences
R3	Programme and Project Delivery	Inability to deliver major projects and programmes effectively, on time and within budget	Inability to deliver Council strategy; achieve service delivery improvements; and deliver savings targets
R4	Health and Safety (including public safety)	Employees and / or citizens (including those in the Council's care) suffer unnecessary injury and / or harm	Legal; financial; and reputational consequences
R5	Resilience	Inability to respond to a sudden high impact event or major incident	Disruption across the City; to service delivery; and serious injury or harm to employees and / or citizens.
R6	Supplier, Contractor, and Partnership Management	Inability to effectively manage the Council's most significant supplier and partnership relationships	Inability to deliver services and major projects within budget and achieve best value
Page 175	Technology and Information	Potential failure of cyber defences; network security; application security; and physical security and operational arrangements	Inability to use systems to deliver services; loss of data and information; regulatory and legislative breaches; and reputational consequences
	Governance and Decision Making	Inability of management and elected members to effectively manage and scrutinise performance, and take appropriate strategic and operational decisions	Poor performance is not identified, and decisions are not aligned with strategic direction
R9	Service Delivery	Inability to deliver quality services that meet citizen needs effectively and in line with statutory requirements	Censure from national government and regulatory bodies; and adverse reputational impacts
R10	Workforce	Insufficient resources to support delivery of quality services that meet citizen needs effectively and in line with statutory requirements	Ongoing employee health and wellbeing; increased trade union concerns; censure from national government and regulatory bodies; and adverse reputational impacts
R11	Regulatory and Legislative Compliance	Delivery of Council services and decisions are not aligned with applicable legal and regulatory requirements	Regulatory censure and penalties; legal claims; financial consequences
R12	Reputational Risk	Adverse publicity as a result of decisions taken and / or inappropriate provision of sensitive strategic, commercial and / or operational information to external parties	Significant adverse impact to the Council's reputation in the public domain
R13	Fraud and Serious Organised Crime	Isolated or systemic instances of internal and / or external fraud and / or serious organised crime	Financial consequences; loss of systems; loss of data; inability to deliver services; regulatory censure and penalties; and adverse reputational impacts

Appendix 2: Current Enterprise Risk Summary and Trends

CEC Risk Profile	trending					Current CLT risk ratings	
	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Maximum risk appetite
01 Strategic Delivery	High	Moderate	Moderate	Moderate	High	High	Moderate
02 Financial and Budget Management	Moderate	Moderate	Moderate	Moderate	High	High	Moderate
03 Programme and Project Delivery	High	High	Moderate	Moderate	Moderate	Moderate	High
04 Health & Safety	High	High	High	Moderate	Moderate	Moderate	Low
05 Resilience	High	High	High	High	High	Moderate	Moderate
06 Supplier, Contractor, and Partnerships Management	High	High	High	High	Moderate	Moderate	High
07 Technology and Information	High	Moderate	Moderate	Moderate	High	High	Moderate
08 Governance and Decision Making	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Low
09 Service Delivery	High	High	High	High	High	High	High
10 Workforce	n/a	High	Critical	High	High	High	Moderate
11 Regulatory and Legislative Compliance	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Low
12 Reputational Risk	High	High	Moderate	Moderate	Moderate	Moderate	Moderate
13 Fraud and Serious Organised Crime	n/a	Moderate	Moderate	Moderate	Low	Moderate	Moderate

Critical

High

Moderate

Low

Governance, Risk and Best Value Committee

10:00am, Tuesday 24th January 2023

Quarterly Status Update – Digital Services

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

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

Richard Carr

Interim Executive Director of Corporate Services

Contact: Nicola Harvey, Service Director, Customer and Digital Services,

Customer and Digital Services Division, Corporate Services Directorate

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

Quarterly Status Update – Digital Services Programme

2. Executive Summary

- 2.1 The purpose of this report is to provide a quarterly progress update upon the Council's Digital Services programme of works. The Council and our technology partner, CGI UK Limited, have continued to work in partnership to increase the pace of delivery to improve core digital services, achieve further improvement and progress the associated major systems changes and developments which will further enable and enhance our citizen facing services and the internal business operations of the Council.

3. Background

Council Digital and Smart City Strategy

- 3.1 In October 2020, the Policy and Sustainability Committee approved the Council's new Digital and Smart City Strategy (2020-2023) which describes how we will embrace innovative technical solutions to meet rapidly evolving and changing citizen and business needs, respond to the changing shape of the organisation, provide value for money, and enable us to respond to opportunities for improved joint working with our community planning partners.
- 3.2 Our strategic technology partnership with CGI was extended to the end of March 2029 following negotiations between the Council and CGI with formal approval to the extension being given by the Finance and Resources Committee on 27 August. This contract extension enables the Council to deliver further digital enhancements and improvements to our services and has yielded further financial savings, building upon the progress made in partnership with CGI to date. As a part of this extension, a greater focus will be given to digital change management, enhanced service delivery and the development of new strategic solutions.
- 3.3 Both the original and extended contracts with CGI have provided savings to the Council which are detailed in Section 6 of this report.
- 3.4 The digital environment in which we operate continues to evolve and the Council becomes increasingly reliant on technology to deliver its services. The approved

Digital and Smart City Strategy and our extended partnership with CGI provide a clear strategic direction, leadership, capacity, and support for both the Council and the City's future digital ambitions. These ambitions will be aligned with the Council's refreshed business plan, the Edinburgh 2050 City Vision, the work of the Adaptation and Renewal programme and the work with community planning partners and the Edinburgh and South East of Scotland City Region Deal.

- 3.5 The implementation of the Strategy has been supported by significant investment in Digitally Empowered Learning and Smart Cities specific projects, approved by the Council at the Budget setting meeting on 18th February 2021.

4. Main report

Stability Plan from CGI

- 4.1 In September 2022, issues relating to performance across the Council's Learning and Teaching network were raised.
- 4.2 CGI's slow response to resolving these issues coupled with a period where incidents had become more impactful on the Council and a lack of progress with several key priorities led to an escalation by the Council to CGI's UK and Australia President on the 23rd of September.
- 4.3 As well as successful resolution of the performance issues, the Council asked CGI to provide additional resourcing and focus on a key set of ongoing issues:
- Council Corporate Wi-Fi connectivity
 - Procurement of Wireless Access Points to support Empowered Learning
 - Resolution of Public Wi-Fi Access in our buildings
 - Certificate Issues
 - Improvement in the operational change process
 - Greater engagement with users to make sure that things are working and not simply rely on calls.
- 4.4 As part of the response to the Council, and to lead on the work of a stability plan, CGI have appointed Faris Mohammed, the CGI Chief Operating Officer for UK and Australia, to temporarily align himself with the account and provide senior CGI oversight and support to drive this forward. This action was taken by CGI as a result of a direct request by the Council to have an Executive sponsor to scrutinise and resolve CGI operational issues.
- 4.5 The Council meet with CGI twice weekly to review progress on the stability plan and Digital Services will continue to review the performance of all aspects of CGI delivery, escalating issues as appropriate.

Protecting Our Organisation - Cyber Security Management

- 4.6 The Council and CGI teams are collaboratively managing Security Risks continuously across the estate. The security risks cover a range of issues from the new Cyber Resilience Framework vendor management to user account privileges that ensure the Government or legal frameworks by service improvements, integration, or removal, are not at risk.
- 4.7 The Security Risk Management Plan (RMP) has continued its quarterly reviews and risk owners have been asked to provide regular updates to improve on the risk appetite by both partners in this framework, the Council and CGI. Enhanced reporting has been developed between key stakeholders within CGI and the Council.
- 4.8 The Council has engaged the Cabinet office early and the external assessment of our network for PSN 2023 has completed. We are working with CGI on a remediation plan for the output from this and will be forwarding the collateral to the Cabinet Office for our PSN 2023 accreditation in early February as planned.
- 4.9 The Council has provided evidence to support the Scottish Government's Public Sector Cyber Action Plan Cyber Resilience Framework (PSCAP CRF) to the Scottish Government in early 2022. This is the first evidence request from the Scottish Government for this. The Scottish Government in October 2022 released a draft V2.0 framework for comment prior to final release.
- 4.10 Monthly e-Learning for Cyber Security continues to be successfully rolled out across the Council. The Council Cyber Security team have implemented several improvements recently notably allowing people to re-visit previously distributed training modules. Service areas should continue to encourage their teams to complete the training to generate a greater uptake and in tandem the Digital team are assessing options for making this training mandatory with reports for services to track and monitor performance. Simulated phishing exercises continue and are results are reported to the internal Cyber steering group.
- 4.11 Monthly automated vulnerability scanning is now in place across both Corporate and Learning and Teaching estates. The Council and CGI meet on a fortnightly basis to work through the vulnerabilities identified with a view to reducing the overall numbers. Penetration Testing of the Learning and Teaching Environment has been completed and results have been shared with the Council. Active remediation of findings is ongoing and being tracked at the fortnightly vulnerability meeting.
- 4.12 The Council has approved a change with CGI to implement additional e-mail security protocols known as MTA-STX, which requires authentication checks and encryption for email sent to the Councils domain.
- 4.13 The Council is an active member of the CisP community, an initiative developed by the National Cyber Security Centre (NCSC) to allow for collaboration on Cyber Security initiatives and also provides a platform for sharing threat intelligence information.

4.14 The current threat level to the Council remains very high, amplified with the war ongoing between Russia and Ukraine. Communications have been sent to all Council staff asking them to remain vigilant and to report any suspicious events. Staff have been reminded of the importance of completing their mandatory Cyber awareness training. The Council and CGI are consistently monitoring threat intelligence feeds through various channels and applying controls where appropriate.

Governance, Audit and Contract Management

4.15 The Council and CGI have an operational governance framework in place, built upon the requirements of the partnership contract. This includes regular reporting to the Corporate Leadership Team’s Change Board on the delivery and development of major transformation programmes, in accordance with the Council’s approved approach to managing major projects and change.

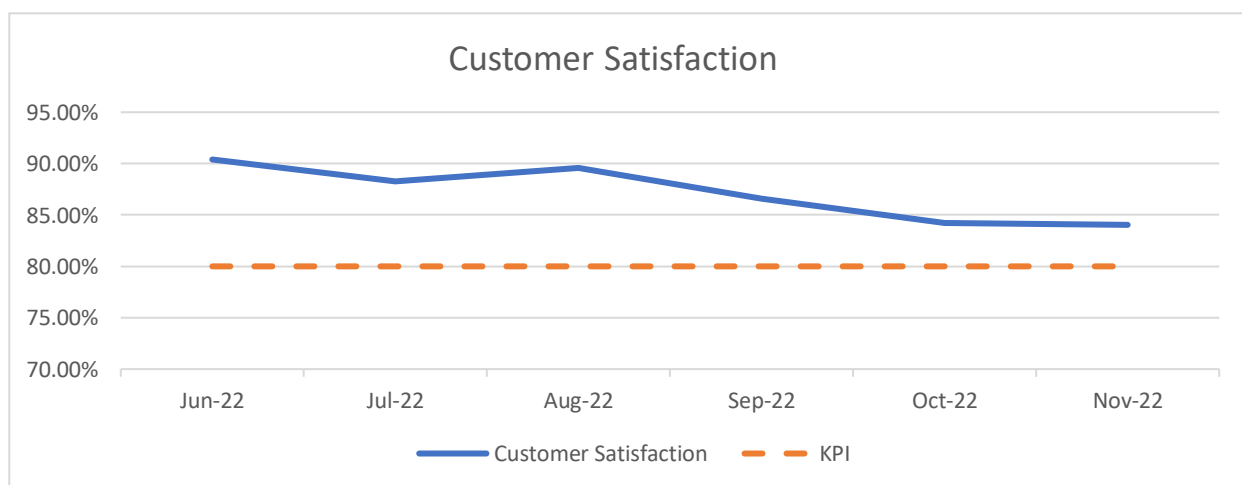
4.16 Internal Audit has planned audits in the 2022/23 Audit Plan for CGI Risk Management, CGI Enterprise Architecture, and the Security Operations Centre. All three have commenced and the Security Operations Centre audit has fully concluded with actions assigned and included below.

4.17 Digital Services currently has 21 open audit actions owned by either CEC or CGI – 8 high, 9 medium and 4 low findings. All open actions are within date. These are being actively managed and kept under regular review by the Service Director and the Digital Services Senior Management Team.

Core Digital Service Performance

4.18 Service performance is driven through a set of twenty-five key contractual measures that, in turn translate to a set of key performance indicators (KPIs). Service incidents definitions can be found in Appendix 1.

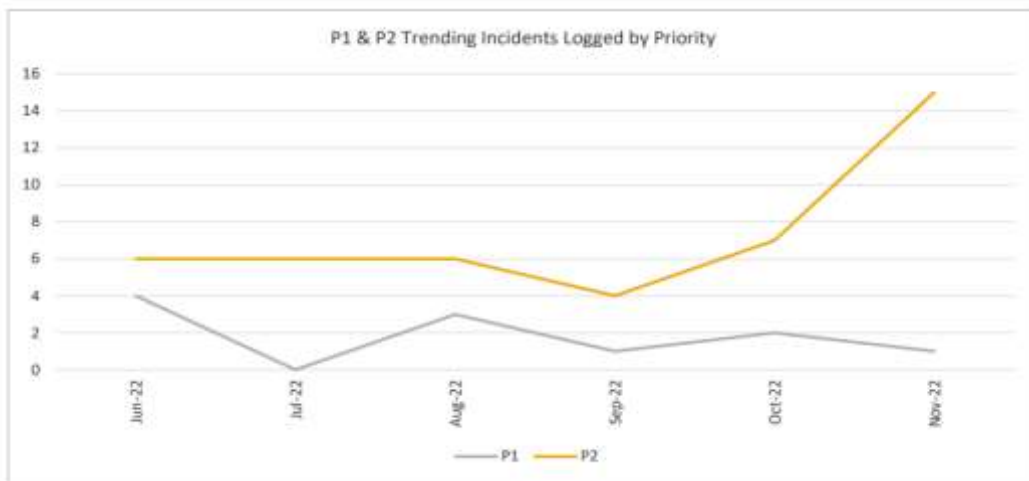
4.19 Customer (User) satisfaction scores have remained well above KPI levels but have dipped slightly aligned to the impact of priority 1 incidents.



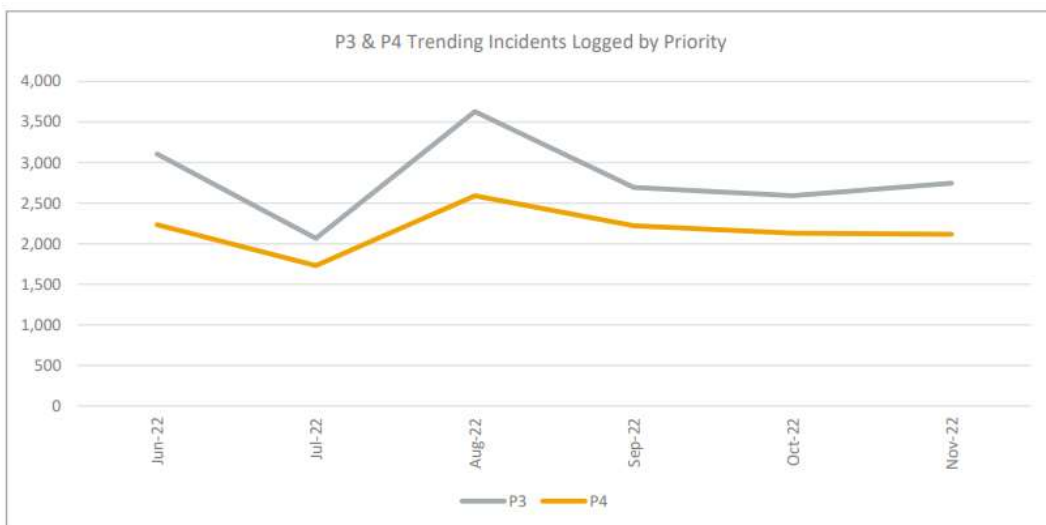
4.20 The response rate for customer satisfaction surveys remains low. Communications have been distributed across the Council to encourage colleagues to participate in these which are distributed to every call once closed.

	June 2022	July 2022	August 2022	September 2022	October 2022	November 2022
Surveys Distributed	5542	4480	6013	5476	5250	5106
Surveys Completed	307	196	309	277	258	288
Response Rate	5.54%	4.38%	5.14%	5.06%	4.91%	5.64%

4.21 The volume of Priority 1 (P1), or the highest severity incidents, has remained at a low and acceptable number. The volume of Priority 2 (P2) incidents rose in October/November 2022 and this increase, and the underlying causes, form part of the ongoing work to improve stability of service which CGI are progressing.



4.22 The overall volume of non-critical Priority 3 (P3) and Priority 4 (P4) incidents shows a steady and stable pattern over the last six months with a dip over the Summer holiday period as schools closed and colleagues took leave and a slight and expected increase as school return from the summer break.

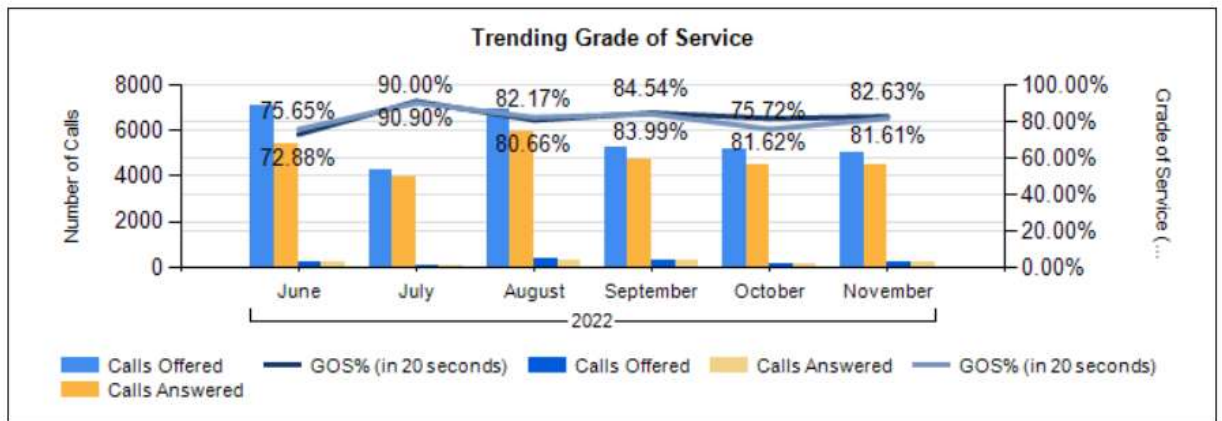


4.23 Call Volumes

Priority	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Total
Critical (P1)	4	0	3	1	2	1	11
High (P2)	6	6	6	4	7	15	44
Medium (P3)	3,108	2,066	3,629	2,695	2,592	2,746	16,836
Low (P4)	2,236	1,730	2,591	2,220	2,131	2,117	13,025
Total	5,354	3,802	6,229	4,920	4,732	4,879	29,916

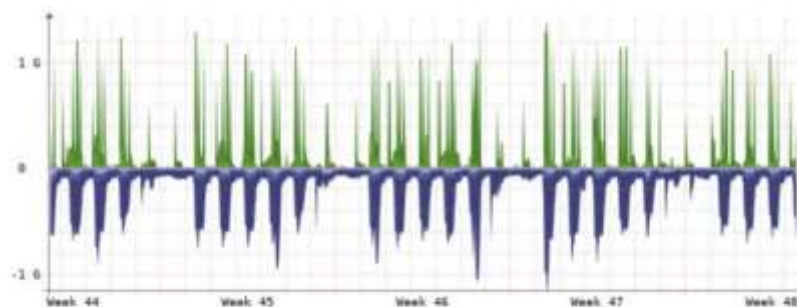
4.24 Call volumes have remained at stable and acceptable levels. Appendix 2 provides a comparison of P1-P4 calls over five full years to November 2022 and highlights the overall reduction in calls over the last few years and the stabilisation of volumes. Appendix 3 provides a comparison of call volumes this year and last.

4.25 As our call volumes have stabilised over the years, the grade of service has improved.



Network Usage

4.26 Our bandwidth usage is constantly monitored and the primary WAN circuit for both estates is well within capacity. There is active review of individual sites to monitor their usage, cancel unused lines and update where traffic has increased.



Strategic Programme of Work and Change Programmes

- 4.27 The Digital Services Strategic Programme of Work presents a portfolio of projects to support the execution of the Council's Digital and Smart City Strategy over the next 12 months. The remaining elements of the delivery of the six main transformational programmes previously reported on, ERP and Business Intelligence, are incorporated within this and updates are provided for these.
- 4.28 The Strategy defines the principles that support project decisions and choices in relation to priorities, funding models, resourcing, scheduling, hosting, security, and application architectures.
- 4.29 Progress on the work programme will be monitored through this Committee quarterly. A high-level snapshot of the 2022-23 plan is included as part of Appendix 4 for reference along with detailed information on the wider programmes underway. Details of the major and transformational programmes included below:

Empowered Learning – Digital Education

- 4.30 Work began in April 2021 on the delivery of the Empowered Learning solution which will provide every pupil from P6 to S6 with a device and access to devices for all P1 to P5 pupils as well as augmentation of our existing wireless network in schools. This programme has now also been expanded to include Early Years.
- 4.31 The work is being carried out in partnership with CGI.
- 4.32 Benefits of this programme include:
- Equity of access from P6 to S6, ensuring all pupils have personal access to digital learning with their teacher in school or at home
 - Over 41,000 devices distributed across the city
 - Effective digital workflow to increase engagement, improve teacher feedback and raise attainment
 - A range of powerful accessibility features to improve access to the curriculum for pupils with additional support needs
 - Learners can work online simultaneously in a class or collaboratively outside the classroom
 - High quality digital applications for productivity and creativity, providing increased personalisation and choice
 - Development of learning, thinking and digital literacy skills vital for success in today's rapidly evolving, technological society.
- 4.33 The solution is now in the final stages of delivery with all one to one devices distributed. This solution has also expanded to include Early Years and a device for all P6-S6 Ukrainian pupils enrolled in an Edinburgh school.

- 4.34 The final elements of this programme - rollout of shared iPads, installation of the remaining Wireless Access Points and the rollout of the AV solution will be completed over January/February 2023.

Application Performance - NetApp SAN / File Storage

- 4.35 A programme to upgrade a key component of the Council's file storage infrastructure known as the "NetApp SAN", is now underway. As the NetApp SAN supports many of the Council's core applications including iTrent, Swift, iWorld Housing, and iWorld Revenues and Benefits, the programme requires careful planning and coordination with business teams, to support testing and ensure the upgrades have minimal impact on business operations. The infrastructure for the new "NetApp SAN" is now fully deployed and live migrations for Oracle E-Business, Housing and iWorld Revenues and Benefits have been completed. The purpose of upgrading the NetApp storage is to improve the performance speeds of applications, which in turn will improve overall productivity for end users.

Social Care Rostering - Driving Operational Efficiency

- 4.36 The project to introduce a new Health and Social Care rostering system is now fully mobilised and moving forward. This includes a fortnightly project board and specialist working groups and teams with responsibilities for key areas such as technical delivery, business change, procurements, planning and logistics, interfaces, and data quality. Activities underway include iPhone deployments, system integration testing, interface developments, business process re-engineering, communications, and stakeholder engagement sessions.
- 4.37 The system will drive efficiencies and support new ways of working to deliver the best quality of care, adopting a three conversations approach, and help support individuals live independently in their own home, offering the right care and support, at the right time and in the right place. The programme was originally planned to complete in March 2023. In consultation with other Local Authorities the EHSCP have reprofiled the delivery plan to adopt best practice and to ensure this significant change is embedded into the service area, which as a result will mean that the programme will conclude in December 2023.

Customer Digital Enablement – Enhancing On-Line Offering

- 4.38 We are continuing to expand the range of online services offered to citizens through the Council CRM system, which is led by the Customer team. A key highlight from the last month was the launch of the new Repairs Direct online booking service - which integrates the CRM with our housing and workforce scheduling systems, allowing citizens to book housing repair appointments online.
- 4.39 Further online services which have recently been delivered include forms to support annual gas servicing and blue badge payments, and ongoing developments to build

forms to support online requests for dropped kerbs and disabled parking bays, and to report traffic signal faults.

- 4.40 In parallel we are also enhancing the CRM knowledge base functions which will assist both the contact centre and members of the public in solving issues and answering questions. We are also working with CGI and Verint, to investigate options for improving and simplifying the customer authentication and login process for the CRM.

Smart Cities – Smart Waste and Smart Housing

- 4.41 Work continues to progress around the platform configuration for the Smart Cities Operations Centre. As of 30th December, 2119 sensors have now been installed and are functioning as expected in the Smart Cities test environment set up by CGI. Installations to litter bins in the City Centre was completed ahead of the Christmas markets opening. Regular shipments of sensors have now commenced and plans are well underway to deploy up to 11,000 sensors in to litter and communal bins across Edinburgh by June 2023. Council resource, part funded by ERDF match funding, are key contributors to this project activity and additional resource has been brought in to expedite these installations. Survey work around the various components of the system is underway and progressing as expected.
- 4.42 A trial deployment of damp sensors in empty Council properties is due to take place and will comprise 270 sensors, with six tradespeople completing installation across 90 properties. This four-week stretch will be used to assess installation rate and identify any outstanding issues surrounding iWorld software and familiarise tradespeople with the software used when installing sensors. The data collected from these sensors will be used to help design reports which will be used by the Council to identify and predict dampness in homes.
- 4.5 Appendix 4 provides further details on the large scale of digital transformational activity across service areas.

5. Next Steps

The Council continues to further strengthen and improve our management, governance, security, and delivery arrangements for the digital programme in partnership with CGI. The approval of our Digital and Smart City Strategy provides the strategic direction for the next phases of our digital developments. The approval of this strategy also informs the future prioritisation of investment, both capital and revenue, in digital activities. This will ensure that appropriate consideration can be given not only to future improved systems to drive efficiency but also to investing in core Council systems which are end of life or nearing end of life such as the Finance and Debt management upgrades, SWIFT and the HR system replacement.

6. Financial impact

- 6.1 Our partnership with CGI is saving the Council an estimated £6m per annum against the 2015/16 baseline spend on ICT with our former partner, BT. Over the first phase of the Council's contract with CGI, this will save £45 million. The Committee should note that this saving has already been fully assumed and incorporated as part of the Council's Medium-Term Financial Framework and planning assumptions.
- 6.2 During 2018 the Finances and Resources Committee approved a negotiated 'variation' to the baseline contract which included a reset of all digital transformation programmes and the Council receiving just over £11m of rebate.
- 6.3 On the 27 August 2020, the Finance and Resources Committee approved a 6-year extension to end March 2029 following negotiations between CGI and the Council, realising a further saving of £14.1m. This contract extension enables the Council to realise financial savings and build on the progress made in partnership with CGI, with greater focus upon change management and enhanced service delivery.
- 6.4 In addition to the savings generated by our IT partner, considering future digital investments should assist with driving wider operational efficiency benefits along with improved employee and citizen outcomes, like we have seen with our Verint CRM on-line portal, Total Mobile workforce rostering solution rolled out into Housing and now being rolled out to the EHSCP and our Smart City digital waste and smart housing programme which are in implementation stage.

7. Stakeholder/Community Impact

- 7.1 The Council's Corporate Leadership Team (CLT) risk register formally identifies digital capabilities and information governance as a risk and ensures that sufficient mitigations and active management of risks continues to be undertaken. This is further complemented by risk reporting and management in respect of information governance, including Data Protection Compliance.
- 7.2 The Council's Change Board actively monitors and tracks progress on all Council wide programmes ensuring that targeted action is taken should timelines, benefits or costings deviate from the original business case, this includes the ICT programme.

8. Background reading/external references

- 8.1 [Digital & Smart City Strategy 2020-23](#)

9. Appendices

- 9.1 Appendix 1 - Incident Definitions
- 9.2 Appendix 2 - Year on Year service level agreement (SLA) Volume Comparison 2018-2021
- 9.3 Appendix 3 – Two-year SLA Volume Comparison (Last & Current)
- 9.4 Appendix 4 – Strategic Programme of Work
- 9.5 Appendix 5 – Digital & Smart City Implementation Plan

Appendix 1 - Incident Definitions

"Severity 1 Service Incident"

A Service Incident which, in the reasonable opinion of the Authority:

- (a) constitutes a loss of the Services which prevents a large group (of at least 50) End Users from working; or
- (b) has a critical impact on the activities of the Authority; or
- (c) causes significant financial loss and/or disruption to the Authority; or
- (d) results in any material loss or corruption of Authority Data; or
- (e) results in a P1 being Non-Available; or
- (f) causes an entire business area to be unable to work.

Non-exhaustive examples include: A failure of the Services to provide user authentication service; or at least 50 End Users unable to work or a P1 failings its KPI Availability targets.

"Severity 2 Service Incident"

A Service Incident which, in the reasonable opinion of the Authority:

- (a) has the potential to have a major (but not critical) adverse impact on the activities of the Authority and no workaround acceptable to the Authority is available; or
- (b) has the potential to cause a financial loss and/or disruption to the Authority which is more than trivial but less severe than the significant financial loss described in the definition of a Service 1 Service Incident; or
- (c) causes financial loss and/or disruption to the Authority; or
- (d) affects greater than 25 but less than 50 End Users; or
- (e) results in a P2 Application being Non-Available.

Non-exhaustive examples include: Corruption of organisational database tables or loss of ability to update Authority Data.

"Severity 3 Service Incident"

A Service Incident which, in the reasonable opinion of the Authority:

- (a) has the potential to have a major adverse impact on the activities of the Authority which can be reduced to a moderate adverse impact due to the availability of a workaround acceptable to the Authority; or
- (b) has the potential to have a moderate adverse impact on the activities of the Authority; or
- (c) affects less than 25 End Users; or
- (d) results in a P3 Application being Non-Available;

Non-exhaustive examples include: inability to access data or a class of customers.

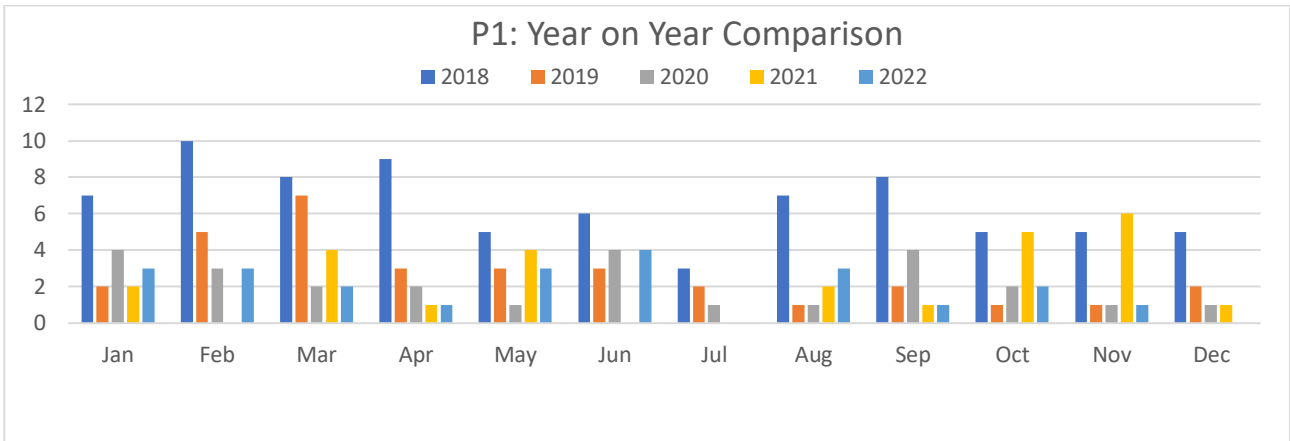
"Severity 4 Service Incident"

A Service Incident which, in the reasonable opinion of the Authority has the potential to have a minor adverse impact on the provision of the Services to End Users.

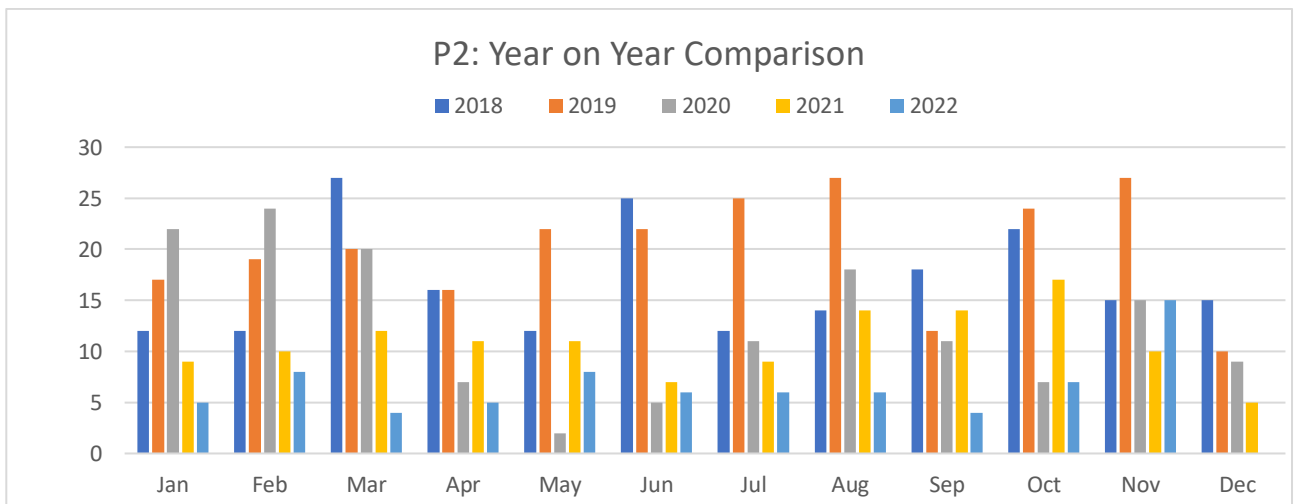
Non-exhaustive examples include an inability to access data for a single customer.

Appendix 2 - SLA Volume Comparison – 2018-2022

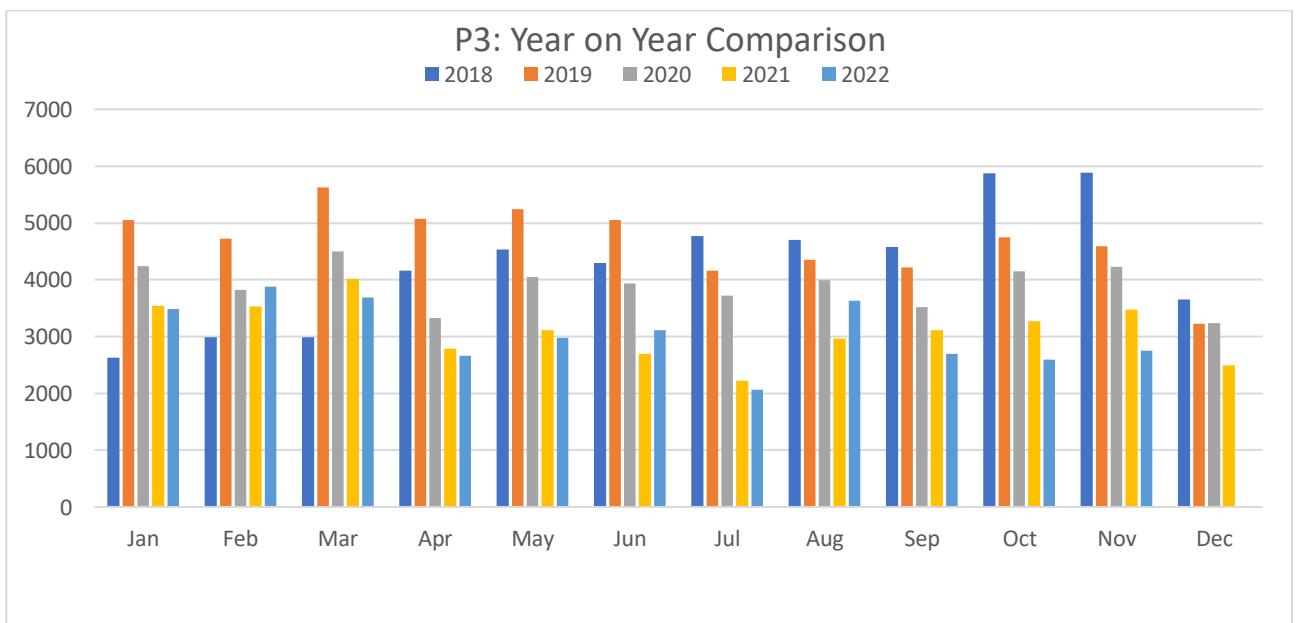
P1: Year on Year Comparison



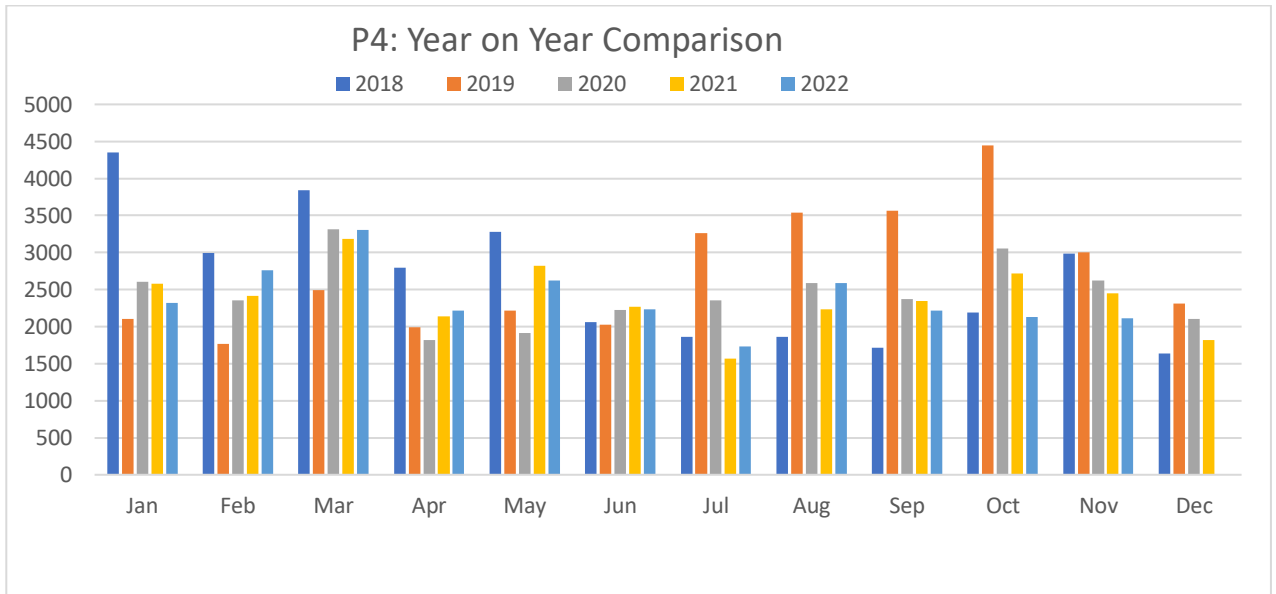
P2: Year on Year Comparison



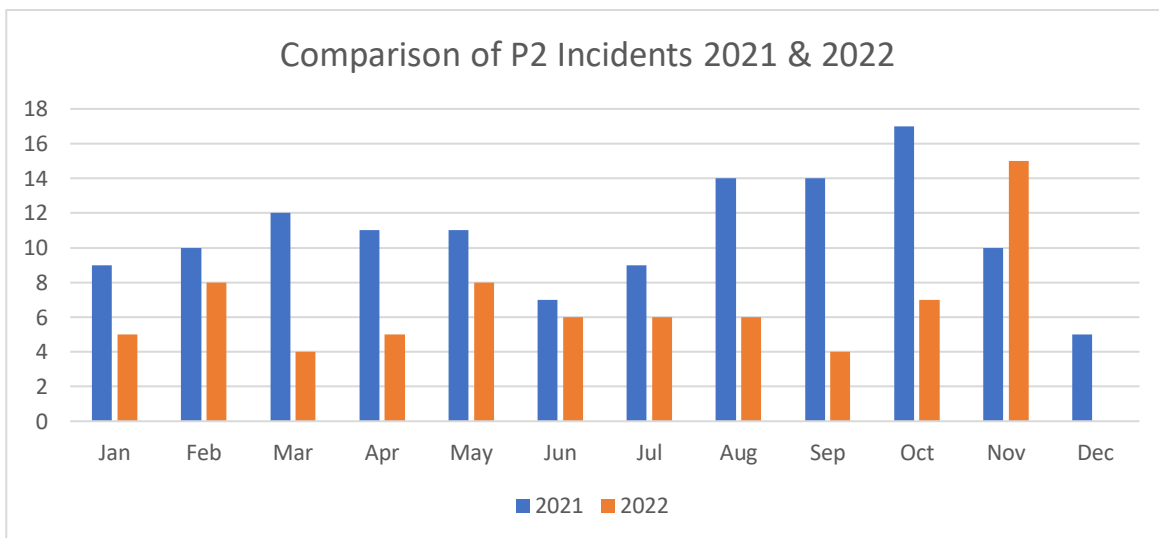
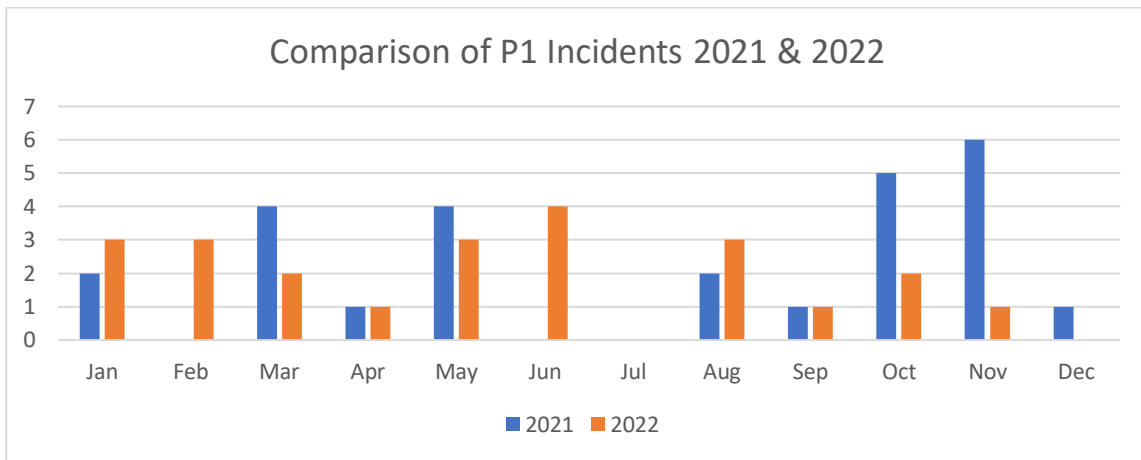
P3: Year on Year Comparison



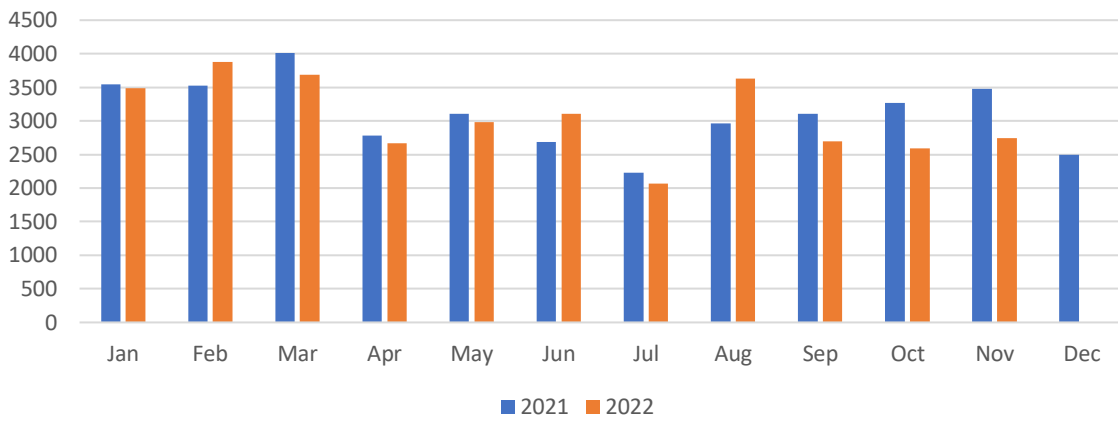
P4: Year on Year Comparison



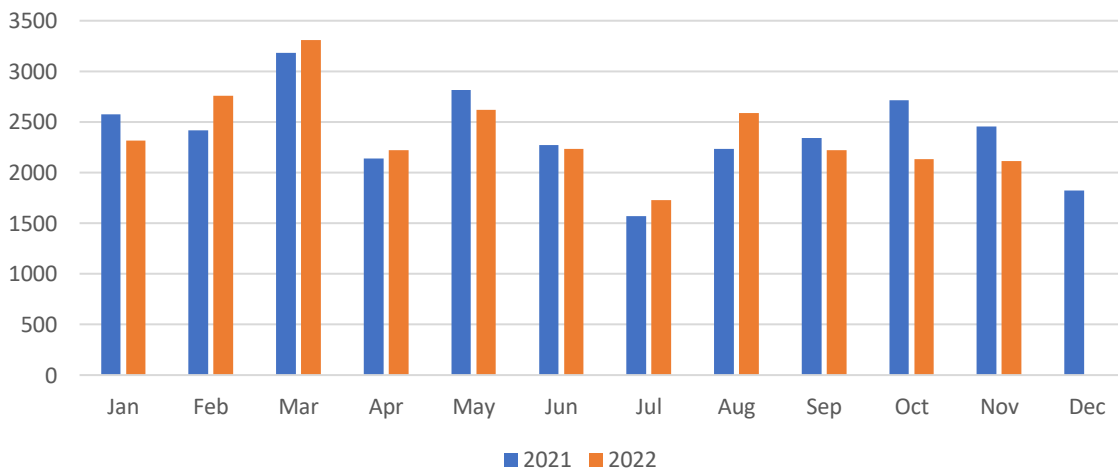
Appendix 3 – Two Year SLA Volume Comparison – 2021 & 2022



Comparison of P3 Incidents 2021 & 2022



Comparison of P4 Incidents 2021 & 2022



Appendix 4 Strategic Programme of Work

Operational Efficiency

The following programmes assist with driving operational efficiency within the service areas they relate to.

Housing Asset Management

- Over October we successfully rolled out the final module of the Housing Asset Management application to help support the maintenance and upkeep of the Council's social housing stock. The project has delivered a raft of new functions and services to assist the administration of housing assets including the tracking and control of asbestos, and the coordination of condition surveying.
- The system underpins wider business changes to improve efficiency, help reduce operational wastage, and improve regulatory compliance.

Community Transport Management

- We have now formally launched a project to introduce a new integrated community transport system to support the routing of vehicles and management of drivers. This will assist in areas such as the transportation of children with Additional Support Needs (ASN) to and from school.
- The introduction of the new transport system will provide more flexibility and support more efficient scheduling and route planning thereby reducing mileage, costs, and environmental impact. The system will also provide an online portal for parents and carers to book and track journeys.

Mobysoft RentSense

- We successfully went live with the new rent management system, Mobysoft RentSense, in October to assist Housing officers identify and assist tenants who are struggling to pay their rent.
- The system enables officers to make targeted and early interventions and will help ensure tenants receive the appropriate help and support and drive forward improvements in the overall rent collection.

ERP – Oracle EBS12

- The ERP programme, which will deliver a range of upgrades and improved interfaces between core systems in Finance, HR/Payroll and Banking and Payments Services is now in full delivery with contracts in place with the Council, CGI, and the sub-contracted Oracle integration and managed service partner.
- A key focus is regression testing for the Oracle E-Business Suite v12 upgrade (regression testing is the re-running of functional and non-functional tests to ensure that previously developed software continues to perform as expected); the finalisation of the debt management environment and the set-up of environments for the next stage of testing. Confirmed programme costs have been built into the

financial model, which is rigorously monitored by Finance and the programme board. Internal Audit remain fully engaged with and provide agile audit support for this programme.

Hosted IDOX

- As a pre-requisite to the phased migration of the core Planning and Building Standards application into the Cloud, we successfully upgraded both the Uniform application and the Public Access portal running within the CGI data centre. This precursor to the full migration of the system into the Uniform Cloud in early 2023, will transfer responsibility for maintaining infrastructures, IT compliance, system upgrades and support over to the supplier, allowing the service to become more agile, scalable, and resilient and to focus on delivering improved public services

Computer Added Facilities Management (CAFM)

- Workshops are underway between Digital Services, Property and Facilities Management, and CGI to plan the final migrations of the property management legacy system onto the new CAFM application for the running of corporate properties and programmes. This work follows the previous transition of FM services onto the CAFM system which provides front line staff with functions to manage aspects such as condition monitoring, asbestos, maintenance, and inspections via their smart phone.

Ethitec ELMS2

- The Community Equipment Loan Service is a partnership between the City of Edinburgh Council, East Lothian Council, Midlothian Council and NHS Lothian which provides, delivers, installs, repairs, maintains and recycles a range of equipment helping people of all ages to live independently. The service is supported by the Ethitec ELMS2 system for the management of stock and orders.
- A project is now underway to extend the use of ELMS2 to help administer the provision of urology prescriptions, creation of purchase orders and reporting for financial reimbursement of those. Go live is scheduled for Q1 2023.

Masterbill

- Work has progressed with the Housing Repairs team to upgrade the Masterbill cost analysis and bill of quantities management system which supports the running of construction and maintenance projects within the social housing sector. The project is scheduled to go live in early 2023

Civica CX

- Work continues on the Civica CX project which will replace the legacy “Civica APP” system with an upgraded cloud-based solution to drive business improvement and transformation across Licensing, Trading Standards, Food Safety and Hygiene. The project is being delivered in phases with Phase 1 now underway to transition Licensing from APP onto CX and planning for Phase 2 is in progress.

Housing Repairs and Mobile Working

- Earlier last year we successfully closed Phase 2 of the Housing Repairs project which has delivered a new mobile workforce management solution for Empty Homes and Gas Servicing as well as further enhancements to the Repairs archiving system. Planning activities are now underway for Phase 3 which will deliver further efficiencies and service improvements.

MFD Rollout

- Following successful trials of the new Apogee printers and multi-functional devices (MFDs) December 2021, the City of Edinburgh Council launched a programme in January 2022 to replace print devices across both the Corporate and Learning and Teaching estates. This rollout covered approximately 350 sites within Edinburgh and two outdoor education centres. The new print and MFD devices offer a range of benefits, including easy printing, the cost to print, better analysis and reporting tools, improved security features and more efficient ways to order various print products.

The roll-out of the new Multi-Functional Devices started on the 10 January 2022 and concluded for the Corporate and Learning and Teaching Estates on 1 April 2022. The exceptions to this roll out were People's Network Devices (Libraries) and non-networked sites, including remote Council sites Benmore and Lagganlia outdoor education centres both of which are nearing completion.

- As a project, the L&T estate installation was prioritised first, with the exception of several key Corporate sites including Waverley Court, City Chambers and Locality Offices also installed early in the roll-out. Apogee managed the roll-out seamlessly, removing old Xerox devices and swapping them over with new HP devices
- Once the print solution had been installed, some early performance issues were encountered across learning and teaching, particularly around the exam period in late April/May when there is heavy reliance on the printing solution. The response from Apogee was excellent and they worked tirelessly to get to the root of the problem and provide a resolution, supported by CGI.
- With the project nearing completion and transitioned to business as usual, performance across the full Council estate points towards an efficient print solution with users now fully utilising the Apogee portal and providing vital MI for future initiatives.

Digital and Smart City Strategy

- The Implementation Plan to support the Digital and Smart City Strategy has been developed and the latest version can be found in Appendix 5.
- This Plan is a snapshot of work at a point in time. The date of this is noted on the plan.
- The Digital and Smart City Strategy will be revised during 2023.

Providing Accessible Services

Fostering Edinburgh

- Work continues between Digital Services, the Family Based Care team, and Communications to further enhance the new “Foster with Edinburgh” website which successfully launched on Tuesday the 21st of September. The website is a key part of a wider campaign to promote the service and provide carers and prospective carers with information and advice on our Adoption and Fostering services. Further work is now commencing to leverage the platform and capture requirements for enhancements as a phase 2 activity.

Intranet External Gateway

- Following workshops over July to August with HR, Communications, Digital Services, CGI and Jadu, a specification has been developed for an external gateway to the Council Intranet. The gateway will enable the 5000 employees without Council email addresses to connect to the ORB via their personal email accounts - providing secure access to vital HR information such as
 - Internal staff communications
 - Council policies, and policy-related guidance and support
 - Wellbeing guidance and initiatives
 - General updates relating to pay and benefits

This additional solution addresses one of the actions in the Tanner Report and is required regardless of HR receiving approval to proceed with an HR system replacement.

- CGI have prepared a costed proposal for the delivery of the Intranet gateway, which will feedback into a business case for senior management review.

Website Developments and Accessibility

- Following the conclusion of the Cabinet Office accessibility audit of our websites in February 2022, further work is now underway on our own next-level accessibility testing from which we will begin the next phase in ensuring that we continue to achieve and maintain accessibility compliance standards. The aim of this work is to ensure the Council’s websites are accessible for all Citizens. Work is also underway to develop a ‘Welcome to Edinburgh’ webpage which will bring key service links to a central web location for citizens new to the authority.

People’s Network

- We are upgrading the People’s Network which provides members of the public with free and secure access to computers and the internet within libraries, and Wi-Fi connectivity for customers who wish to use their own devices. It particularly benefits citizens who do not have access to computers, the internet or printing at home.

Following extensive delivery activity and testing over July to August, we successfully deployed the first pilot of the new solution into Fountainbridge library. This formed the template for a council wide rollout to all remaining libraries and is now nearing completion.

Analogue to Digital Programme

- In preparation for the BT OpenReach Public Switched Telephone Network (PSTN) decommissioning deadline in December 2025, work has started with Procurement and Directorates to raise awareness and ensure that they have plans in place to switch over any remaining analogue telephone or broadband circuits before that date.
- The Council is well positioned for this transition, as the main telephony system (Mitel) is now fully digitised however a significant number of legacy PSTN lines remain in place to support miscellaneous services such as alarm lines, building managements systems, and payment terminals, which will require to be replaced with digital alternatives.

AdvicePro

- We rolled out a new ICT system, AdvicePro, to assist the Council's Advice Services in supporting members of the public around aspects of welfare rights including income maximisation through welfare benefits, tax credits and grants, and to provide advice to help resolve personal debt.

Using data to drive improved outcomes

Business Intelligence

- Having successfully signed-off the final dashboards for the Confirm asset management system within Waste Services, which in conjunction with the Routesmart waste collection dashboards, completes delivery of the contractual elements of the Business Intelligence transformation programme, we are now moving to the final stages of this programme of work and a project closure report will be completed.
- Over January to March we will finalise work on new reports and dashboards for Homelessness services, and finalise the plan to transition business intelligence support and development capabilities over to Council teams by March 2023

Maintaining and enhancing core systems

Property ICT Programme

- We have a very busy schedule of ICT infrastructure projects to support the capital property programme including the installation of networks, Wi-Fi, telephony, printers, and other ICT equipment in new and refurbished buildings. Key projects which have recently completed include Darroch Annex, Canaan Lane Primary, and

Victoria Primary. Other building projects which are underway include the new Currie High School, the new Multi-Agency Centre (ESMAC) and work associated with the ongoing nursery expansion programme.

Currency Programme

- Our currency programme is the ongoing process of understanding how functional an item of hardware or software is compared to the latest version. As part of our currency programme, we are working closely with our technology partner and business areas, to ensure that our IT applications and infrastructures remain aligned to supplier support cycles, run at peak performance, and capitalise on functionality and features offered through new product releases. Key currency programme activities underway include:
 - We completed the upgrade of the AXIM construction management system for Roads Services
 - We have upgraded the LACHS insurance claims system and are now investigating opportunities to move it into the supplier cloud
 - We are upgrading the SWIFT Business Objects reporting platform.

Softphones

- We completed a “softphone” pilot which allows colleagues to use their PCs to make and receive calls using their Council landline numbers. This offers all the features typically reserved for traditional business phone systems like the ability to receive, place, and transfer calls, set up call waiting, reroute calls, and is particularly advantageous for staff who are home or hybrid working and require to be contacted directly via their office number.
- Information on softphones will be communicated more widely and a process is being put in place to manage softphone requests and allocations through the ICT catalogue portal.

Microsoft 365

- A number of significant Microsoft 365 technical, security and user-facing improvements have commenced or have been fully rolled out. These include:
 - Development of a strategy for release of further Teams and MS365 applications is in planning; and,
 - Continued updates to the Teams application including seminars, breakout room support and improved presentation capabilities
 - Pilot rollouts of Power BI to support our wider Data Strategy and Business Intelligence objectives.

Change Processes

- Over March to April last year, we ran a series of structured interviews with teams from both City of Edinburgh Council and CGI, to capture user feedback on the effectiveness of the current ICT change processes and ideas for improvement.
- In response to the review, further work is now underway to deliver a change improvement action plan which will set out a series of specific and measurable improvement tasks with clearly defined owners and timeframes.

Digital Working Groups

- We are continuing to work with Services across the Council to set up new working groups with our relationship managers to coordinate digital developments within their service areas and identify and drive forward new opportunities to harness technology to deliver service improvements, efficiencies, and underpin new ways of working.
- As part of our improved reach and relationship management, Digital Services has been working closely with services in both operational and strategic matters. A recent example was the short notice supply of loan devices to support an inspection in the HSCP and these devices have since been redeployed to support temporary social work staff across Children and Families.

Appendix 4 – Strategic Programme of Work (Plan)

DIGITAL SERVICES - STRATEGIC PROGRAMME OF WORK - NOVEMBER 2022																			
Category	Project	Comment	2022						2023										
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Legislative	Housing-Annual Billing & Year End Closures	Annual Council Tax, Non Domestic Rates and Business Improvement Districts billing projects																	
Legislative	Revenues & Benefits-Annual Billing & Year End Closures	Annual Council Tax, Non Domestic Rates and Business Improvement Districts billing projects																	
Customer & Web	Customer Digital Engagement Programme	Rolling programme of Channel Shift / Customer Digital Enablement (CDE) projects							///										
Customer & Web	- CDE Repairs Direct	Integrated on line bookings for Housing repairs																	
Customer & Web	- CDE Reporting / Payment Forms	Rolling programme of reporting/payment form developments e.g. grit bins, school placements																	///
Customer & Web	Website Development Programme	Rolling programme of website developments and accessibility improvements																	///
Transformation	Health & Social Care Rostering	Upgrade of online workforce management and rostering system. Rollout plans under review																	
Transformation	ERP Project	Oracle eBusiness suite upgrade, Accounts Receivable migration																	
Transformation	Housing Asset Management - Phase 1	Housing stock asset & asbestos management system rollout																	
Transformation	Regulatory Service -CX Project	Upgrade of legacy case management system with Civica CX product, Rollout plan TBC																	
Transformation	Total Mobile - Phase 3	Upgrades to the mobile Housing Repairs workforce application including changes to Voids and Gas repairs.																	
Transformation	Smart Cities (SC) Programme																		
Transformation	- SC - Empowered Learning	Empowering Learners through access to digital platforms & apps. Phased rollout over 2022.																	
Transformation	- SC - City Operations Centre	Creating a smart city ops centre and ongoing rolling of smart bin and housing sensors.																	///
Transformation	Business Intelligence (BI)	Delivering a consolidated BI reporting service that provides performance dashboards & reports																	
Transformation	Hosted IDOX	Migration of Planning & Building Standards application into the IDOX Cloud																	
Transformation	Workforce 360 - Upgrade (timeframes TBC)	Upgrade of Revenues and Benefits W360 workflow system including cloud migration of document store																	
Transformation	Mobysoft	Predictive analytic system to support rent payments																	
Transformation	Rolling GIS / Mapping Programme	Including working with NSS and in-house GIS team to model of COVID-19 outbreaks.																	///
Transformation	Community Transport Project	Project in planning at the moment - rollout schedule over 2023.																	

DIGITAL SERVICES - STRATEGIC PROGRAMME OF WORK - NOVEMBER 2022																				
Category	Project	Comment	2022						2023											
			Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Business Improvement	SWIFT Upgrade	Upgrade of SWIFT social care system - timescales and approach to be finalised																		
Business Improvement	iTrent Upgrade	HR and Payroll year-end upgrades and patches																		
Business Improvement	Rolling "Customer" Digital Developments	Rolling programme of Customer & Transactions system upgrades and development projects																	///	
Business Improvement	Rolling " Place" ICT developments	Rolling programme of Place system upgrades and development projects																	///	
Business Improvement	Mitel Telephony	Softphone pilot now completed.																		
Business Improvement	LSCMI Upgrade	Migrating H&SC Level Service/Case Management Inventory to new Scottish Government service																		
Business Improvement	Peoples Network Upgrade	Upgrade of Peoples Network in libraries providing free public access IT services																		
Business Improvement	NetApp																			
Business Improvement	Ethitec - Urology	Extending the use of ATEC24 ELMS2 to help administer the provision of urology prescriptions																		
Business Improvement	Masterbill Upgrade	Upgrade of Masterbill cost analysis, and bills of quantities application within Housing Repairs																		
Business Improvement	AdvicePro	Rollout of new Council Advice system to supporting members of the public around aspects of welfare rights																		
Business Improvement	Pest Control work scheduling and management system	Development of new Pest Control work scheduling and management system																		
Business Improvement	Capture	Tactical upgrade of legacy Capture complaints/case management system																		
Infrastructure	Rolling Currency Programme	Server and database refresh and upgrade programme																	///	
Infrastructure	Rolling Cyber Security Programme	Information security projects policies, procedures, guidelines, and standards.																	///	
Infrastructure	2025 PSTN Decommissioning Programme	In preparation for the December 2025 PSTN decommissioning deadline. In planning.																		
Infrastructure	Property ICT Programme	Rolling schedule of ICT infrastructure projects to support the capital property programme																	///	
ANNOTATIONS:																				

Appendix 5 - Digital & Smart City Implementation Plan – Update as at 30th November 2022

The table below sets out key deliverables and milestone delivery dates from our **Technology Roadmap** and will be updated quarterly.

Key deliverable	Delivered to date	Ongoing Improvements	June - Dec 2022	Sept – Dec 2022	2023	Beyond 2023
Core Technology & Platforms - Cloud Migration Strategy	<ul style="list-style-type: none"> Cloud Migration Strategy adopted Agreed IDOX and Mobile Social Care as Cloud migrations 	<ul style="list-style-type: none"> Commence development pilots and adoption plan Begin migration pilots 		<ul style="list-style-type: none"> Commence engagement and consultation with key stakeholders on benefits and opportunities of Cloud adoption 	<ul style="list-style-type: none"> Phase 1 Continued cloud migration work 	<ul style="list-style-type: none"> Review Strategy and update to reflect current technologies, security, and the Council's technology landscape Minimum on premise
Core Technology & Platforms - Maximise Microsoft 365 capabilities	<ul style="list-style-type: none"> OneDrive, Teams, Outlook for the Web, Office.com and associated apps rolled out across Corporate Estate 	<ul style="list-style-type: none"> Maximise potential of Microsoft365 to support Learning & Teaching operationally, delivery of curriculum, and strengthen wider community links 	<ul style="list-style-type: none"> PowerBI, Power Automate, PowerApps, Bookings, Forms and SharePoint all in pilot. M365 App Strategy nearing completion providing a timeline for the remainder of M365 deliverables. Sensitivity labelling pilot under review. 	<ul style="list-style-type: none"> Drive innovation further with adoption of additional M365 capabilities 	<ul style="list-style-type: none"> Maximise potential M365 for low code for Council- based innovation and development (Digital and power user-based) Develop "patterns" for low code use cases Exploit the potential of MS Teams for collaboration opportunities 	<ul style="list-style-type: none"> Teams and SharePoint online lifecycle management (BAU)
Core Technology & Platforms - Mobile/Flexible Working	<ul style="list-style-type: none"> Mobile/Flexible UYOD CEC managed devices migration to Intune Microsoft app adoption 			<ul style="list-style-type: none"> Commence review of thin client delivery options 	<ul style="list-style-type: none"> WVD Pilot VPN Review Mobile Homecare rostering solution for Social Work 	<ul style="list-style-type: none"> New solution in place
Architecture	<ul style="list-style-type: none"> Governance framework developed, agreed, and implemented EA Principles and Directions agreed Ongoing High Level Design reviews New Shadow IT framework 	<ul style="list-style-type: none"> Application Currency Review (ongoing) 	<ul style="list-style-type: none"> Commence application consolidation (combined with Cloud Migration - ongoing) Smart Cities Commence development of Azure capability 	<ul style="list-style-type: none"> Commence development of combined app database (CGI and the Council) Commence review of network services 	<ul style="list-style-type: none"> Data used for modelling services through BI. Delivery of a consolidated application list & standardised toolset of strategic applications 	<ul style="list-style-type: none"> Drive further efficiencies by streamlining application set
Governance	<ul style="list-style-type: none"> ICT technology Acceptable use policy implemented Digital and Smart City Strategy EADA – both enterprise architecture and design authority in place 	<ul style="list-style-type: none"> Change Board Digital Strategy Group Improved departmental Digital Governance e.g., RM's engagement with departmental SLTs 	<ul style="list-style-type: none"> Shadow IT review (complete) 	<ul style="list-style-type: none"> Reflect national picture Review current open data provision Information Strategy 	<ul style="list-style-type: none"> Governance Review GIS Strategy Website accessibility review Digital & Smart City Strategy Review 	<ul style="list-style-type: none"> Strategy and Implementation Plan Reviews Open Data and BI Strategies

Technology Solution - Digital print & mail strategy

The Council has already embarked on an ambitious strategy to become paperless.

Key deliverable	Delivered to date	Delivered to date	Delivered to date	Sept - Dec 2022	2023	Beyond 2023
<p>Digital print & mail (paperless) strategy</p> <p>Reducing our use of paper and print through the Print and Mail Programme.</p>	<ul style="list-style-type: none"> • “My letters” desktop sending of Royal Mail letters using online system. • Digital Mail assistant – scanning of inbound mail to the Council direct to recipients e mail account • Digital Scanner technology deployed to allow scanning of FOI's and legacy paperwork to digital archives • Recycled Paper for copiers and envelopes introduced • Reduced mailing vehicles and physical mail pickups by 85% contributing to carbon reduction targets • Paper Form reduction planning started – evaluation of paper form printing underway at printing facility • 5-year savings plan developed and submitted to further reduce MFD machines. • New device deployment completed. 	<ul style="list-style-type: none"> • Deploy papercut software – centralising bulk printing • Develop and communicate a Council wide print policy and framework – delayed and will be communicated in March in line with device role outs. • Start paper form usage reduction processes • Reducing storage space for legacy and future documents • Increase back scanning of archive to reduce storage footprint • Continue to reduce incoming paper mail flow into the Council by identifying and eliminating these at process source. 	<ul style="list-style-type: none"> • Deploy Multi-Functional Devices to schools and corporate estate to a reduced footprint – started in January and delivered as planned. • Introduce local printing and scanning hubs – Equipment ordered, and machines will be deployed – machines delayed due to global supply chain issues and are being prioritised for delivery. • Introduce individual printing transparency and billing for MFD copier usage – on track. • Identifying Lean and automation opportunities and developing and deploying them while promoting digital processes rather paper-based ones • Start analysing machine usage over the network using new advanced reporting now available. 	<ul style="list-style-type: none"> • Reduce colour and black and white printing in line with Business Case. • Reduce volumes of A3 printing • Reduce transactional mailing volumes for all centralised mailings – using document composition tools and expertise • Reduce number of deliveries from Paper and Stationery contract to Edinburgh sites from five per week to two per week. • Reduce the management of 300,000 incoming I&B emails by introducing the Email Import Module for W360. • Introduction of Papercut Job Ticketing for efficient job ordering and data transfer to the Print Unit. • Identifying Lean and automation opportunities and developing and deploying them while promoting digital processes rather paper-based ones 	<ul style="list-style-type: none"> • Identifying Lean and automation opportunities and developing and deploying them while promoting digital processes rather paper-based ones • Reduced energy consumption evident from using newer more efficient Multi-Functional Devices • Further reduce MFD machines deployed in line with planned 5% year on year volume reductions. 	<ul style="list-style-type: none"> • Look to reduce centralised printing facilities footprint in line with much more reduced demand where possible • Business case the new MFD contract proposal – which is envisaged should be very light touch going forwards and plan for further savings. Contract tendering and award period should start mid-2023. • Deploy scanning to SharePoint once SharePoint has been rolled out – TBC

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Technology Solution - Customer Digital Engagement

Though the Customer Digital Engagement programme we will look to create a single view of our customers to better model and shape our services and provide more targeted support to those citizens who need it most.

Key deliverable	Delivered to date	Delivered to date	June – Sept 2022	Sept - Dec 2022	2023	Beyond 2023
<p>Customer Digital Engagement</p> <p>Move from traditional customer engagement routes to omnichannel, providing citizens with greater choice around how to transact and the 24/7 ability to pay, report or request public services.</p>	<ul style="list-style-type: none"> Report/Request forms for: Litter, Road, Pavement, Streetlight, Pothole, Road Sign, Graffiti, Dog Fouling, Overhanging tree, bush or foliage problem, Grit Bin Requires Filling, Missed Bins (communal and individual)/ Communal Bin full or Overflowing, Request a Grit Bin, Recycling Bin or Box, Special Uplift/Bulky Waste, Assisted Bin collection, Garden Waste subscription Register for Garden Waste/ Garden waste change of details, View Account History/Transaction Change of Details, Set up Account/Create a Citizen Compliment, Suggestion or Complaint/, General Enquiry, Building Payment, Fixed Penalty Notice Payment, Sheltered Housing T.V. License Payment, ESRS - Shared Repairs, roadworks penalty notice, Pay us back - housing benefit, Pay your Council Tax or Business rates, Council rent, Non-emergency housing repairs, School Transport, Adult and Children Social Care Assessment forms, Covid related support and business grants, Submit and pay for licensing transactions, Report damp in Council owned homes, Apply for the Scottish Milk and Healthy Snack Scheme, School Registration, Apprentice Trainee, Religion and under 18 discounts for CTAX, RingGo refund, Report and Illegally Parked Vehicle, Low Income Housing Payments 	<ul style="list-style-type: none"> Omni Channel – give customers choice of channels to transact with the council, maximising the proportion of digital transactions and reduce where possible face-to-face transactions Citizen centric – put citizens at the centre of what we do by engaging them in the design and delivery of services Digital by default – implement a digital approach to the delivery of services Mobile first – priority to ensuring that those services can be delivered through mobile technology 	<ul style="list-style-type: none"> Improved housing repairs form to deliver benefit around the customer and agent journey ahead of the fully integrated transaction. Customer satisfaction survey development for form submission Contact forms for waste, streetlight and roads transactions 	<ul style="list-style-type: none"> Fully integration of housing repairs process with the CRM Integration of communications platforms (Mitel, social media) with Verint CRM Consolidate Knowledge Base that can be surfaced through the CRM Upgrade of the CRM platform to latest version 	<p>To be confirmed - options include:</p> <ul style="list-style-type: none"> Replace myGovScot single sign on platform with a fit for purpose solution that includes facility for business accounts Integration of Civica CX with Verint Integration of Civica EDM with Verint 	<ul style="list-style-type: none"> Customer Digital Engagement programme - create a single view of our customer transactions to shape our services and provide targeted support where needed. This will use: <ul style="list-style-type: none"> UPRN & UCRN as key identifiers Provide single source of truth on the customer and the services they consume Enable personalised and localised services to be delivered Support pro-active grouping of services around user needs

Technology Solution - Data as an asset

Our data is an asset that is of value to the organisation and our partners that needs to be managed accordingly.

Key deliverable	Delivered to date	Sept to Dec 2022	2023	Beyond 2023
<p>Data as an asset</p> <ul style="list-style-type: none"> Through better use of systems, we will ensure that our data is: Easier to identify and find Managed consistently across the organisation Transferrable into information to support our evidence-based decision making Support the work of our localities Stored once and defined by effective metadata and information governance framework/rules Structured to support a single view of the customer Subject to constant analysis and review cycle to ensure effectiveness data management and governance (IGU) Ensure our data is used and shared ethically Open data where possible and capable of exploiting Smart City Data Exploitable by AI in generating potential automations, additional intelligence, security heuristics etc 	<p>GIS Developments</p> <ul style="list-style-type: none"> We worked with NHS National Services Scotland using our in-house Geographical Information Systems (GIS) capability to improve the data we have in modelling COVID-19 outbreaks and to assist in our response to this. This work is part of a wider data sharing project with NHS NSS and both Glasgow City Council and Aberdeen City Council. NHS Lothian is following the outputs of this work closely and we are sharing this with them Unification of property and street gazetteer data to enhance consistency and reliability of key address data used across the Council and shared nationally with the One Scotland Gazetteer. 	<ul style="list-style-type: none"> Delivering a Business Intelligence platform to integrate and leverage software information assets, and to transform data into actionable insights that drive the Council's strategic and tactical business decisions We successfully signed-off the final dashboards for the Confirm asset management system within Waste Services, which in conjunction with the Routesmart waste collection dashboards, completes delivery of the contractual elements of the Business Intelligence transformation programme Business Intelligence dashboards for Waste Services now fully embedded into business as usual, supporting improved performance and customer service. Digital Services working with IGU to create Information Strategy CAG Quality Improvements: designed to further enhance currency and reliability of address information and increase frequency with which it is shared with national users, e.g., emergency services. 	<ul style="list-style-type: none"> Business Intelligence - further work underway to build new reports for HR and Homelessness services, and to develop a strategic plan to transition business intelligence support and development capabilities over to Council teams by March 2023. Microsoft "Power BI" pilots underway to explore the potential of the tool to support data-driven decision making and new ways to visualise and analyse data. Mobilisation of the Azure Data Warehouse to support the Smart City Operation centre, providing a holistic view of the city by utilising the latest technology to drive operational efficiencies, improve security and analyse trends Data Strategy and Implementation Plan being finalised 	<ul style="list-style-type: none"> We will work with services to improve the tools that enable a Council-wide approach to business intelligence to enhance services and digital engagement with our customers and communities. Further adoption of Power BI for strategic reporting and analytics. Consolidation of legacy geospatial asset management systems onto the corporate GIS platform, to improve data sharing and systems interoperability. Further development of open data strategies and initiatives to publish information in a linkable and re-usable format with the aim to drive transformation and improvement through transparency and citizen/business participation. Data Strategy Approved <p>We will highlight the benefits of sharing open data and its use to help model and shape our services and our city.</p> <p>BI and GIS Strategies</p>

Digital capabilities and services - Security

We will ensure that Council infrastructure is secure and resilient, and that continuity of services is maintained using appropriate technical measures to protect our network and the data we hold in our systems.

Key deliverable	Delivered to date	Ongoing Improvements	Ongoing Improvements	Sept – Dec 2022	2023	Beyond 2023
<p>Security</p> <p>The security challenges we face are increasing and ever changing. As well as more documented attack routes such as virus or ransom ware, other challenges are emerging. Our increased use of multiple and remote devices creates a challenge to protecting this as our increased use of systems and who accesses them increases the attack surface for those wishing to compromise our security.</p>	<ul style="list-style-type: none"> Follow National Cyber Security Centre (NCSC) current guidelines, including NCSC 10 steps to Cyber Security – ongoing every year Ensure compliance with Cyber Resilience Framework, CE+, PSN Improve cyber defences e.g., phishing Enhance password policy for Corporate Provide comprehensive security and awareness platform for all staff to detect, deter and defend against cyber threats - delivered through MetaCompliance Work with partners across the public sector through participation in the Cyber Security Information sharing partnership (CISP) and the Scottish Local Authority Information Security Group (SLAISG) Develop a comprehensive communication plan for cyber security Partnership with Scottish Business Resilience Centre Revised DPIA process for technical assurance Technical restrictions to block Webmail provision. 	<ul style="list-style-type: none"> Follow NCSC guidelines Ensure compliance with Cyber Resilience Framework Improve cyber defences Implementation of all NCSC active cyber defence tools – implementation of DMARC/DKIM Enhance password policy for Learning & Teaching Support cloud first strategy by moving the onus on patching to vendor/contract - by moving services to the cloud Work with public sector partners through participation in the Cyber Security Information sharing partnership (CISP) and the Scottish Local Authority Information Security Group (SLAISG) -ongoing Maintain and develop cyber risk management framework – joint cyber risk register Update comms plan for cyber security 	<ul style="list-style-type: none"> Follow NCSC current guidelines Ensure compliance with Cyber Resilience Framework Improve cyber defences Enhance password policy for Learning & Teaching Implementation of DMARC/DKIM Improve cyber defences data loss prevention – work with IGU Develop a comprehensive communication plan for cyber security – ongoing Improve cyber defences network access control as part of Network management audit Phishing simulations Maintain and develop cyber risk management framework – joint cyber risk register Audit Work Word towards implementation of MTA-STS PSN Certification Prep Blocking of auto forwarding out with Council 	<ul style="list-style-type: none"> Follow NCSC current guidelines Ensure compliance with Cyber Resilience Framework Completion of implementation of DMARC/DKIM Support the implementation of shadow IT framework Support cloud first strategy - move the onus on patching to vendor/contract - by moving to cloud implementation of all NCSC active cyber defence tools – Update comms plan for cyber security PSN Certification Maintain and develop– joint cyber risk register Audit Work implementation of MTA-STS, USB NAC Project Meetings SOC Services Review Threat Intel review Tabletop Exercises Continued Drive in reduction of Vulnerabilities. L&T Pen Test Review and RAP New Security Suppliers review and appointment 	<ul style="list-style-type: none"> Follow NCSC current guidelines Ensure compliance with Cyber Resilience Framework Continued delivery of security and awareness platform Work with public sector partners through participation in the Cyber Security Information sharing partnership (CISP) and the Scottish Local Authority Information Security Group (SLAISG) -ongoing Maintain and develop cyber risk management framework – joint cyber risk register Update comms plan for cyber security PSN Certification L&T Penetration Testing Audit Work Network Access Control implementation across Corp and L&T Domains SOC Services Review Threat Intel reviews Tabletop Exercises Business Cases 	<ul style="list-style-type: none"> Continued compliance with NCSC guidelines and Cyber Resilience Framework Improve cyber defences Data loss prevention Implementation of NCSC active cyber defence tools Upgrade/remove legacy applications – support cloud first strategy adoption Continued delivery of security and awareness platform Work with public sector partners through participation in the Cyber Security Information sharing partnership (CISP) and the Scottish Local Authority Information Security Group (SLAISG) -ongoing Maintain and develop cyber risk management framework – joint cyber risk register Update comms plan for cyber security PSN Certification L&T Penetration Testing Threat Intel reviews Tabletop Exercises

Digital capabilities and services – Standards

We plan to measure performance to improve our service both strategically and operationally using metrics to measure success.

We will focus on transforming our service provision to better meet the changing requirement of the organisation and a modern workforce. Using industry standard practices for IT service management that focuses on aligning IT services with the needs of business approach.

Key deliverable	Delivered to date	Ongoing Improvements	Sept - Dec 2022	Sept - Dec 2022	2023	Beyond 2023
Performance Management Measuring performance to continually drive improvements and customer satisfaction.	<ul style="list-style-type: none"> Monthly CSR meetings CSI (Continuing Service Improvement) discussed as part of CSR meeting 	<ul style="list-style-type: none"> Incident response and resolution analyse to ensure meeting SLAs Customer satisfaction review Continue to progress innovation. E.g., Amelia RMs to set up meeting with Business areas re strategy 	<ul style="list-style-type: none"> Review KPIs Look to improve service related to customer feedback Have trackers set up relating to Strategy with Business areas 	<ul style="list-style-type: none"> Implement KPI changes Review Trackers 	<ul style="list-style-type: none"> Reassess KPI changes impact Over-arching review of Business areas matching strategy 	<ul style="list-style-type: none"> Annual review of Business areas Digital Strategies
Service Management Improve service management provision through delivery of continual improvements for users.	<ul style="list-style-type: none"> New Internal Service Desk (Halo) within Digital Services to improve interaction and service with colleagues Chat- bot Amelia has been piloted and roll out extended 	<ul style="list-style-type: none"> Improving user experience piloting Chat- bot Amelia Continual improvement of Service Catalogue Continue to Promote use of My-ICT ITIL training for appropriate staff 	<ul style="list-style-type: none"> Continual Service Improvements Monitor uptake of My-ICT Ensure ITIL standards are being met Review Digital Services Customer facing processes Continued focus on CSI 	<ul style="list-style-type: none"> Chat Bot embedded across Corporate estate Work with Comms to promote channel shift online Implement Digital Service Customer facing review Outputs 	<ul style="list-style-type: none"> Move to more online tools – self service Chat Bot embedded across L&T estate Review impact of Chat Bot and Internal Service Desk 	<ul style="list-style-type: none"> Service Strategy Review

Digital capabilities and services - Standards

We will apply a blended approach to project change management which will bring together the best elements of the Prince2 and Agile methodologies. Change requests will be assessed and coordinated through a joint change review board. The board will check that requests have a supporting business case and align to our enterprise reference architectural principles and technology roadmap. The change process will include options to fast-track legislative and emergency requests.

Key deliverable	Delivered to date	Sept to Dec 2022	2023	Beyond 2023	
<p>Change Management Establish and embed improved change management processes that meet the needs of the Council for technology change requests and project and portfolio management.</p>	<ul style="list-style-type: none"> Weekly Programme Boards and Risk Reviews to ensure effective management of project risks and plans, and regular highlight reporting Application of PRINCE2 project management methodology for all major projects Quality Gate processes in place to evaluate, authorise, and monitor projects through their lifecycle Weekly Relationship Management meetings with CGI to provide guidance and quality check change requests Weekly Joint Change Review Board to review the progress of changes requests and discuss risks, escalations, and prioritisations Application of ITIL governance framework for ICT change management Formal reporting of Change Performance SLA's through the Monthly Partnership Board 	<ul style="list-style-type: none"> Launch of Emergency / Resilience Change Process to fast-track legislative and emergency requests Early adoption of Hybrid Agile / Waterfall models enabling more iterative approaches to project delivery Quarterly reporting of the Strategic Programme of Work to GRBV Emergency / Resilience Change Processes fully operational Digital Working Groups established in key business areas to improve collaboration Migration of the complex change application process onto the new Halo self-service portal CEC Relationship Managers to attend Strategic meetings with Business areas to ensure any developments match the Digital strategy Developing systems and staff capability responsive to changing business needs: Change process to ensure that futureproofing is always considered in terms of system agility and staff capacities Review of RM Board attendance and outcomes 	<ul style="list-style-type: none"> Following workshops with CEC and CGI change teams on the effectiveness of the current ICT change processes, a "Change Improvement Action Plan" has been put in place. Over September to December, further work will be undertaken on the plan to drive improvements in key areas such as value for money, delivery on time, and customer satisfaction Cloud First – further developments to transition the next tranche of applications onto the Cloud Refresh of the change process guidelines and information on the Council Intranet Initiating a communications campaign to promote the change processes and help business users understand how to engage with both Digital Services and CGI, with new ideas, business cases and ICT change requests 	<ul style="list-style-type: none"> Annual refresh of Digital Business Plans with each Service area - ensuring alignment with the Digital and Smart City Strategy Extending in-house development capacity e.g., Business Intelligence and Website accessibility Cloud First – business case developments and projects to transition the next tranche of applications onto the Cloud / SaaS Model Establish a network of Digital Champions embedded within service areas 	<ul style="list-style-type: none"> Embedding Continuous Improvement into our change processes Cloud First - majority of applications move onto the cloud Agile Waterfall becomes the dominant delivery model - applying a more iterative approach focused on fine-tuning deliverables to the needs of the business Move towards a portfolio approach to digital programme management, in line with future business demand

Digital capabilities and services - Standards Develop capability to be responsive to changing business needs. Embrace more agile and customer focused apps to support improved digital engagement with our citizens.					
Key deliverable	Delivered to date		Sept to Dec 2022	2023	Beyond 2023
Business Solutions As well as changes to our Infrastructure and the way we transform our business, we need to position our line of business systems to be an engine for change.	<ul style="list-style-type: none"> We successfully upgraded the Barclaycard online payment gateway across a range of customer facing applications including the contact centre CRM, the outdoor learning booking system, the planning and building standards portal, adult education booking and the Yakara mobile payment system. We upgraded the legacy Capture database in June 2022 which is primarily used to track and manage complaints. It also supports some contact centre transactions including housing repairs and Clarence requests related to items such as trees, parking meters, bus shelters and traffic signal queries Business Intelligence - we successfully signed-off the final dashboards for the Confirm asset management system within Waste Services - which in conjunction with the Routesmart waste collection dashboards, completes delivery of the contractual elements of the Business Intelligence transformation programme Total Mobile (Housing Repairs and Mobile Working) – further developments completed to deliver a new mobile workforce management solution for Empty Homes and Gas Servicing and further enhancements to the Repairs archiving system 	<ul style="list-style-type: none"> The Cabinet Office accessibility audit of our website successfully completed in February 2022, and further work is now underway on our own next-level accessibility testing from which we will begin the next phase in ensuring that we continue to achieve and maintain accessibility compliance standards. Currency Programme - we are working closely with our technology partner and business areas, to ensure that our IT applications and infrastructures remain aligned to supplier support cycles, run at peak performance, and capitalise on functionality and features offered through new product releases Property ICT Programme - we have a very busy schedule of ICT infrastructure projects to support the capital property programme including the installation of networks, Wi-Fi, telephony, printers, and other ICT equipment in new and refurbished buildings. Key projects which have recently completed include Castlebrae High School, Canaan Lane Primary, and Victoria Primary. 	<ul style="list-style-type: none"> Upgrade of the Peoples Network (PN) which provides members of the public with free and secure access to computers and the internet within libraries, and Wi-Fi connectivity for customers who wish to use their own devices Homecare - phased rollout of the new homecare rostering system starting in Autumn 2022. The system will drive efficiencies and support new ways of working to deliver the best quality of care, adopting a three conversations approach, and help support individuals live independently in their own home, offering the right care and support, at the right time and in the right place Websites – we are working closely with the Family Based Care team, to deliver a new “Foster with Edinburgh” website which will provide carers and prospective carers with information and advice on our Adoption and Fostering services, and a further development is in progress to upgrade the Edinburgh Guarantee website Further development of the Business Intelligence platform to deliver of new reports and dashboards for HR and Homelessness services IDOX Cloud Migration - work is underway to transition key Planning and Building Standards systems onto 	<ul style="list-style-type: none"> NetApp Sans – an upgrade to the Council’s file storage infrastructure known as the “NetApp SAN”. The NetApp SAN supports many of the Councils core applications including iTrent, Swift, iWorld Housing, and iWorld Revenues and Benefits, the programme will require careful planning and coordination with business teams, to support testing and ensure the upgrades have minimal impact on business operations Community Transport - introduction of a new transport system to support flexible and efficient scheduling and route planning - thereby reducing mileage, costs, and environmental impact. It will also allow drivers to receive real time route instructions on handheld devices in their vehicles which will replace the current outdated paper-based route allocation system. The system also provides an online portal for parents and carers to book and track journeys The ERP Programme - upgrade of the Council’s core finance systems to support key activities such as accounting, procurement, debt 	<ul style="list-style-type: none"> Relationship Managers to identify other opportunities Analogue to Digital Programme – work to decommission all analogue BT PSTN lines before December 2025

	<ul style="list-style-type: none"> • End User Device Refresh programme - we successfully completed the rollout of the ultra-high specification PC's for AutoCAD users within the Capital Projects Team and work also completed to upgrade Cashless Catering PC's within schools 		<p>"Software as a Service" running on the IDOX cloud</p> <ul style="list-style-type: none"> • Introduction of a new rent management system, Mobyssoft Rentsense, which will assist Housing officers identify tenants who are struggling to pay their rent. This will enable officers to make targeted and early interventions and will help ensure tenants receive the appropriate help and support, leading to an improvement in the overall rent collection • Rollout of the cloud based Civica CX application to drive business improvements and transformation across Licencing, Trading Standards, Food Safety and Hygiene. The project is being delivered in phases with Phase 1 now underway to transition Licencing from the legacy system onto CX and planning for Phase 2 is in progress. 	<p>collection and supply chain operations</p> <ul style="list-style-type: none"> • Transitioning business intelligence support and development capabilities over to Council teams by March 2023 • Rationalising our portfolio to reduce datasets, costs and improve sharing of data • Change process to always consider re-use ahead of off-the-shelf, ahead of bespoke and new. • Update and review "Council on a Page" Enterprise Architecture to uncover potential for rationalisation • Managers Embedded in Business area Strategic meetings • Ensuring systems are fit for purpose: • Departments to carry out audits of all their key systems • Ensuring that the data we hold, is needed, accurate and up to date: 	
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Governance A balanced governance model will provide flexibility with optimal discipline.					
Key deliverable	Delivered to date	Delivered to date	Sept - Dec 2022	2023	Beyond 2023
<p>A range of governance tools will be put in place to provide assurance that the technologies we implement, and the investments made to put these in place, serve the strategic aims of the Council, the business needs of services and are in line with this Strategy.</p>	<p>As part of our already established Weekly Programme and Risk Review meetings we will:</p> <ul style="list-style-type: none"> ensure that the key deliverables from this strategy are subject to the same governance arrangements to ensure effective management of project risks and plans, and regular highlight reporting <p>The Enterprise Architecture Board and Enterprise Architecture Authority Design (EADA) have been re-invigorated and are up and running to:</p> <ul style="list-style-type: none"> ensure that we have an agreed baseline architecture guide technology investment decisions - including funding investments review technology standards, processes, and procedures make recommendations for the implementation plan and future technology strategies <p>In addition to the Strategy implementation plan and its reporting requirements to Corporate Leadership Team, we will:</p> <ul style="list-style-type: none"> establish a Smart Cities Board All proposed changes, projects and programmes will be required to have: <ul style="list-style-type: none"> an approved business case funding available to implement and maintain the change through lifetime of the proposed solution Investment related to the individual projects or programmes and be provided by the Service responsible for the change We will set up: <ul style="list-style-type: none"> Change Board Digital Strategy Group Improved departmental Digital Governance Joint Council/CGI Disaster Recovery Board due to be re-established <p>We will:</p> <ul style="list-style-type: none"> Work with Internal Audit to review and assess the adequacy and effectiveness of the processes and governance controls established to support development, communication, and implementation of the Council's Digital and Smart City Strategy 	<ul style="list-style-type: none"> Review of shadow IT - procurement to be managed under a new framework/system by Feb 22 	<ul style="list-style-type: none"> Information Strategy to CLT and P&S Digital Maturity Assessment 	<p>We will take forward:</p> <ul style="list-style-type: none"> updated cloud and cyber security strategies clear ICT governance arrangements participation in national and regional programmes collaborative working with partners strategic alignment with Council goals and vision opportunities for innovation Governance review Update of Digital & Smart City Strategy 	<ul style="list-style-type: none"> Strategy reviews Governance for strategy implementation plans

Digital Council and Smart City - Digital Learning

To realise our vision, partners at both a national and local level will work together to achieve all four of the interrelated objectives that are central to successful digital learning, teaching and assessment:

- Develop the skills and confidence of educators in the appropriate and effective use of digital technology to support learning and teaching
- Improve access to digital technology for all learners
- Ensure that digital technology is a central consideration in all areas of curriculum and assessment delivery
- Empower leaders of change to drive innovation and investment in digital technology for learning and teaching

Key deliverable	Delivered to date	Delivered to date	June - Dec 2022	December 2022	June 2023	2023 and beyond
<p>Digital Learning Supports and promotes the appropriate and effective use of digital technology within education to give all City of Edinburgh learners the opportunity to improve their educational outcomes and to develop digital skills that will be vital for life, learning and work in an increasingly digital world.</p>	<ul style="list-style-type: none"> • Digital Learning and Teaching framework shared with all education staff • Cross sectoral Digital Learning Board established • Funding and agreement to embark on Empowered Learning project • Key staff identified to create staff networks that will support Empowered Learning • Engagement with educational staff networks, third parties, and council colleagues to create and populate Learning Management System (Thrive) • Enhanced engagement of core platform MS365 to ensure continuity of resources, allow networking between settings and safe interactions with external partners. • Introduction of core interactive multi-media curricular content platform (ClickView) • Engagement with National E-Learning offer (eSgoil and West OS) as hosted on ClickView • Empowered Learning project piloted at 1 Secondary school and 1 Primary school • Promote engagement with Learning Management System (myLearningHub) • Appointment of 3 Digital Learning Development Officers to support Digital Learning Coordinator network and the development of e-learning materials • Infrastructure reviews conducted at each educational establishment (Early Years, Primary, Secondary and Special schools) 	<ul style="list-style-type: none"> • Improvements to infrastructure made at each educational setting, starting 2021 and extending to Dec 2022. • Digital Learning Coordinator networks engaged to support teaching staff, learners, and their wider school communities 	<ul style="list-style-type: none"> • Empowering school leaders • Providing professional learning opportunities for staff and equity of access by embracing e-learning (DLC networks and myLearningHub) • Deployment of 1 to 1 devices for all Secondary teaching staff and Learners (Build and Grow secondary students Aug '22.) • Focus on STEAM subjects to prepare learners with a digital toolset for future life and work • Creation of a dedicated AV and IoT network to enhance potential of AV equipment paired with staff and pupil device provision. • Introduction of new print approaches. • Rising rolls iPad stock increased • iPads to support Ukrainian young people enrolling in schools. • Increasing awareness of and confidence in using digital tools to support communication (Ukrainian language tools) 	<ul style="list-style-type: none"> • Deployment of 1 to 1 devices for all Early, Primary and Special teaching staff and for P6 & P7 learners • Deployment of devices in a ratio of 1 to 5 for P1 – P5 learners • Deployment of devices to Special and EY learners appropriate to those settings • Professional learning opportunities for staff with equity of access by e-learning (DLC networks and Thrive) • Edinburgh Learns curricular teams update curricular progressions and training opportunities • Learning community engagement with Data Education. University of Edinburgh colleagues will support learning communities using sensors within the local environment and analyse the returned data. Students will develop a range of skills through inter-disciplinary engagement with data. 	<ul style="list-style-type: none"> • Developing our employees to be comfortable with the technologies we use to deliver service • Providing and promoting e-learning to enhance digital skills • Continuing professional learning opportunities for teaching staff • Edinburgh Learns curricular groups to support evaluation of Empowered Learning identifying areas for further support and next steps 	<ul style="list-style-type: none"> • Review and refresh Empowered Learning provision

Digital Council and Smart City - Digital Skills

Consumer technology growth has created a new digital era. There is an increased need for consumers to develop their own digital literacy and cyber resilience skills to engage digitally with the Council and our customers must feel empowered to do so.

Key deliverable	Delivered to date	Sept 2021	Jun - Sept 2022	Sept – Dec 2022	2023	Beyond 2023
<p>Digital Skills To be the Digital Council we aspire to be we will need different skills and knowledge. We will need:</p> <p>Council</p> <ul style="list-style-type: none"> • Leaders who understand the value technology brings to our organisation • Leaders who develop digital skills to become digital leaders • A digitally skilled workforce who engage with professional development to further develop and enhance digital skills <p>Customers</p> <ul style="list-style-type: none"> • Citizens who feel confident in their digital skills and secure in their ability to promote their own cyber resilience • Citizens who engage with Smart City and Digital Council initiatives providing feedback that helps to shape future improvements <p>Schools and Lifelong learning</p> <ul style="list-style-type: none"> • Learners who engage with opportunities to develop their digital literacies • Learners who develop their understanding of their own cyber resilience to be safe and secure when using digital tools. • Learners who have digital skills for life, learning and work. Skills that will empower them to become the digital citizens and workforce of the future <p>Teachers who utilize digital tools to support their working, develop high-quality teaching and effective assessment methods</p>	<p>Elected Member ICT and Digital Sounding Board meetings</p>		<p>We will do this by:</p> <ul style="list-style-type: none"> • Developing our employees to be comfortable with the technologies we use to deliver services • Providing and promoting e-learning to enhance digital skills • Recruit Get Online Volunteers to support the delivery of digital inclusion learning in our libraries <p>Providing professional learning opportunities for staff and ensuring equity of access to such opportunities by embracing e-learning</p>	<p>We will do this by:</p> <ul style="list-style-type: none"> • Provide and signpost a wide range of digital support tools and materials • Provide adult learning opportunities using e-learning opportunities • Deliver digital inclusion learning opportunities for citizens via our libraries • Designing services and support capabilities that deliver digital inclusion for all our citizens • Embracing social media as a tool for engagement and communication both internally and externally <p>We will do this by:</p> <ul style="list-style-type: none"> • Supporting schools and early years to access and deliver a 21st century educational experience • Empowering school leaders to drive innovative changes within their setting • Providing up to date infrastructure, hardware, and software to ensure learning to enable learning that provides the best future life chances for all learners • Focusing on STEAM subjects to ensure learners are prepared with a digital toolset fit for future life and workspace • Embracing our core platform MS365 to ensure continuity of resources, allow networking between settings and safe interactions with external partners 	<p>Review digital literacy and cyber resilience skills against participation and engagement, identify gaps and develop opportunities for further engaging and empowering customers and colleagues</p>	<p>Review digital literacy and cyber resilience skills against participation and engagement, identify gaps and develop opportunities for further engaging and empowering customers and colleagues</p>

Digital Council and Smart City – Libraries Digital Inclusion

Digital inclusion is about ensuring the benefits of the internet and digital technologies are available to everyone. This is important not only to ensure that citizens can access Council services, but also to support the Council's central priorities of reducing poverty and improving well-being. Our aim is to provide our citizens with access to digital connectivity and that we can provide support for our citizens to gain digital skills and the confidence to use them.

Key deliverable	Delivered to date	Throughout 2022	June - Sept 2022	Sept – Dec 2022	2023	Beyond 2023
<p>Digital inclusion We will:</p> <ul style="list-style-type: none"> • Ensure connectivity is available in our community spaces including libraries, schools, and early years settings • Ensure citizens can access resources within our libraries • Ensure citizens can access learning opportunities to further their digital skills and cyber resilience abilities 	<ul style="list-style-type: none"> • In March 2020, at the start of the Covid-19 pandemic, we worked to provide our most vulnerable families with devices and connectivity • Edinburgh Libraries provide various digital support offers for staff and customers to help improve digital skills and raise confidence with digital technology on a local level. • Edinburgh Libraries provide a varied catalogue of digital resources and a wide range of virtual learning, entertainment, and support activities freely accessible to all library members 24/7. • Edinburgh Libraries provide free access to pcs, internet and Wi-Fi for all customers, citizens, and visitors. 	<ul style="list-style-type: none"> • Delivery of Empowered Learning which will • Edinburgh Libraries continues to support SCVO in administering Connecting Scotland fund – shortleeting applications and distributing digital technology equipment and connectivity to local applicants. • Initial pilot of SLIC Digital Training platform in Edinburgh Libraries – national platform designed to provide training and learning resources on selected digital activities and resources. Designed for public library staff to increase confidence and capability – aiming for 100% digital champion staff cohort. • Edinburgh Libraries Get Online digital support delivered remotely over the telephone to combat technological barriers and physical barriers due to Covid19 building closures 	<p>Edinburgh Poverty Commission identified that action must be taken to address and ensure that digital participation opportunities are made available for those living with poverty. We will:</p> <ul style="list-style-type: none"> • Support the delivery of measures set out in the Council's Our Future Council; Our Future City plan to provide digital inclusion opportunities for our citizens. We will continue to identify opportunities, develop plans and work with partners to exploit and deliver these commitments throughout the lifespan of the strategy • Roll out of remote check-out and return via individual digital device and Edinburgh Libraries App – will allow customers to issue and return books and check their library account using their mobile phone. 	<ul style="list-style-type: none"> • Providing up to date infrastructure and hardware • Get Online – volunteer led 1:1 support for all learners. Sessions informal and user-led underpinned by SCVO Digital Charter and Good Things Foundation's Learn My Way online modules & resources • Get Online VIP - smart technology and e-resources offer accessibility functions which support and facilitate access for customers with sight loss and visual impairment. Identify staff training opportunities in Technology support for people with sight loss • Refresh People's Network - new hardware and software with updated features like wireless printing by Oct 2022 – Digital Services are working closely with CGI and the Place team to finalise plans and costs for the upgrade which provides free public access PC's and Wi-Fi connectivity. The upgrade will not only improve performance and resilience, but also offer new services and future options to integrate customer hubs services into libraries. • Provide an Online Public Access Catalogue (OPAC) in every library location • Roll out of remote check-out via individual digital device and Edinburgh Libraries App – will allow customers to issue books and check their library account using their mobile phone 	<p>Open Plus technology - to enable access to all library buildings and resources outside normal opening hours, with no staff onsite, by swipe card access. This would be for approved and inducted library customers – but available by application for all adult members (pending approval of infrastructure improvements)</p> <p>Self-service on the Edinburgh Libraries App-phase 2 – Library customers will be able to Return books via Library App. Online VIP sessions explore people's needs and provide the right support via small workshops</p>	<ul style="list-style-type: none"> • Replace desktops and software in all library locations • Provide an Online Public Access Catalogue (OPAC) in every library location • Upgrade of People's Network and potential for introduction of "tablet" technology • Self-service kiosks • New LMS (Libraries Management System) • Review of digital connectivity infrastructure and development of plans to meet with current and future technologies

Digital Council and Smart City – Empowered Learning and Citizens Digital Inclusion Digital inclusion is about ensuring the benefits of the internet and digital technologies are available to everyone. This is important not only to ensure that citizens can access Council services, but also to support the Council’s central priorities of reducing poverty and improving well-being. Our aim is to provide our citizens with access to digital connectivity and that we can provide support for our citizens to gain digital skills and the confidence to use them.						
Key deliverable	Delivered to date	Throughout 2022	To Sept 2022	Sept – Dec 2022	2023	Beyond 2023
Digital inclusion We will: <ul style="list-style-type: none"> • Ensure connectivity is available in our community spaces including libraries, schools, and early years settings • Ensure citizens can access resources within our libraries • Ensure citizens can access learning opportunities to further their digital skills and cyber resilience abilities • Ensure that digital literacies are embedded into all aspects of the curriculum • Foster positive relationships between families and early years settings/schools allowing for support opportunities to be identified • Provide equity of access to digital resources for all learners in schools • Ensure that citizens on low incomes are involved in the design and development of digital services that matter to them • Ensure super-fast broadband infrastructure is rolled out across the whole Council owned estates. This will provide benefits to tenants and the potential to support colleagues across the Council to work in a more mobile and efficient way. This will enable services across the Council, such as the Smart Cities project to develop their programme to reduce/eliminate the barrier of internet access. 2/3 of all council homes now connected to the CityFibre infrastructure. • Working with partners CityFibre to enable FTTP (fibre to premises) infrastructure rollout across the City • Working with 3rd sector partners to provide families with connectivity and devices as part of the SG Connecting Scotland programme. Connecting Scotland is a Scottish Government initiative being managed by the Scottish Council for Voluntary Organisations set up during the pandemic to provide funding to support organisations to help get every citizen in Scotland online 	<ul style="list-style-type: none"> • In March 2020, at the start of the Covid-19 pandemic, we worked to provide our most vulnerable families with devices and connectivity • Schools worked during lockdown to provide devices to pupils to enable remote learning • Funding and agreement to embark on Empowered Learning project, Empowering Learners through access to digital platforms & apps • Ensuring all our Council owned homes are connected to infrastructure to enable a fast and reliable broadband service and can support our colleagues across the Council to work in a more mobile and efficient way and meet tenant’s needs. This could also enable services across the Council, such as the Smart Cities project to continue to develop their programme to reduce/eliminate the barrier of internet access. • City of Edinburgh council is working in partnership with CityFibre and Openreach to enable FTTP (fibre to premises) infrastructure rollout across the City to provide super-fast fibre broadband infrastructure to all our council own homes. Through open networks, this infrastructure will prove our tenants with the ability to choose from over 600 different broadband providers, ensuring they have access to the best deals without any set up costs, to date 2/3homes have been connected so far 	<ul style="list-style-type: none"> • Delivery of Empowered Learning which will see nearly 40,000 digital devices to children and teachers in the city, training and roll out of this solution will start August/September • We will continue to work with our partners to identify and develop opportunities around our digital infrastructure to improve connectivity, improved connectivity will mean that our citizens, councillors, colleagues, visitors, and businesses will benefit from full use of our digital services and increase participation in a digital city • CityFibre and FTTP infrastructure work well underway, now reviewing options to utilise this infrastructure and settle on a final strategy. A follow up strategic planning meeting set for June 2022. 	Edinburgh Poverty Commission identified that action must be taken to address and ensure that digital participation opportunities are made available for those living with poverty. We will: <ul style="list-style-type: none"> • Support the delivery of measures set out in the Council’s Our Future Council; Our Future City plan to provide digital inclusion opportunities for our citizens. We will continue to identify opportunities, develop plans and work with partners to exploit and deliver these commitments throughout the lifespan of the strategy • Continue to explore and develop digital connectivity opportunities for Council tenants. A follow up strategic planning meeting set for June 2022. • Broadband infrastructure connectivity work continues 	<ul style="list-style-type: none"> • Providing up to date infrastructure and hardware • Get Online – • As part of their Community Benefits commitments CGI will undertake work to improve digital inclusion and participation • Deployment of 1 to 1 devices for all Early, Primary and Special teaching staff • Deployment of 1 to 1 devices for P6 & P7 learners • Deployment of devices in a ratio of 1 to 5 for P1 – P5 learners • Continue to explore and develop digital connectivity opportunities for Council tenants. A follow up strategic planning meeting set for June 2022. • Take forward opportunities to involve Council tenants in user groups to help inform the development and testing of new digital improvements to the Council’s housing services, such as improved online reporting of repairs 	<ul style="list-style-type: none"> • Edinburgh Learns curricular groups to support evaluation of Empowered Learning identifying areas for further support and next steps • Continue to explore and develop connectivity opportunities for Council tenants. A follow up strategic planning meeting set for June 2022. • Take forward opportunities to involve Council tenants in user groups to help inform the development and testing of new digital improvements to the Council’s housing services, such as improved online reporting of repairs 	<ul style="list-style-type: none"> • Review and refresh Empowered Learning provision In planning to be confirmed: <ul style="list-style-type: none"> • Review of digital connectivity infrastructure and development of plans to meet with current and future technologies CityFibre expect to have completed their build by the end of 2024

Digital Council and Smart City - Smart Cities A smart city is an urban area that uses different types of Internet of Things (IoT) sensors to collect data then use insights gained from this to manage assets, resources, and services. Our vision for a smart city is the application of data and technology to increase efficiency, minimise costs and enhance convenience.						
Key deliverable	Delivered to date	Ongoing work	Sept - Dec 2022	Sept - Dec 2022	2023	Beyond 2023
Smart Cities Our aim for Edinburgh is to: <ul style="list-style-type: none"> • Make the city more liveable, workable, and sustainable • Have world class connectivity • Manage the city resources as effectively and intelligently as possible • Deliver world-class citizen-centric city services • Underpin a continuous process of reinvention, transformation, and creativity • Support economic development and long-term prosperity • Improve resilience Empower citizens to become Smart/Digital Citizens of the future. <ul style="list-style-type: none"> • For Edinburgh this will include: <ul style="list-style-type: none"> • connectivity – 5G and FTTP • sensor technology, IoT, AI • smart parking and EV charging • wearable and mobile tech • smart public transport • city Wi-Fi • smart energy • health and social care • smart citizens • DDI • conversational platforms • GPS/GLONASS and location analytics • greater citizen engagement 	<ul style="list-style-type: none"> • Approved proposal for a fully integrated IoT Platform. Project delivery to commence in Q1 2022. • Project Initiation Document • Platform High Level Design • Orders for bin and housing sensors 	We will continue over the course of the Strategy to reshape our IT services and help to reshape the city with an approved plan for a fully integrated IoT Platform. This will enable Edinburgh to take advantage of the opportunities afforded by new and transformative technologies to become a digital Council and a world leading Smart City. <p>Through our Customer Digital Engagement and Web programme, we will be:</p> <ul style="list-style-type: none"> • Digital by default – implement a digital approach to the delivery of services • Citizen centric – put citizens at the centre of what we do by 	The City of Edinburgh Council is developing an operations centre to support smart city services. This internet of things (IoT) platform will be able to incorporate artificial intelligence (AI), smart bin and housing sensors, upgraded CCTV and analytics technologies. This concept is underway and will be delivered over the course of the coming years in phases. <p>Edinburgh’s plan for a Smart City Operations Centre foundational platform and sensors benefitting from 8th City European Regional Development Fund support. The 8th City Programme is one of 3 workstreams delivered by the Scottish Cities Alliance, a partnership of Scotland’s seven cities and the Scottish Government</p> <p>Engagement with all mobile operators/infrastructure providers to encourage improved connectivity.</p>	<ul style="list-style-type: none"> • By delivering our Digital Skills and Digital Inclusion commitments, we will: <ul style="list-style-type: none"> • Provide and signpost a wide range of digital support tools and materials • Provide adult learning opportunities using • Deliver digital inclusion learning opportunities for citizens • Design services and support capabilities that deliver digital inclusion for all our citizens • Embrace social media as a tool for engagement • Smart City Operations Centre work continues with 834 smart sensors deployed in on-street litter bins. Work now commencing in Communal Waste Bins. • 30 Smart Housing Sensors measuring dampness have been deployed to 10 homes in an early pilot 	By treating data as an asset, we will: <ul style="list-style-type: none"> • work with services to improve the tools that enable a Council-wide approach to business intelligence to enhance services and digital engagement with our customers and communities • Smart City Operations Centre work will continue with a target of 5500 smart bin sensors deployed by June 2023 • Smart Housing Sensor deployment to continue after initial pilot phase • Dashboard development will continue; making use of data received from smart sensors and helping business areas to realise the benefits of this information <p>Ongoing projects to improve 4G/5G coverage through use of Council Assets to improve coverage.</p>	<ul style="list-style-type: none"> • We will review our Smart City capability and create a portfolio of smart city projects that balances short-term versus long-term impact, risks, investment, and social value, and establishes key strategic outcomes. As part of the work of the board, we will: <ul style="list-style-type: none"> • Develop a structured innovation management framework and innovation toolkit that builds on best practice from a broad range of relevant sectors • Work with 3rd party telecoms providers to exploit the connectivity available to us • Adopt and support the development of relevant Scottish UK and international Smart Cities actions and standards to build trust and confidence, ensure interoperability, and provide shared frameworks for city transformation plans • Develop governance to ensure a well-integrated smart city approach and coordinated governance of critical elements associated with portfolio, data and information management, cybersecurity, procurement, ethics, and privacy • Connect and share smart city knowledge, learning and assets • Introduce incubator projects at low cost to pilot tech benefits to solve real world problems • Smart City Operations Centre work continues • Working with SFT/InfraLink to encourage increased 4G/5G coverage across the City including working with our Planning team.

Digital Council and Smart City - Innovation

Innovation is about addressing problems in new and original ways that better meet the needs of customers.

Many developments in both the systems we use and in Smart Cities technology are experienced as innovation, having a disruptive impact on how services have previously been experienced or delivered; both positive and negative.

Key deliverable	Delivered to date	Delivered to date	Jun – Dec 2022	Jun – Dec 2022	2023	Beyond 2023
<p>The Council sees two forms of innovation driving empowerment:</p> <ul style="list-style-type: none"> un-proven: The first focuses on new 'unproven' technology, where the Council would be an early adopter proven: The second is the adoption of new, or re-use of existing, proven technologies by the Council. This approach will be supported through a business case approach. <p>Both approaches will be supported as appropriate to the technology and the solution.</p>	<ul style="list-style-type: none"> Teams unified communications Team collaboration (on request) Mobile Device Management re-platform (Intune) Outlook Online BYOD self-service password reset Our Shared Repairs service was a Challenge Sponsor in the Scottish Government's CivTech 4.0 Innovation Programme, supported by Digital Services Relationship Management. 2 Phases included the Tenement App and Case Management system. Phase 1 – Tenement App has been completed. Phase 2 – Case Management cloud-based system for tenement repairs led by the Council has been delivered and is in use. 	<ul style="list-style-type: none"> OneDrive for Business Continue to use technology and innovation to assist in new ways of working 	<p>We will:</p> <ul style="list-style-type: none"> Promote an understanding of new products, process, services, or technologies that are emerging in the market, both locally and globally as well as from SMEs and well-established providers Support an innovative culture across the Council Enable third parties to pitch innovative concepts to the Council following procurement guidelines Provide a structured mechanism for the Council to explore and manage its technology innovation portfolio Engage and consult key stakeholders on benefits and opportunities of Cloud adoption <p>We will:</p> <ul style="list-style-type: none"> Encourage cross-departmental re-use and sharing of systems/resources Continue to use technology and innovation to assist in new ways of working 	<ul style="list-style-type: none"> Continue to explore and exploit innovation and collaboration opportunities through DDI (data driven innovation) Review strategy and update to reflect current innovations, technologies, security, and the Council's technology landscape Empowering school leaders to drive innovative changes within their setting Continue Cloud migration Continue to use technology and innovation to assist in new ways of working 	<ul style="list-style-type: none"> Identify opportunities to Increase and drive automation Continue Cloud migration Continue to use technology and innovation to assist in new ways of working 	<p>Potential to drive innovation further with adoption of additional Microsoft 365 capabilities:</p> <ul style="list-style-type: none"> e.g., low code no-code (PowerApps and Flow) migration of G drives to Teams/SharePoint and a range of other new 365 tools Identify further innovation opportunities Final Cloud migration strategy move Continue to use technology and innovation to assist in new ways of working

Digital Council and Smart City - Technology Sustainability

The City of Edinburgh Council has set an ambitious city-wide target to become carbon neutral by 2030.

Key deliverable	Delivered to date	Delivered to date	Jun - Dec 2022	Jun- Dec 2022	2023	Beyond 2023
<p>Technology sustainability Digital Services and our delivery partners for technology and Smart Cities are committed to contributing to this carbon neutral target in several ways including reducing:</p> <ul style="list-style-type: none"> • Energy use • Carbon emissions • The amount of waste generated • The effects of climate change 	<p>To date, we have:</p> <ul style="list-style-type: none"> • Reduced carbon emissions by implementing an automatic shutdown of PCs in pilot areas across the Council in the evenings and over weekends • Installed multi-function devices to replace printers and copiers across the Council • Chosen technology solutions with virtualisation of servers or cloud hosting where possible to promote better value, save energy and reduce heat output and comply with the European Code of Conduct for the operation of data centres energy efficiency • Disposed of hardware responsibly and in accordance with the waste electrical and electronic equipment (WEEE) Directive and recycled equipment where possible • Extended the lifecycle of PCs and other hardware assets to take advantage of both cost savings and reducing waste • Implemented home/remote working solutions that reduce travel between sites and between home and work 	<ul style="list-style-type: none"> • Continue to collect and dispose of hardware responsibly and in accordance with the waste electrical and electronic equipment (WEEE) Directive and recycled equipment where possible when lifting of Covid restrictions allow 	<ul style="list-style-type: none"> • Continue to collect and dispose of hardware responsibly and in accordance with the waste electrical and electronic equipment (WEEE) Directive and recycled equipment where possible when lifting of Covid restrictions allow • Specific review of iPad and iPhone recycling 	<ul style="list-style-type: none"> • Review WAN • Device review • Complete Win2K8 server decommission - reducing number of servers 	<ul style="list-style-type: none"> • Commence device refresh planning focusing on how we can make this more sustainable e.g., use of thin client (remote connection to central server rather than the reliance on local hard drive will mean less need for enhanced devices) 	<ul style="list-style-type: none"> • Support 2030 Climate Strategy where digital technology as an enabler can contribute • CGI has committed to achieving net zero carbon emissions by 2030 with respect to carbon emissions • The City of Edinburgh Council has committed to become a "net-zero" city by 2030. Digital Services will work with CGI to reduce CO2 emissions and achieve these sustainability goals through innovative energy solutions

Key deliverables that aren't viable for progression will be shown in the table below. There can be several reasons why this can happen, as technology is an enabler it may be that the technology to deliver these has changed significantly, or largescale business delivery review is undertaken which means a different technology approach is required. As part of our overarching principles, we will balance delivery, quality, best value, and scope. We will focus on ensuring the delivery of quality solutions that offer best value and meet requirements across the entire organisation. This table will be updated quarterly.

Strategic Theme	Key deliverable not initiated	Rationale

The updates contained within this Digital and Smart City Strategy Implementation Plan were compiled 30th November 2022

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Governance, Risk and Best Value

10am, Tuesday, 21 January 2023

Annual Assurance Schedule – Education and Children’s Services

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note the Education and Children’s Services Directorate annual assurance schedule, submitted for scrutiny.

Amanda Hatton

Executive Director of Education and Children’s Services

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Annual Assurance Schedule – Education and Children’s Services

2. Executive Summary

2.1 The purpose of this report is to present the annual assurance schedule covering 2022/23 to the Governance Risk and Best Value Committee (GRBV) for scrutiny.

3. Background

3.1 Each year the City of Edinburgh Council requires that Executive Directors complete Certificates of Assurance that represent their view of the effectiveness and appropriateness of controls in their areas of responsibility. These Certificates support the Annual Governance Statement which is a component part of the authority’s Statement of Accounts.

3.2 An Assurance Schedule, to help prompt Executive Directors and relevant Service Directors to consider various aspects of their control environment, is circulated in advance of Certificates. The schedule will help highlight any areas of concern.

3.3 As at December 2022 the Education and Children’s Services directorate employed:

	Headcount	FTE
C&F	10199	8078

*HR System update pending to reflect the new structure across Education & Children’s Services therefore these figures are projected whilst update pending.

3.4 The revised annual Budget (as of 14 December 2022) for Education and Children’s Services:

*Figures based on the new Education & Children’s Services Structure, excludes numerous services now with Place i.e., Homelessness & Housing, Libraries, Schools Estate Planning.

2022/23 budget	E&CS excl SSC	SSC	E&CS incl SSC
	£m	£m	£m
Employee budget	386.04	9.60	395.64
Non-staff expenditure budget	125.64	4.37	130.02
Total expenditure budget	511.68	13.97	525.66
Income budget	-73.23	-12.88	-86.11
Net budget	438.46	1.09	439.55

4. Main report

- 4.1 The Education and Children's Services schedule (appendix 1) was completed and returned to the Democracy, Governance, and Resilience Service, after which a Certificate of Assurance was issued. This informed the drafting of the Annual Governance Statement, submitted to Council as part of the Unaudited Annual Accounts. The Certificates of Assurance require Service Directors and Executive Directors 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 The schedule is completed by the Service Director/Executive Director or by a nominated senior manager.
- 4.3 Before signing their Certificate of Assurance, the Service Director/Executive Director should ensure that the schedule has been completed accurately.
- 4.4 It should be noted that despite every endeavour being made to address all improvement actions whilst also addressing the requirements during the pandemic, all service areas do have up to date risk registers in place which address both existing and ongoing actions as well as those which are specifically covid related.
- 4.5 SORT is the School Operations Risk Toolkit, a risk control framework used to affect the risk management process to manage the school response to Covid-19. The service risk architecture, for example Monday SORT meeting for all headteachers/business managers and associated staff, weekly risk meeting, daily incident management team meetings all facilitate the response and enable a risk managed objective lead response.

5. Next Steps

- 5.1 The process will continue to be reviewed in line with feedback to ensure that effective assurance is provided.
- 5.2 The 22/23 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 production 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 the internal control environment. Action plans support improvements in areas where weaknesses have been identified.
- 7.1 Completed schedules are reviewed by the Democracy, Governance and Resilience Senior Manager and are provided to the Chief Internal Auditor for comment.
- 7.2 The Annual Assurance Schedule template was drafted using input from the Council's subject matter experts. This included contributions from Resilience, Internal Audit, Health and Safety, Governance, Legal Services, Financial Services and Human Resources.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1 Education and Children's Services Annual Assurance Schedule

Education & Children's Services Assurance Statement 2022-2023

Ref	Statement	Response				
1	Internal Control Environment	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
1.1	I have internal controls and procedures in place throughout my service area that are proportionate, robust, monitored and operate effectively.	Partially Compliant	Education	<p>Annual Internal Audit Plan (based on most significant risks to the Council) CLT Change Board – programme/project management framework</p> <p>Contingency planning and business continuity arrangements</p> <p>External validation/review e.g. external audit, independent assurance providers</p> <p>Health and safety audits Policies that mitigate risks e.g. Anti-bribery, Fraud Prevention, Whistleblowing</p>	<p>Education Risk Management Policy</p> <p>SORT Risk Framework</p> <p>Implementation of risk management process on a continual basis</p> <p>Business Manager Forums</p> <p>School Self-Assurance framework - reported to SMT</p> <p>Significant Occurrence process (lessons learned meetings) Commissioning team expanded to enable support to schools</p>	<p>Revised School Self-Assurance framework to launch May 2022 and go live from August 2022</p> <p>From the Self-Assurance questionnaire Education seek to focus on the following areas:</p> <ul style="list-style-type: none"> - The use of CAFM to provide schools with a system for information on statutory repairs (this is managed by Corporate Property and is currently not fully up and running to provide schools with information electronically) - Health and Safety training and the resumption of Health and Safety audits in schools (through the self-assurance framework) - Prioritisation of UFAS arrangements for April 2023 - Assurance Council Road Safety team will increase workforce capacity to accommodate and support service needs - Strong focus on regular updates on Behaviour of Concern training, schedule more briefings for the new school year, use the Self-Assurance framework to promote Essential Learning

			<p>Quarterly Risk and Assurance Committees</p> <p>Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level</p> <p>Risk management policies and strategies (e.g. procurement, standing orders, project management, health and safety, information governance)</p> <p>Risk Management Procedure</p> <p>Risk management tools</p> <p>Schools assurance programme</p>		<p>Embed revised QA framework across the directorate</p> <p>Embed commissioning approach to funding for equity</p>
	Partially Compliant	<p>Safer and Stronger Communities /Children's Services- The pandemic identified a need to review BIAs across services</p>	<p>Shareholder or service level agreements</p> <p>Team Central – monitoring implementation of audit recommendations</p> <p>Training, eLearning and workshops for staff and members</p> <p>Wide ranging internal and external counter fraud activity.</p>	<p>Monthly meeting with Service Director, Executive Director and Ops Managers to discuss outstanding Internal Audit actions and progress of work for closure</p> <p>Education and Children's Services Risk and Assurance Committee</p> <p>Risk is a standing item on Divisional SMT meeting agenda</p> <p>Presentations/Workshops for Senior Managers in Children's Services to align assurance controls with other service areas in the division</p> <p>Policies and Procedures Working Group set up to progress internal audit actions and monitor reviewing of all P&Ps across the division</p> <p>Performance Management/Quality Assurance</p> <p>Monthly monitoring of performance indicators by SMT and exception reporting to CLT</p>	<p>Resilience colleagues have met with Directorate SLT and agreed to progress a schedule for reviewing BIAs as part of a rolling programme. Meetings with service areas are progressing but not yet complete. Expansion of the commissioning team. Additional grade 12 to work with the Exec Director to establish performance and improvement team to embed the new QA and revised case audit framework.</p>

					<p>Quality, Governance and Regulation - Quality Assurance Framework across SW services</p> <p>Governance arrangements in place for Public Protection via Chief Officers' Group and associated committees</p> <p>Financial Monitoring</p> <p>Regular attendance at divisional SMT by principal accountant (via teams), financial reports are produced and scrutinised to identify variances, risks, pressures and to ensure controls are in place.</p> <p>Contracts and Commissioning Manager for Children's Services meets regularly with Service Director and Senior Managers</p>	
1.2	I have controls and procedures in place to manage the risks in delivering services through council companies, partners and third parties.	Partially Compliant	Education		<p>Council Procurement rules, guidance, and advice from Procurement team. The service has strong relationships with third party providers for example Edinburgh Leisure through regular dialogue and meetings. The service is also well supported in terms of the PPP1/2 companies Amey and Mitie who manage school hard and soft FM. The Council FM service are the main link (interdependency and subject matter experts).</p>	<p>Agreed funding for additional service commissioning officer posts to improve funding for equity effectiveness</p>

		Partially Compliant	Safer and Stronger Communities / Children's Services		Commissioning Strategies in place for a range of third sector suppliers and external suppliers. All procurement is in line with contract standing orders and Council Procurement policies. Third party grants and Waivers are monitored and approved via relevant committees. Monthly procurement board / Review of Contract waivers / Contract Register reviewed and updated / critical suppliers identified and annual questionnaire sent out in respect of Resilience controls. Robust measures in place to ensure compliance and engagement and regular review of associated risks.	External review of balance of care commissioned Review of partnership governance under consideration
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.	Partially Compliant	Education		Internal controls and procedures are reviewed as part of the risk management process/self-assurance framework findings/Significant Occurrence Process/Committee reporting	Continue to respond to areas of control weakness identified on ongoing basis
		Partially Compliant	Safer and Stronger Communities / Children's Services		Health and Safety performance, inspections, audits, action plans, procurement activity and financial position are standing items on SMT agenda and discussed at service area meetings regularly. Actions noted and implemented and Lessons Learned from reflection exercises are discussed at SMT and WMT meetings and cascaded to/from divisional teams.	More detailed review of balance of care commissioned to ensure tracking of this potentially volatile area of spend is robust.

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.	Partially Compliant	Education		Within Corporate Property the PPP contract management team is responsible for managing the services provided by the two PPP providers and the consequent associated risks.	additional commissioning resource to ensure best value is achieved from funding for equity resources
		Partially Compliant	Safer and Stronger Communities / Children's Services		Each service area within the division undertakes budget monitoring with finance colleagues and this is discussed at divisional SMT to mitigate the risk of any material variances impacting on the annual accounts. If potential risks are identified these are addressed by SMT. Arrangements are also in place to monitor the financial performance of commissioned contracts.	External review of balance of care commissioned to ensure most effect use of placements and to promote improved outcomes.
2	Risk and Resilience	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
2.1	I have risk management arrangements in place to identify the key risks to my directorate	Compliant	Education	Budget Planning CLT Change Board – programme/project management framework CLT scrutiny Contingency planning and business continuity arrangements Council Business Plan Enterprise Risk Management	Risks are managed on a continuous basis though the service risk policy and SORT risk framework to affect the risk management process. From April 2022 the service will migrate risk registers to the new Council risk reporting format.	Assess effectiveness of the new reporting format on a continuous basis. Revised performance framework developed to ensure risks continue to be identified and mitigated.

	(and the Council).	Compliant	Safer and Stronger Communities /Children's Services - COVID risks were identified and recorded in risk registers with effective controls and mitigating actions put in place.	<p>Policy</p> <p>GRBV quarterly scrutiny of top risks</p> <p>Health and safety audits</p> <p>Internal and external audits</p> <p>Internal Audit Plan development considers top risks</p> <p>Leader's induction includes Risk Management</p> <p>Quarterly corporate risks scrutinised at CLT</p> <p>Quarterly Risk and Assurance Committees</p> <p>Report template and guidance – section on risks</p> <p>Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level</p> <p>Risk Appetite Statement</p> <p>Risk Management Groups</p> <p>Risk management policies and strategies (e.g. procurement, standing orders, project management, health and safety, information governance)</p>	<p>E&CS Risk Management Committees and Risk on SMT agenda and discussed regularly at WMT (Children and Criminal Justice). Service representation at Risk Forum with clear pathway for escalation and dissemination. Risks aligned and reviewed including COVID related risks. Self-Assurance Framework and presentation to senior managers Business Continuity Plans and Business Impact Assessments are in place and will be reviewed in line with Resilience colleagues' timetable. Legal or regulatory actions would be identified through SMT, and governance managed appropriately. Alignment of risks or risk appetite/tolerance through regular review of risk profile.</p>	as above
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.	Compliant	Education	<p>Risk Management Procedure</p> <p>Risk management tools</p> <p>Schools assurance programme</p> <p>Service Planning</p> <p>Training, eLearning and workshops for staff and members</p>	<p>Risks are managed on a continuous basis though the service risk policy and SORT risk framework to affect the risk management process. From April 2022 the service will migrate risk registers to the new Council risk reporting format.</p>	<p>Assess effectiveness of the new reporting format on a continuous basis.</p> <p>As above</p>
		Compliant	Safer and Stronger Communities / Children's Services		<p>Workshops held with Service Managers on risk management and risk registers.</p> <p>Risk Assessments carried out as required and in line with COVID working arrangements and changes to Scot Gov legislation. Clear governance structure in place within the division provides an established route</p>	as above

					for escalation for risks if required. Ops Manager attends divisional management meetings and meets regularly with senior managers to discuss potential risks and mitigating actions.	
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.	Compliant	Education		Education has risk architecture in place to effect regular discussion on risk on a weekly and often daily basis through IMT/ELT and EMT. Arising risks and issues are regularly discussed with reference to risk tolerance as well as the Councils risk appetite. The SORT risk framework and Education risk policy ensure regular discussions and briefings take place on risk for example SORT briefings/Significant Occurrence Lessons Learned meetings.	Continue to monitor effectiveness on an ongoing basis. Annual evaluation of SORT. Embedding of new Corporate risk framework.
		Compliant	Safer and Stronger Communities / Children's Services		Risk Management arrangements are reviewed on a continual basis within the service. Service Director discusses risk management with Operations Manager in regular 1:1's - standing item, to enable a clear overview of progress and mitigation.	as above

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.	Compliant	Education		Risks are escalated as part of the Committee reporting process within Committee timing as well as when this is required (out with reporting times).	Increased formality of reporting interdependency risks would be beneficial as part of the Councils risk framework reporting process.
		Compliant	Safer and Stronger Communities / Children's Services		Risk escalation and management included as part of SMT fortnightly meeting agenda. Presentation on framing risk to service areas at team meetings. Agenda planning and attendance at E&CS risk and assurance Committee. Service Director advises CLT and Risk team of any appropriate risks for the CLT Register. Representation and attendance at Council's Risk and Assurance Committee Operations Manager attends Council's Risk Forum and escalates any divisional risks.	as above
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	Compliant	Education	GRBV quarterly scrutiny of top risks	Use of Council Whistleblowing policy and mechanisms to report School Self-Assurance framework asks all establishment colleagues to remind themselves of Council policies annually Corporate Communications (organisation wide) to remind colleagues of Council policy	Continue to ensure information is cascaded on a regular basis and as required. Continue to embed new performance framework - including response to messages from Townhall sessions and line of sight activity.

	wrongdoing and officer's misconduct.	Compliant	<p>Safer and Stronger Communities/ Children's Services</p> <p>- When Children's Services joined the division it was noted that some service areas required support to align with the divisional controls. This is being addressed and progressing.</p>	GRBV scrutiny of CLT risk register, delivery of Internal Audit Plan and of all Internal Audit reports	<p>Wider Management Team (WMT) and meetings with services areas</p> <p>Assurance Questionnaire and guidance to remind all managers of responsibility for ensuring colleagues are aware of the Council's P&P including Whistleblowing Policy.</p> <p>Staff Induction checklists, self-assurance questionnaire, team briefs and discussion at WMT to encourage managers to ensure colleagues are informed and aware of responsibilities.</p> <p>TOR Group and work with service areas to progress actions</p> <p>Policies and Procedures Working Group</p>	as above
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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	Education	Health and safety audits	<p>The service has a Resilience Co-ordinator, three deputies and a Resilience Specialist based in the Council Resilience Unit</p> <p>The service has key contingency arrangements that are updated on a regular basis, these are:</p> <ul style="list-style-type: none"> - Severe Weather Contingency Arrangements - Infection control arrangements - Periods of Absence - Noro Virus Toolkit - Annual Snow School exercise (reinstate 2022/23) - Bomb Threat/Intruder Policy - Significant Occurrence Procedure <p>The Resilience Unit deliver training in terms of Prevent/WRAP/Bomb Scare/Intruder threat as these are Council wide contingency arrangements</p> <p>The services approach to Resilience arrangements are that they are dynamic, for example in relation to the Covid-19 response we were able to create a pandemic plan effectively and efficiently using the existing infection control contingency arrangements as a base</p> <p>The service has good working relationships with Lothian Health Protection regularly</p>	Scottish Government to confirm if Snow Schools will operate 2022/23 as part of Ready for Winter contingencies. Continue to review resilience arrangements to ensure they are robust in a context of post covid workforce fatigue.
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					<p>seeking infection control advice</p> <p>Regular debriefs post incident for example using Bow Tie methodology to update/improve resilience planning</p> <p>Attendance and input at Council wide testing</p> <p>Regular review and circulation of service emergency contacts</p> <p>SORT Risk Framework (Risk communication and learning)</p> <p>Encouraging scenario testing (schools)</p> <p>Lessons Learned Process</p> <p>SORT Risk Framework</p> <p>School Self=Assurance Framework</p>	
	Compliant	<p>Safer and Stronger Communities/Children's Services</p> <p>The pandemic highlighted the need to reconsider some services business continuity plans, this has been</p>	Informal and formal reviews e.g., internal audit, quality assurance audits	E&CS has a Resilience Co-ordinator and Resilience Deputy who attend the Council Resilience Group and any Working Groups set up for specific events. Resilience Specialist aligned to the service from the Council Resilience Unit.	as above	

			done and will be reflected during refresh of BIAs		<p>All standalone premises have identified single point of contact and have continuity plans in place in the event of a loss of premises event.</p> <p>Business continuity plans for services areas are in place and feed into the overall Council Business Continuity. Plans are reviewed and updated at a service area level on a regular basis, this includes pandemic arrangements and winter weather plan.</p> <p>Service delivery which may be impacted by pandemic is discussed and triaged through appropriate management routes and in line with SG legislation.</p> <p>Any resumption of services or changes to how they are delivered were progressed through the SRG with approval from CLT and appropriate risk assessments implemented and communicated to teams.</p> <p>H&S Working Group LOGs introduced to mitigate risks during the pandemic, these have been identified as positive addition for sharing information and multi-agency working and have continued.</p>	
3	Workforce Control	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

			mean that a control weakness exists)			
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	<p>Education -</p> <p>Throughout the pandemic and particularly since January 2022 the service has responded both continually and dynamically to ensure business continuity arrangements keep schools open wherever this is safely possible. This has meant that the number of school and class closures has remained very low throughout the pandemic minimising the impact on the school and wider community.</p>	<p>360 reviews</p> <p>Annual Internal Audit Plan (based on most significant risks to the Council)</p> <p>Employee Assistance Programme</p> <p>Employee Engagement</p> <p>External validation/review e.g. external audit, independent assurance providers</p> <p>Financial benefits (credit union, season ticket loans, car benefit scheme, pension schemes)</p> <p>Funding scheme for professional qualifications</p> <p>HR Policies (Absence Management, Stress Management, Avoidance of Bullying and Harassment, Equal Treatment)</p> <p>Informal and formal reviews e.g. internal audit, quality assurance audits</p> <p>Inspiring Talent Programme</p> <p>Internal and External training opportunities</p>	<p>Council policies and procedures in place as appropriate, communicated through Managers News/Council wide communications. The service used the SORT framework to emphasise key messages as and when required (for example through SORT briefings).</p>	<p>Continue to embed tighter sickness and overtime controls vis SMT, divisional management meetings and school business managers.</p>

		Partially compliant	<p>Safer and Stronger Communities/Children's Services - The Salary Overpayment audit highlighted weaknesses which have now been addressed and measures are in place for Senior Manager scrutiny going forward. Following the extension of the division to include Children's Services, it was identified that some controls were not as robust as they should be, and this is being addressed and new process introduced to strengthen controls.</p>	<p>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 e.g. Anti-bribery, Fraud Prevention, Whistleblowing Regular reporting including Health & Safety Performance, absence levels Staff benefits (enhanced 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</p>	<p>Weekly absence reports from HR Hub Management - cascaded to Senior Managers highlighting 'no intervention recorded', COVID related absences and % of 'type' absence per service area. Absence Challenge and Support Panels held regularly with comparison reports on areas of concern. Staff induction and annual conversations include compliance with Council policies and procedures including home/remote working. Monthly overtime reports from HR Hub Management - cascaded to senior managers highlighting areas of high overtime, potential anomalies or 50+ hours claimed in month. Salary Overpayment reports discussed at SMT and action taken where required. H&S Working Group monitor WFH arrangements and impact on colleagues. Expenses Analysis work undertaken for a service area with high additional expenses spend over a six month period and reported to E&CS SMT with action plan and recommendations approved TOR Working Group includes consideration of additional spend, recruitment and use of locum and agency staff and identified improvement actions.</p>	<p>Expenses Analysis actions and recommendations to be progressed and reported back to SMT in May 2022. Work ongoing to improve processes, promote clear rationale and reduce additional spend. As above</p>
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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.	Partially Compliant	Education		Continue to seek, take advice from HR/Corporate Procurement in these areas and communicate to colleagues across the service effectively for example through Risk Matters Use SORT as part of risk communication and learning	Implement a permanent supply model to reduce the use of sessional / temp contracts.
		Compliant	Safer and Stronger Communities / Children's Services		Each service within the division is responsible for ensuring compliance with IR35 Council guidance and procedures and work closely with business support colleagues aligned to the service, to monitor off-payroll workers/contractors. Any issues are highlighted to the Senior Management Team. As above, the TOR Working Group is undertaking work to ensure compliance with Council procedures Service Managers liaise with HR/Corporate procurement when necessary. HR partner attends SMT and supports services where required.	
3.3	I ensure compliance with the Council's HR policies and procedures across all of my service	Compliant	Education		Continue to seek, take advice from HR in these areas and communicate to colleagues across the service effectively for example through Risk Matters Use SORT as part of risk communication and learning	N/A

	areas, e.g., that recruitment and selection is only undertaken by appropriately trained individuals and is fully compliant with vacancy approvals and controls.	Compliant	Safer and Stronger Communities / Children's Services		<p>All recruitment must be approved by senior manager and/or progressed through Workforce Panel if not pre-approved.</p> <p>Support through AskHR and use of Essential Learning Matrix - available on the Orb</p> <p>Use of Newsbeat/Managers news to update colleagues on HR processes/procedures</p> <p>Review of PVG requirement and clear guidance on consideration for newly created posts.</p> <p>Clear guidance for all managers on pre-approved posts</p>	
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	Compliant	Education		<p>Continue to seek, take advice from HR in these areas and communicate to colleagues across the service effectively for example through Risk Matters</p> <p>Use SORT as part of risk communication and learning. Comply with the processes that comprise the Shadow IT framework. Ongoing management by directorate including responsibility for ensuring systems and information are secure, resilient, and compliant</p>	The Digital Education Team draws together the skills, expertise and experience of members representing different perspectives. The team includes Development officers from education establishments, Systems Development Officers and Technical Support Officers and will flag up any Shadow IT issues with the Director.

	buildings and service users' homes.	Compliant	Safer and Stronger Communities / Children's Services - Changes to induction processes for new starts to the Council for some services were required due to the pandemic.		<p>Essential learning for all roles within the division is available on the Orb and includes appropriate learning for recruiting managers.</p> <p>All line managers are aware of Council procedures relating to new starts, those leaving the Council and those moving to another area. Checklists are used to ensure procedures are followed. There is close work with the Business Support team to ensure IT system access and equipment and building access is sufficient for the post holder. (Amendment to procedure was introduced due to the pandemic and for those who are primarily working from home)</p> <p>Each service area has bespoke induction procedures and shadowing arrangements.</p> <p>New leavers process introduced to improve controls highlighted in Salary Overpayment audit Support through AskHR and HR colleagues and use of Essential Learning Matrix (orb)</p>	
3.5	I have arrangements in place to manage staff health and wellbeing; ensuring that sickness	Compliant	Education		<p>Continue to seek, take advice from HR in these areas and communicate to colleagues across the service effectively for example through Risk Matters</p> <p>Use SORT as part of risk communication and learning</p>	see 3.1

	<p>absence, referral to occupational health and stress risk assessments is managed in compliance with the Council's HR policies.</p>	<p>Partially compliant</p>	<p>Safer and Stronger Communities / Children's Services- Issue identified in one area regarding recording of sickness absence.</p>		<p>Challenge and Support Panels discuss how best to support staff and line managers to manage staff health and wellbeing in line with Council policy.</p> <p>Business Partners provide stats which allows senior managers to address any issues relating to compliance with the Managing Attendance policy, referrals to occupational health and the use of stress risk assessments for individuals and teams.</p> <p>Use of Ask HR advice and support of Council wide Health and Wellbeing/Occupational Health service promoted by senior managers to their line managers and staff.</p> <p>Follow up Social Work Survey undertaken. Criminal Justice WFH Survey undertaken and results considered by management and shared with union colleagues via the Health and Safety Working Group.</p> <p>Services introduced wellbeing sessions for colleagues WFH, regular reviews for those delivering frontline services and communication around Council policies and routes for escalation of concerns to mitigate pandemic arrangements.</p>	<p>Further support via managers meetings to ensure all managers are aware of their responsibilities and competent in recording system requirements. Targeted support in some areas to address issues with recording and new manager training</p>
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					Additional support in place for area with identified issue to ensure managers are aware of responsibilities to record absences and training materials circulated.	
3.6	I ensure compliance with essential training requirements and support learning and development	Compliant	education		<p>Arrangements in place for staff training (Inset days).</p> <p>Promotion of MyLearningHub</p> <p>MyLearningHub links to school Self-Assurance Framework</p>	The revised school Self-Assurance Framework launches in May 2022 and will be in place from August 2022. The annual sector term planner shows what training is essential in schools in terms of induction and Bite Size training (for staff who are not new to the organisation and only require a refresh on the subject matter

	appropriately, including professional CPD requirements.	Compliant	Safer and Stronger Communities / Children's Services- Issues with demand for face-to-face training have been noted. It has been noted that not all areas in the division monitor essential learning and this is being addressed		<p>Essential learning for each post within the division is available on the Orb, managers use this as a tool for new staff and to review requirements for existing staff. Senior Managers review requirements and update as appropriate.</p> <p>Managers are responsible for ensuring direct reports are trained in line with the requirements for their post. Induction packs include information and checklists for new starts' essential training, CPD requirements and appropriate learning and development. Line managers include within their looking forward conversations required training and learning and development for the upcoming year. Team meetings include discussions on training and learning and development and bespoke requirements for their team.</p>	<p>Discuss with L&D and H&S colleagues and escalate concerns around lapsed training and difficulties with booking on to courses due to demand. Request for RAG status to be introduced to ensure frontline services are prioritised and places allocated based on needs of services.</p> <p>Work underway to promote essential learning compliance within some areas of the division and additional ICT equipment provided to assist.</p>
3.7	I have arrangements in place to support and manage staff performance e.g., regular 1:1/supervisio	Compliant	Education		<p>Regular Council wide reminders - communications in terms of spotlight conversations</p> <p>Meeting culture in place where 1:1 meetings /supervision happen as required</p>	N/A

	n meetings, performance/ spotlight conversations.	Compliant	Safer and Stronger Communities / Children's Services		<p>The pandemic required a review of how we manage performance for some teams. Managers have utilised the tools available which include using Microsoft Teams for regular catch up's and 1:1s. Senior Managers are aware of their responsibilities to ensure all colleagues in their services are provided appropriate support and supervision.</p> <p>All line managers are reminded of the importance of performance conversations and regular 1:1 check ins, and colleagues are encouraged to use Council supports if required.</p> <p>Discussion at WMT regarding the importance of 'check ins' and performance conversations due dates</p>	
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4	Council Companies	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
4.1	I have arrangements in place for the oversight and monitoring of the Council companies I am responsible for, that give me adequate assurance over their operation and delivery for the Council.	Compliant	Education - Education has received key support from the Council Communications team to support the Covid-19 response. There is regular representation and guidance from the team for example at Incident Management teams, this has been extremely valuable and had a positive influence on the response, management of reputational risk and engagement with our schools as well as the wider community in terms of responsive and planned communications.	Annual Assurance Process (Directorates) Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV Regular 121 meetings between the Council's Chief Executive and the Chief Executives of key ALEOs Service Level Agreement Register Shareholder or service level agreements	SLA in place with Edinburgh Leisure - regular formal meetings with entity (liaison meetings)	N/A

		Compliant	Safer and Stronger Communities / Children's Services		there are no companies for which the division are responsible.	
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	Education		SLA in place with Edinburgh Leisure - regular formal meetings with entity (liaison meetings)	N/A
		Compliant	Safer and Stronger Communities / Children's Services		For services delivered through contracts or grants on behalf of the Council, there are regular meetings and performance, and service delivery issues are reviewed at these meetings.	
5	Engagement and Consultation	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

			control weakness exists)			
5.1	My directorate engages effectively with institutional stakeholders, service users and individual citizens, applying the council's consultation and engagement standards with evidence that the	Compliant	Education	Budget consultation Business sector forums Community engagement activity Community engagement strategy/policy Complaints Improvement Plan Consultation framework Consultation Hub Council Change Strategy: Planning for Change and Delivering Services Committee Papers Online Current partnerships e.g. Poverty Commission, Tourism Strategy, EIJB, City Deal Edinburgh Partnership (LCCPs, Neighbourhood Networks) Edinburgh People Survey	Council Committee reporting processes Regular engagement between SLT/members Engagement Officer (Schools and Lifelong Learning) Support from Strategy and Insight (general and specific) Parental consultation (strategic and within schools) including parent council and parental consultative committee Voice champions in place across all areas.	From May 2022 face to face parental consultation will be allowed in schools again. As Scottish Government Covid-19 guidance allows.

	insights gathered are used to shape my directorates activities.	Partially Compliant	Safer and Stronger Communities / Children's Services	Government partnership working Have Your Say webpage Multi-agency partnerships Multi-channel methodology e.g. social media platform development Networks/user groups – e.g. Edinburgh Tenants' Federation Partnership agreements e.g. Police Scotland Partnership governance arrangements Partnership governance documentation Partnership plans e.g. Edinburgh Children's Partnership Petitions and Deputations Policies and procedures (consultation framework) Poverty Commission Public participation – deputations and petitions Public sector partnerships	Council Committee Reporting processes. Quality Regulation and Governance Team review and produce methods of engagement and review of service delivery with service users. Community engagement through locality groups Elected members enquiries highlighting constituents concerns. Service user feedback and evaluation questionnaires The use of People's Stories enhances our insight into the quality of service delivery. Corporate Parenting Group Champions Board Children's Partnership and associated workstreams - The Promise, Balance of Care etc	Continue to embed corporate parenting governance structure which is young person lead.
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	Compliant	Education	Publication of Council diary Report template – section on consultation Stakeholder group meetings Strategic documentation e.g. vision statements, aims, etc. Strategic plans and agreements Strategy and Performance Hub Surveys e.g. Edinburgh People Survey, Annual Tenant Survey	The Quality Improvement Team manage internal and external stakeholder engagement supported by the service Engagement Officer.	N/A
		Partially Compliant	Safer and Stronger Communities / Children's Services	Third sector partnership working e.g. EVOC Webcasting of Council and major committees, including subtitles	As above, consultations, reviews and audits are in place and embedded in service delivery and evaluation.	as 5.1

	inclusivity e.g., customer surveys, consultation procedures, social media presence, etc.) and that these insights are used to inform the work of the directorate.					
5.3	I have appropriate arrangements in place throughout my directorate for recording,	Compliant	Education		Customer complaints policy Complaint administration systems, logging and recording system/Complaints inbox	N/A

	<p>monitoring, and managing customer service complaints and customer satisfaction.</p>	<p>Compliant</p>	<p>Safer and Stronger Communities / Children's Services</p>		<p>Customer Complaints Policy Complaint administration systems in place for each service area which logs and records complaints. Complaint procedures monitored by senior managers to ensure compliance with policies. All investigations relating to complaints are undertaken in accordance with the Council's Complaints Procedure and approved by the responsible service manager. Complaint responses are signed off by the Service Director when appropriate to ensure a robust and consistent approach to complaint management.</p> <p>All SPSO complaints are coordinated and recommendations monitored through the Governance team within Corporate Governance. We incorporate the messages relating to service delivery coming from our internal enquiries process. Internal Audit undertaken in Criminal Justice - assessed as overall effective with minor findings. Internal Audit undertaken of Implementation of Child Protection Recommendations - assessed as overall effective with minor findings</p>	
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5.4	I regularly consult and engage with recognised trade unions.	Compliant	Education		Regular engagement takes place with teaching/non-teaching unions through the recognised forums that include Health and Safety forums with union representation. Forums include LNCT/DJCC Weekly Covid specific meeting with unions	N/A
		Compliant	Safer and Stronger Communities / Children's Services		JCC meeting TOR agreed with TU colleagues and escalation to DJCC meetings where appropriate. Any issues in relation to Health and Safety are fed in through the H&S Working Group which union colleagues attend.	Review of JCC with proposal that the JCC is merged with the DJCC for effectiveness and read across for whole Directorate. Meeting in diary for discussion with JCC on this proposal.
6.1	Policy	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
6.1	I have arrangements in place to ensure all directorate staff are made aware of and fully understand the implications of	Compliant	Education	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	The self-assurance questionnaire asks establishment colleagues to familiarise themselves with policies/procedures Council wide communications to promote policies/procedures	Improved Council wide governance is required in terms of managing/monitoring and communicating Council policies and procedures. The SORT framework can support this with risk communication and learning however the information needs to be co-ordinated by the subject matter experts within corporate service areas. There is work taking place at present to rationalise policies and procedures which should improve governance in future.

	all relevant existing and new council policies and procedures.	Compliant	Safer and Stronger Communities / Children's Services	framework Policy Register Report template and guidance (incorporating adherence to commitments and policy implications)	Council wide communications to promote policies/procedures. Managers are responsible for ensuring that staff are made aware of new policies and the impact they have on their teams. New policies or significant changes discussed at SMT and Wider Leadership Meetings	
6.2	I have arrangements in place for the annual review of policies owned by my directorate, via the relevant executive committee, to ensure these comply with the Council's policy framework.	Partially compliant	Education		Council Committee structure/action logging Role of Internal Audit (actions may relate to policy improvement) Support from Strategy and Communications (management of policies/Committee support)	Additional capacity is required to track this work and ensure continued compliance. Additional grade 12 post can support this.
		Partially compliant	Safer and Stronger Communities / Children's Services- Policy Review audit highlighted areas of improvement which are now being progressed through the P&P Working Group chaired by HOS	Policy Review audit highlighted areas of improvement which are now being progressed through the P&P Working Group chaired by HOS	The P&P Working Group have completed the initial work to compile a list of all policy and procedures, authors, creation dates and review dates and a monitoring pathway put in place. Internal Audit findings from Policy Review Audit across the Council progressed and several now closed by Audit. Support from colleagues in Strategy and Insight when required. Housekeeping undertaken to ensure all policies now included on the Council's Policy Register with review dates and Policy Owners included. Internal Audit of Criminal	P&P Working Group (WG) meets monthly to monitor progression of agreed workstreams. Web editors to be identified for each service area and guidance issued to those undertaking review of current P&Ps WG will consider procuring software to enable monitoring and reduce repercussion of issues highlighted in audit report. WG to report to E&CS SMT on progression and highlight any issues with completion of work. As above.

					Justice policies and procedures noted as effective and recognised ongoing work	
7	Governance and Compliance	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
7.1	I ensure directorate staff are aware of their responsibilities in relation to the Council's governance	Compliant	Education	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	The Council's governance framework is implemented through Committee work Risk management within the service also manages the Council's governance framework	Scheme of delegation to be reviewed when new directorate structure is finalised.

	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	Safer and Stronger Communities/Children's Services - Following a review and restructure, Children's Services (CS) joined the division in May 2021. Work has been ongoing to provide assurance that staff in CS are aware of their responsibilities and align with the divisional monitoring arrangements in place.	Employee Performance Framework Leadership Programme Legal Services provision of advice Member/Officer Protocol Policies and procedures Regulatory body reporting e.g. SSSC, GTCS Scheme of Delegation to Officers Statutory officer appointments and responsibilities Statutory/lead officers' independent reports to committee e.g. Monitoring Officer, Chief Social Work Officer, Chief Internal Auditor Whistleblowing Policy	Senior managers and appropriate staff are aware of the responsibilities aligned to them in terms of scheme of delegation, contract standing orders (including approval limits), reporting requirements and other financial guidance to ensure compliance with Council governance policies and procedures. This is reiterated through email briefings and regular discussions at management team meetings. Clear governance arrangements in place through - Chief Officers' Group, Adult Protection Committee, Child Protection Committee, Offender Management Committee, MAPPA, SOG, ECP and others.	as above
7.2	I ensure my directorate's activities are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Compliant	Education		Support and advice from Council Legal Services team Risk management used to identify legal risk impacts - (which if required would be discussed in terms of advice with Legal Services) Advice and support sought regularly from the Corporate Health and Safety team in terms of Health and Safety legislation	New performance framework will ensure robust evidence of compliance is in place

		Compliant	Safer and Stronger Communities/Children's Services - as above		The division is regulated by statute, regulations, and professional governance and each service areas senior manager is aware of legislation, policies, and procedures. In addition, there is a range of quality assurance processes to ensure and monitor compliance with appropriate legislation and regulations.	as above
8	Responsibility and Accountability	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
8.1	My directorate ensures our officers are clear on their roles and responsibilities in terms of relationships and decision making.	Compliant	Education	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,	Team meeting structures throughout service Risk Management Committee structures, IMTs and service meeting risk architecture (EMT/ELT) Supervision meetings (where required) Good structure of 1:1 meeting managers/staff Good structures for establishment staff to meet regularly/make decisions for example Headteachers	N/A

				<p>Council Observers on Boards, committee reporting</p> <p>Edinburgh People Survey</p> <p>Employee Code of Conduct</p> <p>Grant Standing Orders</p> <p>Member/Officer Protocol</p> <p>Monitoring/reporting on delivery of 52 coalition commitments</p> <p>Onboarding and induction for officers</p> <p>Performance Framework</p> <p>Policies and procedures</p> <p>Procurement framework</p> <p>Procurement Handbook</p> <p>Public participation – deputations and petitions</p>	<p>Executive/Primary/Secondary headteacher forums</p>	
		Compliant	<p>Safer and Stronger Communities / Children's Services</p>	<p>Report template and guidance</p> <p>Scheme of Delegation to Officers</p> <p>Service Level Agreement template</p> <p>Standard Condition of Grant</p>	<p>Clear governance structure around decision making in place, which is communicated through team meetings, 1:1 / supervision, performance conversations and monitored through reviews and senior manager oversight of service delivery.</p> <p>Service Director monitors any issues identified and puts in place measures to address and improve accountability.</p>	
8.2	I ensure that the Council's ethical standards are understood and embedded across my directorate and are upheld by external	Compliant	<p>Education</p>	<p>Commissioning/grant colleagues</p> <p>General management of teams promoting the importance of ethical behaviours</p> <p>Equalities training</p> <p>Use of IIA process</p> <p>Edinburgh learns for life has a strong equity and values base</p>		<p>continue to monitor via school reviews and self-assessment framework</p>

	providers of services.	Compliant	Safer and Stronger Communities / Children's Services Issues with Swift system have continued, and mitigated action required to address issues.		SSSC registered staff are supported by the code of ethical behaviours, The Service Director is also the Chief Social Work Officer. Contract and Commissioning Services and Development Officers are aware of standards and report to senior managers any issues which may be flagged. Associated Committees including Multi Agency Groups aware of ethical standards and include within TORs SW operating model is relationship based practice which has a clear ethical base underpinning it	Continued concerns around impact of Swift system's effectiveness and mitigated actions required to address this. Continue to monitor via case review and audit
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	Education		Team meeting structures throughout service risk architecture, IMTs/ELTs/EMTs) Risk Management Committee structures Supervision meetings (where required) Good structure of 1:1 meeting managers/staff Good structures for establishment staff to meet regularly/make decisions for example Headteachers Executive/Primary/Secondary headteacher forums Embedded risk management process	N/A

	structures. (i.e., SMT reporting)	Compliant	Safer and Stronger Communities / Children's Services		Structure in place regarding reporting to Committees with clear governance around roles and responsibilities. Regular meetings and consultations during service reviews with appropriate stakeholders. Public Protection Committees governance and constitution embedded. SMT and WMT regularly meet and clear agenda planning in place	
8.4	I consult with elected members as appropriate and as required under the Scheme of Delegation.	Compliant	Education		Regular meetings between EC&S SLT/members Council Health and Safety Forum chaired by a member Council Committee reporting structures	N/A
		Compliant	Safer and Stronger Communities / Children's Services		Regular meetings between SMT and Convenor and Vice Convenors. Elected Members Enquiries process embedded across the services for all elected member enquiries. Council Committee reporting structure and good communication with colleagues in Committee Services	
9	Information Governance	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

			mean that a 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	Compliant	Education	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	Risk management structures - discussion on Information Governance Council wide training (Information Governance for example e-learning) Regular liaison/advice and support from Information Governance team Council wide Information Governance forums Use of "Risk Matters" to remain colleagues of Information Governance requirements Lessons learned/debriefing used within service if there is a breach for example Bow Tie cause and effect modelling Role of CGI ensuring ICT infrastructure is compliant Council wide communications on Information Governance requirements Use of Significant Occurrence reporting to report on breaches	N/A

	<p>security; and ICT acceptable use.</p>	<p>Compliant</p>	<p>Safer and Stronger Communities/Children's Services - As noted above, CS joined the division in May 2021, work was undertaken to align them to divisional processes, control weaknesses found in one area which are being addressed. The pandemic has required managers to work differently to ensure their direct reports who are WFH are compliant with IG arrangements. The G: Drive is vulnerable to data loss and no process or control to identify changes or errors. Reliance on CGI to retrieve data can be problematic.</p>		<p>All staff are made aware of their responsibilities to adhere to Council policies, procedures, and guidance. This is communicated by line managers through annual conversations, regular 1:1s and in team meetings. Team briefings and newsletters highlight responsibilities and expectations for all colleagues in the division.</p> <p>CSWO and those with delegated authority can timeously agree Swift records are locked when required.</p> <p>Data Quality procedures are embedded within the division and arrangements are in place to ensure compliance with GDPR. Relevant staff are aware of their obligations in relation to intellectual property rights, data security protocols, FOI requests etc. Cross directorate enquiries are co-ordinated via embedded process.</p> <p>Weekly meeting with Ops Manager, IG Manager and Exec Asst to discuss FOI and SAR requests to ensure timescales are met and issues addressed.</p>	<p>Acting Service Manager putting in place infrastructure to improve information governance controls within one area of the division. This will be reviewed on completion to ensure compliance with current controls.</p>
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<p>9.2</p>	<p>I ensure data sharing arrangements with third parties are recorded, followed, and regularly reviewed throughout all service areas in my directorate.</p>	<p>Compliant</p>	<p>Education</p>		<p>Risk management structures - discussion on Information Governance</p> <p>Council wide training (Information Governance for example e-learning</p> <p>Regular liaison/advice and support from Information Governance team</p> <p>Council wide Information Governance forums</p> <p>Use of "Risk Matters" to remains colleagues of Information Governance requirements</p> <p>Lessons learned/debriefing used within service if there is a breach for example Bow Tie cause and effect modelling</p> <p>Council wide communications on Information Governance requirements</p> <p>Use of Significant Occurrence reporting to report on breaches</p>	<p>N/A</p>
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		Compliant	Safer and Stronger Communities/Children's Services - as above		<p>All FOI and SAR requests are monitored through the corporate FOI team, and these are managed through a generic mailbox for the division and signed off by senior managers for the relevant service areas. Performance levels indicate a high level of compliance across service areas and weekly meetings with IG manager helps to maintain this.</p> <p>All elected members enquiries are progressed through dedicated mailbox and following the Enquiries process and are assigned to Council Officers to provide a response which is approved before release.</p>	
10	Health and Safety	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

10.1	Directorate staff are made aware of their responsibilities under relevant Health & Safety policies and procedures, and I have appropriate arrangements in place for the identification and provision of Health & Safety training necessary for all job roles, including induction training.	Compliant	<p>Education - At the beginning of the pandemic the Corporate Health and Safety team monitored Covid-19 infection control mitigations in Edinburgh schools. This resulted in the Covid-19 specific workplace inspection used by schools throughout the pandemic.</p> <p>As access to our buildings opens up again the Corporate Health and Safety team will support the service in the new school year with a series of technical subject audits. This will allow us to assess and share good practice as well as identify risks where further mitigation is needed.</p>	<p>Contingency planning and business continuity arrangements Corporate Health and Safety Strategy and Plan Council Health and Safety Group Employee Code of Conduct Enterprise Risk Management Policy Enterprise Risk Management Policy and Risk Management Procedure External validation/review e.g. external audit, independent assurance providers Health and safety audits Health & Safety policies and procedures Institution of Occupational Safety and Health training Mandatory Health & Safety training for staff Reporting/review/monitoring at all levels – committee, CLT, SMTs, service level Risk Management Groups Risk management policies and strategies (e.g. procurement, standing orders, project management, health and safety, information governance) Risk Management Procedure Risk management tools Scheme of Delegation Schools assurance programme Training, eLearning and workshops for staff and members</p>	<p>EC&S Health Safety and Wellbeing Committee Council Health and Safety Group Risk Matters used to share important Health and Safety messages some of which are included within an annual planner Self-assurance questionnaire includes a section on Health and Safety that mirrors the work place inspection checklist for establishments Health and Safety e-learning Health and Safety training Health and Safety essential learning matrix Health and Safety Working Group Health and Safety Committees in schools Council Health and Safety Forum (chaired by a member) Corporate Health and Safety team - regular engagement with headteachers/business managers at relevant forums</p>	<p>From 2022 the Corporate Health and Safety team will reinstate school safety audits the first focus of which will be on practical subjects.</p>
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		Compliant	<p>Safer and Stronger Communities/Children's Services - The pandemic and suspension of face-to-face training has impacted the number of trained colleagues for some services. Previous extension to certificates has now ended. There are issues with getting places on courses due to demand which has an impact for frontline services.</p>		<p>Suspension of Face to Face training impacted on colleagues and service assurance - extensions were given for certificates Changes to working arrangements required new risk assessment for buildings to ensure appropriately trained staff with building responsibilities. Supply of PPE and PCR / Lateral Flow Testing and vaccination programme roll out coordinated through Operations Manager and relevant service managers. Review of essential learning for all roles has H&S training requirements included Children's Services managers met with Ops Manager to discuss current arrangements and align these with other services in the division. Health and Safety is a standing item on the SMT agenda. The H&S Working Group evaluates compliance within the service and notes of meetings are circulated to SMT H&S Working Group now includes colleagues from Children's Services. E&CS Health Safety and Wellbeing Committee quarterly meeting - representation from the division in attendance. Self-Assurance checklist completed by managers which includes a section on H&S with ability to outline areas of concerns.</p>	<p>We have identified issues for colleagues in frontline services who have not been able to access first aid and fire safety face to face training. Ops Manager is in discussion with L&D and H&S colleagues to address this. Action will take to ensure those in high-risk settings are given priority for training. Ops Manager working with YPU managers to ensure alignment with divisional controls for H&S and Fire Safety and discussions with H&S colleagues re training and audit schedule.</p>
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					<p>Ops Manager met with Fire Safety Manager and others to discuss current measures for compliance.</p> <p>Ops Manager attends monthly Fire Safety Technical Meeting chaired by Council's Fire Safety Manager.</p> <p>Governance structures and processes are in place to ensure robust implementation of H&S policy and procedural updates.</p>	
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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	Education		<p>Council wide advice on risk assessment</p> <p>Self-assurance questionnaire and validation guidance (advice on risk assessment)</p> <p>Health and Safety forums</p> <p>Use of SHE incident management portal - creates management information on risk themes we can response to as a service</p> <p>Use of isomorphic learning (learning from within the organisation) and responding to risk by assessing and mitigating</p> <p>Use of "Bow-Tie" cause and effect model - post event and to risk assess</p> <p>Risk qualification/ to assess risks - quantify by RAG analysis - quantify further if required</p> <p>Use of Risk Management Committees to escalate health and safety risks in terms of mitigation/Council wide risk (if this is required)</p> <p>Continually building and promoting risk management and health and safety culture</p> <p>Understanding of robustness of controls (developing controls where quantification shows they are weak)</p>	From 2022 the Corporate Health and Safety team will reinstate school safety audits the first focus of which will be on practical subjects.
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					<p>Corporate Health and Safety establishment audit programme</p> <p>Significant Occurrence Lessons Learned process</p> <p>Health and Safety Committees in schools</p>	
		Compliant	<p>Safer and Stronger Communities / Children's Services- The pandemic and infection rates continue to impact frontline services. However, PPE, robust testing, and high take up of vaccination has enabled services to continue throughout. CCTV identified a number of issues within the City Chambers as part of an upgrade these have been reported to responsible directorate and</p>		<p>Risk Assessments carried out and reviewed as required and in line with COVID working arrangements.</p> <p>Clear governance structure in place within the division provides an established route for escalation for risks if required.</p> <p>Reporting of COVID positive cases process in place with flowchart.</p> <p>Incidents and accidents recorded, reported and investigated in line with Council incident reporting P&Ps</p> <p>Quarterly work place inspections/daily 'walk rounds' carried out in buildings which are operational.</p> <p>Resumption of Services arrangements monitored and progressed with H&S and FM</p>	<p>Due to the pandemic, there has not been any H&S audits undertaken in the division. The H&S Working Group have requested colleagues in H&S meet and discuss the audit plan to ensure frontline services who are high risk are prioritised.</p>

			work ongoing to rectify.		colleagues. The inclusion of Children's Services within the division has required additional consideration for controls and the Ops Manager has worked with managers to progress alignment. Working Group established following issues raised during the initial implementation stage of the CCTV upgrade.	
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<p>10.3</p>	<p>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.</p>	<p>Compliant</p>	<p>Education</p>		<p>Corporate Health and Safety team (all members of the team are qualified in health and safety)</p> <p>EC&S Health Safety and Wellbeing Committee</p> <p>Council Health and Safety Group</p> <p>Risk Matters used to share important Health and Safety messages some of which are included within an annual planner</p> <p>Self-assurance questionnaire includes a section on Health and Safety that mirrors the work place inspection checklist for establishments</p> <p>Health and Safety e-learning</p> <p>Health and Safety training</p> <p>Health and Safety essential learning matrix</p> <p>Health and Safety Working Groups (2) schools and non-schools (includes Residential/Libraries/Community</p> <p>Council Health and Safety Forum (chaired by a member)</p> <p>Corporate Health and Safety team - regular engagement</p>	<p>N/A</p>
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					<p>with headteachers/business managers at relevant forums</p> <p>Corporate Health and Safety establishment audit programme</p>	
		Compliant	<p>Safer and Stronger Communities / Children's Services</p>		<p>Workplace assessments and incident reporting is in place and monitored</p> <p>H&S audits were on hold due to the pandemic, but resumption of service templates completed with H&S colleagues to ensure compliance.</p> <p>There are named staff with H&S responsibilities within all premises and monitoring and governance is in place to ensure compliance (discussions were held with colleagues in Children's Services to align controls)</p>	

10.4	I have a robust governance and reporting structure for Health and Safety in my directorate.	Compliant	Education		<p>Committee reporting structures including Union engagement</p> <p>Risk & Assurance Committee structures</p> <p>Service reporting structures/meetings/team ELT/SLT/CLT</p> <p>Use of SHE</p> <p>Significant Occurrence Lessons Learned process and procedure</p>	N/A
		Compliant	Safer and Stronger Communities / Children's Services		<p>The H&S Working Group is chaired by the Operations Manager with representation from all services in the division (now includes Children's Services) and business support partner.</p> <p>Health and Safety is included in the Annual Assurance Questionnaire which is completed by all managers and includes routes for escalation if concerns around compliance.</p> <p>The group's chair attends the E&CS Health, Safety and Wellbeing Group.</p> <p>H&S is a standing item on the divisional Senior Management Team agenda and the E&CS risk and assurance committee agenda, all of which are a route for escalation.</p>	

11	Performance	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
11.1	I have arrangements in place for reporting to CLT, Committee and/or Council and, where performance monitoring identifies inadequate service delivery or poor value for money, ensure that improvement measures to address these issues are implemented	Compliant	Education - The laptop security specification and local government purchasing arrangements means that there is a significant delay in getting new laptops to new/existing staff. It is requested that this issue is looked at in terms of how the specifications can be managed whilst ensuring a timely reliable service which means new/existing staff have the vital tools to perform their essential roles.	Annual external reporting e.g., Local Government Benchmarking Framework, Scottish Public Services Ombudsman, Scottish Government, etc Annual performance report to Council B agenda protocol Best Value reporting CLT Quarterly performance meeting Committee Terms of Reference and Delegated Functions Local Government Benchmarking Framework Monitoring/reporting on delivery of 52 coalition commitments Performance Framework Strategy and Performance Hub	Committee reporting structures Risk & Assurance Committee structures Service reporting structures/meetings/team/SLT/CLT ADES collaborative challenge and membership of SEIC improvement partnership	The recruitment of additional contract posts within the service will provide additional capacity to manage.

	and monitored.	Compliant	Safer and Stronger Communities / Children's Services Issues with supply of ICT equipment and systems have been flagged with CLT and Risk Forum including Swift system issues		Performance reports are discussed on a regular basis in service area meetings, SMT and CLT. Annual Performance Reports are submitted to Committees, these include Partnership Agreements, CSWO Annual Report, Child Protection Committee Annual Report. Performance Reports are generated within the division which include data on SON, Statutory Complaints and Care Service Feedback. Improvement Plans are held within the division which incorporate actions from audits, WB investigations, reviews, and inspection reports. These are monitored and reported through PP committees to the COG. Performance 'Plan on a Page' developed for 2021-2022 fully compliant, developed with Strategy & Insight and reported to CLT and part of overall report to Committee.	
11.2	My directorate regularly works with relevant teams in Strategy and Communicatio	Compliant	Education		N/A	Work within Strategy and Communications appears to have ceased?

	ns to review and improve effectiveness by performance monitoring, benchmarking , and other methods to achieve defined outcomes.	Compliant	Safer and Stronger Communities / Children's Services		Internal Audit of services within the division and regulatory services are undertaken and actions monitored and reported to the appropriate Committees. Performance Targets measuring service objectives Monthly performance reports from SSC Comms team presented and discussed at SMT Key supports in place for rollout of effective COVID response. Engagement with inter dependencies and representation at core Council teams to support management.	
12	Commercial and Contract Management	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

12.1	I ensure all goods, services and works are procured and managed in compliance with the Contract Standing Orders.	Compliant	Education	<p>Annual Assurance Process (Directorates)</p> <p>Codes of Conduct</p> <p>Commercial and Procurement Strategy</p> <p>Committee Terms of Reference and Delegated Functions</p> <p>Contract and Grants Management team</p> <p>Contract Standing Orders</p> <p>Council company monitoring including Governance Hub, Council Observers on Boards, committee reporting</p> <p>Grant Standing Orders</p> <p>Legal Services provision of advice</p> <p>Policies and procedures</p> <p>Procurement Handbook</p> <p>Scheme of Delegation to Officers</p> <p>Service Level Agreement Register</p> <p>Standard Condition of Grant</p>	<p>Commercial and Procurement Strategy</p> <p>Contract and Grants Management team</p> <p>Contract Standing Orders</p> <p>Council company monitoring including Governance Hub, Council Observers on Boards, committee reporting</p> <p>Grant Standing Orders</p> <p>Procurement Handbook</p> <p>Scheme of Delegation to Officers</p> <p>Service Level Agreement Register</p> <p>Standard Condition of Grant</p> <p>Support and advice from the Corporate Procurement team</p> <p>Use of "Risk Matters" to share Corporate Procurement advice/requirements</p> <p>Corporate Procurement team engagement - for example headteacher/business manager forums</p> <p>Risk based approach to Corporate Procurement advice, if there are trends where colleagues are not following</p>	Recruitment of contract managers will support this and expansion of commission team to reduce the need for waivers.
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					advice this is acted upon to ensure guidance is shared on requirements	
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		Compliant	Safer and Stronger Communities / Children's Services		<p>Contract and Commissioning Team for Children's Services manager reports to Service Director</p> <p>Monthly Procurement Board which looks at dashboard, contracts register, waivers, pipeline procurements and contracts ending. Attended by service representatives, contract managers and procurement colleagues.</p> <p>Clear procedures are in place to ensure all goods, services and works are procured appropriately and in compliance with the Contract Standing Orders.</p> <p>Managers are responsible for ensuring Waiver Requests are only completed in exceptional circumstances and where appropriate.</p> <p>Waiver Reports are submitted quarterly to Committee for approval.</p> <p>Separation of duties mechanisms are in place to ensure there is no conflict of interest (3 way checks - Procurement, Commissioning and Budget holder)</p> <p>Ongoing oversight of financial processes to ensure commitment matches the ledger</p> <p>Multi-disciplinary six monthly monitoring meetings for tier one and tier two contracts.</p> <p>Standing item on SMT agenda - QA Reviews/Third Party Spend Process in place which requires</p>	
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					Service Director sign off for all Waivers and Contracts to ensure compliance.	
13	Change and Project Management	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
13.1	All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and	Compliant	Education	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:	Prince 2 methodology used in large projects (includes risk management as part of scope) Council Projects Team advise and support Education (project management) Strategic Asset Planning manage school new builds	Work required on rising roles risks (Strategic Asset Planning) Engagement required with Strategic Asset Planning team in terms of new builds lessons learned, design issues identified and snagging

	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	Safer and Stronger Communities / Children's Services	<ul style="list-style-type: none"> 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 	<p>Proposals for projects/programmes are discussed by the Senior Management Team prior to commencement and a clear business justification outlined. The appropriate senior manager within the division has oversight of the project/programme and Service Director sign off is required.</p> <p>Senior Managers appoint lead officers for all projects/programmes who are responsible for ensuring that clear roles and responsibilities are outlined. A review process ensures the senior manager receives regular updates on progression and timescales and these are fed back to the Senior Management Team.</p> <p>Prince 2 methodology used in large projects (includes risk management as part of scope)</p>	
14.1	Financial Control	Assessment of Compliance	Did your directorate have any issues in this area during the reporting period? (Please reflect where open assurance actions	Extract of Evidence from the Council's Corporate Governance Code (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)

			mean that a control weakness exists)			
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.	Partially Compliant	Education	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	Regular input, advice, and support from Council Finance team at ELT/SLT meetings within service budget monitoring Regular budgetary monitoring/management Risk based approach to budget monitoring	Enhanced commissioning resource
		Compliant	Safer and Stronger Communities / Children's Services	Employee Training Finance & Resources Committee and Governance, Risk & Best Value Committee oversight/scrutiny Finance Rules Financial Regulations Internal control framework Medium-term Financial Strategy Professional officer representation/support/advice on major project boards, project assurance reviews, SMTs Tiered framework of financial planning and control Treasury Management Strategy	Monthly monitoring of spend, savings plans and financial pressures discussed at service management teams and Senior Management Team. Segregation of duties between commissioner, requestor and approver on Oracle at all stages of the financial process. Yearly review of Oracle approval limits in place with required sign off by Senior Manager and Service Director. Regular review of contract spend (three way check - business support, finance and commissioning) Any additional financial commitment must be discussed with Service Director and Senior Manager prior to agreement. Work closely with finance partners to look at pressures	continued tighter controls of overtime and sickness absence

					and work undertaken to look at reducing additional spending. Regular meetings with Service Director, Senior Managers and Finance partners.	
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	Education		Regular input, advice, and support from Council Finance team at ELT/SLT meetings within service budget monitoring Regular budgetary monitoring/management Risk based approach to budget monitoring	N/A
		Compliant	Safer and Stronger Communities / Children's Services Residential prices have increased by 12% - being a demand led service means acknowledgement that costs may be		As above. Budget monitoring in place, finance colleagues attend SMT, and budget is a standing item on the agenda. There is also regular contact with service area senior managers to monitor their budgets. Areas of pressure in 21/22 are being managed as required and	

			increased to meet needs		with Service Director oversight. Reports submitted to CLT on any potential pressures or financial risks within the division.	
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	Education		Knowledge and application of Finance Rules Expertise and support of Council Finance team	N/A
		Compliant	Safer and Stronger Communities / Children's Services		Appropriate Committee reporting and regular meetings with Convenor and Vice Convenor in place. Support from colleagues in finance and regular meetings in the diary and adhoc meetings held as required. Major risks of future liabilities would be discussed with legal colleagues and escalated to CLT	
14.4	I have arrangements in place to review and protect assets against theft, loss, and unauthorised	Compliant	Education		Support and advice form Council Insurance Services team Asset register requested (as part of self-assurance questionnaire)	N/A

	use; identify any significant losses; and ensure the adequacy of insurance provision in covering the risk of loss across my directorate.	Compliant	Safer and Stronger Communities/Children's Services - Due to the pandemic, some offices were closed at short notice and teams moved to WFH. Security arrangements to ensure assets were appropriately protected needed to be reconsidered and action taken quickly.		Insurance cover managed corporately, and any losses are dealt with through this route or absorbed divisionally depending on monetary value. Insurance Services conduct annual checks to confirm adequacy of existing levels of insurance. No significant losses have been identified in 21/22, all mobile devices should be encrypted in line with Council procedures. Laptops are equipped with appropriate security measures (e.g., Bit locker passwords) and clear desk policies in place and monitored. Senior Managers are made aware of any loss within their areas and report to Service Director if appropriate.	
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	Education		The self-assurance questionnaire has a section on Finance which sets out the main requirements of establishment financial reporting	N/A
		Compliant	Safer and Stronger Communities / Children's Services		All budgets within the division and all ring-fenced budget areas are managed per accountancy rules, with close working between finance colleagues and service managers Transactions and banking ensure compliance with HMRC i.e. VAT regulations. Contract and Commissioning Team within Children's Services	

					Separation of duties in place - prior to financial commitments Expenses Analysis work undertaken in some areas which identified areas for improvement and measures put in place which noted positive impact.	
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	Education		Council Internal Audit programme (risk-based approach where services have the opportunity to make suggestions as to annual Internal Audit plan) Risk forums in place as per Council requirements, Risk and Assurance Committees/Regular discussion on risk at EC&S Wider Management team ELT/SLTs	N/A
		Compliant	Safer and Stronger Communities / Children's Services		As above Consistency and regular checks as noted above, enhanced as approach to end of financial year and closure of accounts. The Council Internal Audit programme, risk-based approach gives services the opportunity to make suggestions as to annual Internal Audit plan. Operations Manager attends the Council Risk Forum and Quarterly Risk & Assurance Committee. Regular discussions around risk at SMT and WMT.	

15	Group Accounts (Resources only)	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
15.1	I have arrangements in place for identifying and reviewing any developments during the year that should lead to additions, deletions or amendments to the companies included in the Group Accounts.	Compliant	Education	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	Advice and support from Council Finance team/regular update at ELT/SLT	N/A
		Compliant	Safer and Stronger Communities / Children's Services	Annual Internal Audit Plan (based on most significant risks to the Council) Audit Charter Chief Internal Auditor's direct reporting line to GRBV Committee Terms of Reference and Delegated Functions - GRBV Comprehensive system of revenue and capital monitoring, with SMT and CLT oversight Council Companies/ALEOs – Governance Hub, Observers, annual reporting to Executive Committee and GRBV External validation/review e.g. external audit, independent assurance providers	N/A	
15.2	I have arrangements in place to identify and review any internal control, risk management	Compliant	Education		Risk structures in place Corporate Property support asset valuation Support of Council Insurance team	N/A

	or asset valuation problems with Council companies that could affect the Group Accounts.	Compliant	Safer and Stronger Communities / Children's Services	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	N/A	
16	National Agency Inspection Reports	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
16.1	I have arrangements in place to identify any reports relating to my directorate and can	Compliant	Education	Committee Terms of Reference and Delegated Functions Governance, Risk and Best Value Committee – chaired by an opposition councillor and excluding executive committee conveners from its membership, with power to act on its own	Internal/External audit for example Council Internal Audit team/Education Scotland/Social Work Scotland	N/A

	confirm that there were no inspection reports that could impact on the signing of the Annual Governance Statement.	Compliant	Safer and Stronger Communities / Children's Services	accord Executive Committee and GRBV oversight of external audit and inspection activity Scrutiny of directorate annual assurance schedules.	Monitoring officer report to full council re ESS	Improvement Board and plan in place
16.2	I have arrangements in place that adequately monitor and report on the implementation of recommendations.	Compliant	Education		Committee reporting structures	N/A
		Compliant	Safer and Stronger Communities / Children's Services		Management of associated actions/recommendations from reports (authorising bodies)	
					As above, committee reporting structure and management of associated actions and recommendations from reports. Recommendations from inspection reports are subject to action plans that are monitored through the appropriate committees. Recommendations and service improvement activity generated from audits, service reviews and upheld or partially upheld complaints are logged accordingly and managed through the relevant service.	

17	Internal Audit, External Audit and Review Reports	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
17.1	I have arrangements in place to ensure that all recommendations from any internal audit, external audit or review report published during the year, that have highlighted high, medium, or significant control deficiencies, have been (or	Compliant	Education	A validation audit is included in the annual Internal Audit Plan. Agreed management actions arising from internal audits are recorded and monitored through Team Central. Integral part of Annual Assurance Schedule. Overdue management actions are reported monthly to CLT and quarterly to GRBV	Meetings take place regularly between the Internal Audit team/service colleagues in line with Internal Audit service level agreement requirements There are workshops organised by Internal Audit which support the audit action process and service colleagues are involved in this There are strong links between Risk Management within the service and Internal Audit, this aids the efficiency and effectiveness of the control environment as risk also focuses on the assessment of controls	N/A

	<p>are being) implemented and that this is monitored effectively.</p>	<p>Compliant</p>	<p>Safer and Stronger Communities / Children's Services</p>		<p>Audit actions are reviewed and monitored through the Team Central system that support the audit follow up process. Action owners are able to view their own dashboards and provide updates and supporting evidence to IA electronically. Service Director is informed of updates, approaching due dates via Team Central automated email.</p> <p>The Operations Manager monitors and manages all open audit actions within the division, including cross directorate ones and provides an update on progress prior to GRBV audit reporting.</p> <p>The Operation Manager supports service managers during audits and at close out workshops and for audit action completion within timescales. Monthly directorate meeting to review audit actions and report to Service Director and Exec Director on progress</p> <p>There are strong links between Risk Management and Internal Audit, this aids the efficiency and effectiveness of the control environment as risk also focuses on the assessment of controls.</p>	
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18	Progress	Assessment of Compliance	Did your directorate 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 (Formerly CGF) (for information only)	Relevant service area controls	Improvement Actions (will auto-populate improvement plan tab where you should add action owner and deadline)
18.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been	Compliant	Education	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	Annual review of assurance statement actions/reporting to Governance Risk and best Value Committee	N/A

	addressed satisfactorily.	Compliant	Safer and Stronger Communities / Children's Services	activity is based on shared risk assessment	All actions from the 2020/21 Annual Review of Assurance Statement are now complete bar one, which is on track for completion (dependency on colleagues from Resilience has delayed completion). A report was submitted to GRBV noting completion of open improvement actions. Action Plans have been developed and timescales set for resolution and addressed appropriately.	
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Governance, Risk and Best Value Committee

10.00am, Tuesday 24 January 2023

The EDI Group – annual update for the year ending 31 December 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 The EDI Group – annual update for the year ending 31 December 2021 to the Governance, Risk and Best Value Committee for information.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Emily Traynor, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: emily.traynor@edinburgh.gov.uk

Referral Report

The EDI Group – annual update for the year ending 31 December 2021

2. Terms of Referral

- 2.1 On 1 December 2022, the Housing, Homelessness and Fair Work Committee considered a report which updated its members on the progress of the transition strategy for The EDI Group Limited which aimed to close it and its subsidiary companies and bring their projects and assets into the Council.
- 2.2 The Housing, Homelessness and Fair Work Committee agreed:
 - 2.2.1 To note the report.
 - 2.2.2 To refer the report to the Governance, Risk and Best Value Committee for information.
 - 2.2.3 To note ward members would be provided with information and progress updates on the remaining land at New Brunstane (the east field).

3. Background Reading/ External References

- 3.1 [Webcast of the Housing, Homelessness and Fair Work Committee of 1 December 2022](#)
- 3.2 Minute of the Housing, Homelessness and Fair Work Committee of 1 December 2022

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Place

Housing, Homelessness and Fair Work Committee

10.00am, Thursday, 1 December 2022

The EDI Group – annual update for the year ending 31 December 2021

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Housing Homelessness and Fair Work Committee:
 - 1.1.1 Notes the report; and
 - 1.1.2 Refers the report to the Governance, Risk and Best Value Committee.

Paul Lawrence

Executive Director of Place

Contact: David Cooper, Commercial Development and Investment Senior Manager

E-mail: david.cooper@edinburgh.gov.uk | Tel: 0131 529 6233

The EDI Group – annual update for the year ending 31 December 2021

2. Executive Summary

- 2.1 This report updates members on the progress of the transition strategy for The EDI Group Limited which aims to close it and its subsidiary companies and bring their projects and assets into the Council.

3. Background

- 3.1 The EDI Group Limited (EDI) is an arm's length company of the City of Edinburgh Council.
- 3.2 On [7 February 2017](#) and [23 February 2017](#), the Economy Committee and the Finance and Resources Committee respectively agreed to close EDI and its subsidiaries and bring certain activities and assets in-house.
- 3.3 On [2 November 2017](#), the Housing and Economy Committee agreed a transition strategy for the closure.

4. Main report

- 4.1 The transition strategy continues to be implemented. All ongoing projects are now delivered by Council officers and the majority of EDI assets have transferred to the Council or otherwise disposed of.
- 4.2 The EDI Board, comprising two elected members, continues to meet quarterly. A scheme of delegation has been agreed which enables minor and routine decisions to be taken by Council officers.
- 4.3 Appendix 1 provides an update on each remaining project and Appendix 2 sets out the residual property assets held by the EDI group.
- 4.4 The audited consolidated financial statements for The EDI Group Limited, for the year ending 31 December 2021, were approved by the EDI Board on 21 September 2022. The overall financial performance was a net profit of £1.096m (compared to a net loss of £3.195m in the year ending 31 December 2020) and retained earnings of

negative £1.4m (compared to negative £2.5m in the year ending 31 December 2020). The Group had a cash balance of £3.254m as of 31 December 2021.

- 4.5 The independent auditor opined that the statements gave a true view of the state of the company and were properly prepared in line with International Financial Reporting Standards and the requirements of the Companies Act 2006. The directors' report and consolidated financial statements (including the independent auditor's report) are attached as Appendix 3.

5. Next Steps

- 5.1 The company activities will continue through to full corporate closure and update reports will continue to be provided to Committee.

6. Financial impact

- 6.1 The projected special dividend to the Council from closing EDI is currently forecast at £8.288m. This is a reduction on the original forecast figure of £8.5m, reflecting the loss sustained by EDI on the Market Street hotel development coupled with write-downs on property valuations associated with COVID-19, but is a slight improvement upon the projected figure of £8.073m reported on [4 November 2021](#).

7. Stakeholder/Community Impact

- 7.1 Consultation and engagement with local communities and delivery partners is ongoing as part of individual projects.

8. Background reading/external references

- 8.1 The EDI Group – Annual Update – report to the Housing, Homelessness and Fair Work Committee, [4 November 2021](#).

9. Appendices

- 9.1 Appendix 1 – Project updates.
- 9.2 Appendix 2 – Residual property assets held by EDI.
- 9.3 Appendix 3 – The EDI Group Limited: Directors' report and consolidated financial statements for the year ended 31 December 2021.

Appendix 1 – Project updates

Market Street (EDI Market Street Limited)	
Description Subsidiary company of EDI set up to take forward a hotel development on Market Street.	
Position as of December 2022 The Market Street hotel achieved practical completion in November 2018. Council officers acting on behalf of EDI have settled financial claims with the purchaser and the contractor. All transactions have been completed and this company is no longer needed. This company is planned to be struck-off during 2022.	
RAG status	Green
Granton Waterfront (Waterfront Edinburgh Limited; Waterfront Edinburgh (Management) Limited; Caledonia Waterfront (Harbour Road) Limited)	
Description (Formerly) land and buildings at Granton Waterfront	
Position as of December 2022 The land and buildings wholly owned by Waterfront Edinburgh have been transferred to the Council and now form part of the wider Granton Waterfront regeneration project led by the Housing and Regeneration service. One of the two Waterfront Edinburgh Limited (WEL) subsidiary companies has been transferred up to The EDI Group, while the other is planned to be struck-off during 2022. This company is planned to be struck-off following a final check of company assets.	
RAG status	Green
Craigmillar (PARC Craigmillar Limited; PARC Craigmillar Developments Limited)	
Description Land and buildings at Craigmillar.	
Position as of June 2022 PARC Craigmillar holds two assets: the White House and the South Park at Greendykes (Greendykes plots K and L have transferred to the Council). Legal agreements to which PARC Craigmillar was a party have been novated to the Council. It is anticipated that the remaining assets will transfer to the Council in late-2022/early-2023, following which the Board will be requested to approve the closure of this company.	
RAG status	Green
Brunstane (The EDI Group Limited)	
Description A housing development site with planning permission in place on land owned by EDI and option agreement in place with adjoining landowner. The Council also has an entitlement for profit share in relation to access rights.	
Position as of December 2022 The sale of the west field at New Brunstane concluded missives in mid-2021. The remaining land at New Brunstane (the east field) is currently being marketed. Following the sale of the remaining land, the closure of EDI can begin.	
RAG status	Green
Fountainbridge (EDI Fountainbridge Limited)	
Description EDI Fountainbridge was established to take forward the redevelopment of a brownfield development site owned by the Council.	
Position as of December 2022 The Council has now appointed Cruden Homes as the pre-development partner for the redevelopment of the site. The work in progress held by EDI Fountainbridge was not of value to the Council and so it required to be written off. All transactions have been	

completed and this company is no longer needed. This company is planned to be struck-off during 2022.	
RAG status	Green
Castle Terrace car park (EDI Central Limited)	
Description EDI Central is entitled to payments from NCP as settlement following a court case regarding a lease arrangement at the Castle Terrace car park.	
Position as of December 2022 All payments due to EDI Central have been received and paid up to The EDI Group. All transactions have been completed and this company is no longer needed. This company is planned to be struck-off during 2022.	
RAG status	Green
Shawfair (Shawfair Land Limited)	
Description Shawfair Land formerly held a security over land at the South East Wedge.	
Position as of December 2022 Shawfair Land has released the security in return for a cash payment which has been paid up to The EDI Group. All transactions have been completed and this company is no longer needed. This company is planned to be struck-off during 2022.	
RAG status	Green
Joint ventures (Buredi Limited, New Laurieston (Glasgow) Limited)	
Description Inactive joint venture companies that previously carried out private housing developments.	
Position as of December 2022 Agreement has been reached with joint venture partners to close the two companies. The Buredi joint venture has been struck-off. The striking-off of the New Laurieston (Glasgow) joint venture, which is being taken forward by The Miller Group, is now expected to be completed during 2022.	
RAG status	Green
Dormant subsidiaries (EDI (Industrial) Limited, Edinburgh Retail Investments Limited))	
Description Dormant subsidiary companies.	
Position as of December 2022 Both companies were struck-off in 2019.	
RAG status	Green
The EDI Group Limited (remainder of company)	
Description The parent company of all subsidiaries.	
Position as of December 2022 Other than New Brunstane and shares in the joint venture company Caledonia Waterfront (Harbour Road) Limited, no projects sit directly within the parent company. The projected company closure date is now expected to be 2023 as some transactions will now complete during 2022.	
RAG status	Amber

Appendix 2 – Residual property assets held by EDI

Asset	Owner	Status
Greendykes land at South Park	PARC Craigmillar Limited	Land at Greendykes, Craigmillar on which the South Park (a new park with SUDS infrastructure beneath it) is being developed with seeding now underway. The land is planned to be sold to the Council in late-2022/early-2023 once the park is complete. It is assumed to have nil value.
White House, 70 Niddrie Mains Road	PARC Craigmillar Limited	A historic former roadhouse in Craigmillar, currently leased to Community Alliance Trading Enterprises Limited which operates as a restaurant and function space. On 27 April 2022, the Board approved in principle the transfer of the asset to the Council. The transaction is expected to take place by early 2023.
Land at New Brunstane	The EDI Group Limited	Greenfield development land at Brunstane owned by The EDI Group Limited. The West Field (25 hectares) is being sold to Dandara East Scotland Limited for a housing development of 641 to 676 units. Marketing of the East Field (14 hectares) is underway with a preferred bidder projected to be identified by March 2023.
West Harbour Road, plots D & E	The EDI Group Limited	Brownfield development land at West Harbour Road in Granton Waterfront owned by the joint venture company Caledonia Waterfront (Harbour Road) Limited in which The EDI Group Limited (WEL) owns a 42.5% interest with the remainder being owned by Caledonian Regeneration Investments Limited (CRIL). EDI is currently negotiating with CRIL around options for taking forward the development of the land.

Financial Statements

31 December 2021



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THE EDI GROUP LIMITED
Directors' report and consolidated financial statements
For the year ended 31 December 2021

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THE EDI GROUP LIMITED

Company information

For the year ended 31 December 2021

Board of directors	K Campbell (resigned 30 June 2022) L Cameron (resigned 30 June 2022) I Whyte J Meagher (appointed 30 June 2022)	
Company secretary	MacRoberts LLP	
Company registration	<i>Registered office:</i>	Waverley Court 4 East Market Street Edinburgh EH8 8BG
	<i>Registered number:</i>	SC110956
Bankers	The Royal Bank of Scotland plc Bank of Scotland plc	
Auditor	Azets Audit Services Statutory Auditor Exchange Place 3 Semple Street Edinburgh EH3 8BL	

THE EDI GROUP LIMITED

Strategic report

For the year ended 31 December 2021

The Directors present their strategic report and audited financial statements for 2021 financial year.

Principal activities, business review and future developments

The EDI Group Limited (EDI) is a company limited by shares which is incorporated and domiciled in Scotland. It is a wholly owned subsidiary of the City of Edinburgh Council and run as an arm's length operation with the role of investing in the development of land and buildings which are surplus to the Council's operational requirements and leading on the property aspects of regeneration in specific areas of the City.

In February 2017 the Council conducted a review of its approach to the use of surplus land and its interactions with the property market. The Council concluded that the group will have no future pipeline of projects and therefore took the decision that the group and this company should begin a process of managed closure. The Council as shareholder has instructed the directors to begin this process.

The company has now ceased development activities with the majority of the land and buildings transferred to the Council in May 2018 and the remaining land at Greendykes and Brunstane subject to sale negotiations. There has been, and will continue to be, a minimal level of development and property related activity for the remainder of the company's lifespan. Non-property assets will be realised in accordance with their contractual terms and external liabilities and obligations will be settled in full. Financial projections for the closure process show that the group will have sufficient funds to meet all external liabilities and obligations and to repay share capital in full. The intention is that each company will become dormant with a timespan covering 2 to 7 years.

Current development activity:

The Market Street hotel construction reached practical completion in November 2018 and negotiations on financial claims completed in 2020. The transfer of assets from PARC Craigmillar to the City of Edinburgh Council has been completed. The sale of land at Brunstane is expected to complete in 2022.

Our performance

The financial performance of the group in 2021 was a net profit of £1.1m compared to a loss of £3.2m in 2020. Retained earnings increased from negative £2.5m to negative £1.4m. The major factor influencing the year's results has been property sales.

The group had a cash balance of £3.3m (2020: £6.1m). The sales expected in 2022 will be profitable and no dividends expected in 2022 to allow the retained earnings to recover from the write off.

Risks and environment

Although the scope of our activity has reduced significantly, the risk factors influencing the remaining assets are a combination of the general economy of Edinburgh and the national housing market. The Shareholder and the directors recognise that the process of managing the completion of our current activities and transition of the remaining projects to Council control and management has brought specific financial, legal, administration and people risks, and these have been managed.

This report was approved by the board on 21 September 2022 and signed on its behalf by:

J Meagher
Director
4 East Market Street
Edinburgh
EH8 8BG

THE EDI GROUP LIMITED

Directors' report

For the year ended 31 December 2021

The directors present their annual report and audited financial statements for the year ended 31 December 2021.

Principal activities and business review

Details of principal activities, market circumstances and risk and performance indicator are included in the Strategic Report. The directors recommend payment of a dividend at the year-end of £Nil (2020: £1,750,000).

Directors

The directors who held office during the year, and subsequently, were as follow:

K Campbell	(resigned 30 June 2022)
L Cameron	(resigned 30 June 2022)
I Whyte	
J Meagher	(appointed 30 June 2022)

Political and charitable contributions

The company made no political or charitable contributions during the year.

Going concern

As described in the Strategic Report, the group's ultimate shareholder, The City of Edinburgh Council, has concluded that the group should begin a process of closure. The company has now ceased development activities other than the sale of remaining land at Greendykes and Brunstane.

The opinion of the directors is that the decision of the shareholder and the active implementation of the decision will lead to the company ceasing to trade in the future and it is therefore not appropriate to prepare the accounts on a going concern basis.

The closure strategy approved by both the shareholder and the directors is that all land and buildings which are not actively in development will transfer to the Council at book value and all liabilities due to the Council will be settled at book value. Much of this activity has now concluded or is in the process of concluding. Third party financial assets will be realised and third party liabilities will be settled according to their contractual terms.

In these accounts each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described in the notes.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full.

Responsibilities of the directors

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with UK adopted International Accounting Standards.

THE EDI GROUP LIMITED

Directors' report (continued)

For the year ended 31 December 2021

Responsibilities of the directors (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

This report was approved by the board on 21 September 2022 and signed on its behalf by:

J Meagher
Director
4 East Market Street
Edinburgh
EH8 8BG

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited

For the year ended 31 December 2021

Opinion

We have audited the financial statements of The EDI Group Limited for the year ended 31 December 2021 which comprise consolidated and parent company statement of profit or loss and other comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group and parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – Basis of preparation

We draw attention to notes 2 and 2b in the financial statements, which describe the basis of preparation. The directors have prepared the financial statements using a non-going concern basis of accounting as they consider that the company is not a going concern. Our opinion is not modified in respect of this matter.

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited (continued)

For the year ended 31 December 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited (continued)

For the year ended 31 December 2021

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities 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 company 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.

THE EDI GROUP LIMITED

Independent auditor's report to the members of The EDI Group Limited (continued)

For the year ended 31 December 2021

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, Senior Statutory Auditor
For and on behalf of Azets Audit Services
Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date: 21 September 2022

THE EDI GROUP LIMITED

Consolidated and Parent Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	Consolidated Group		Parent Entity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Continuing Operations					
Revenue	3	2,660	174	-	-
Cost of sales		-	(2)	-	-
Gross profit		2,660	172	-	-
Administrative expenses		(280)	(406)	(3,259)	(316)
Work in progress written off		(1,194)	(2,898)	-	-
Profit/(loss) from operations	4	1,186	(3,132)	(3,259)	(316)
Loss on disposal		-	-	-	-
Finance income	6	4	28	1	5
Finance costs	7	(101)	(95)	(101)	(93)
Other income	5	5	5	-	-
Impairment charge on investments		-	-	-	-
Profit/(loss) before income tax expense		1,094	(3,194)	(3,359)	(404)
Income tax (charge)/credit	8	2	(1)	-	-
Profit/ (loss) for the year from continuing operations		1,096	(3,195)	(3,359)	(404)
Net profit/(loss) for the year		1,096	(3,195)	(3,359)	(404)
Attributable to:					
Equity holders of the parent		1,096	(3,195)	(3,359)	(404)

There are no other items of comprehensive income or expense in the current year or prior year and therefore no Statement of Comprehensive Income is shown.

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED

Consolidated Statement of Financial Position

As at 31 December 2021

		Consolidated Group	
	Note	2021 £'000	2020 £'000
Non-current assets			
Investment property	10	248	248
Investments in joint ventures and associates	11	268	267
Total non-current assets		516	515
Current assets			
Cash and cash equivalents	17	3,254	6,052
Trade and other receivables	13	2,776	2,837
Inventories	12	5,262	9,321
Total current assets		11,292	18,210
TOTAL ASSETS		11,808	18,725
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Contributed equity	18	8,500	8,500
Retained earnings		(1,415)	(2,511)
Total equity		7,085	5,989
Liabilities			
Current liabilities			
Trade and other payables	14	1,375	3,931
Other financial liabilities	15	2,240	4,799
Provisions	16	1,108	4,006
Total current liabilities		4,723	12,736
Total liabilities		4,723	12,736
TOTAL EQUITY AND LIABILITIES		11,808	18,725

The financial statements were approved by the board of directors and authorised for issue on 21 September 2022 and are signed on its behalf by:

J Meagher, Director

I Whyte, Director

Company number: SC110956

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED

Company Statement of Financial Position

As at 31 December 2021

	Note	Parent Entity	
		2021 £'000	2020 £'000
Non-current assets			
Investments in subsidiaries, joint ventures and associates	11	7,415	7,415
Total non-current assets		<u>7,415</u>	<u>7,415</u>
Current assets			
Cash and cash equivalents	17	267	563
Trade and other receivables	13	142	3,067
Inventories	12	4,240	4,213
Total current assets		<u>4,649</u>	<u>7,843</u>
TOTAL ASSETS		<u><u>12,064</u></u>	<u><u>15,258</u></u>
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Contributed equity	18	8,500	8,500
Retained earnings		(2,809)	550
Capital contribution reserve		30	30
Total equity		<u>5,721</u>	<u>9,080</u>
Liabilities			
Current liabilities			
Trade and other payables	14	4,103	3,938
Other financial liabilities	15	2,240	2,240
Total current liabilities		<u>6,343</u>	<u>6,178</u>
Total liabilities		<u>6,343</u>	<u>6,178</u>
TOTAL EQUITY AND LIABILITIES		<u><u>12,064</u></u>	<u><u>15,258</u></u>

The financial statements were approved by the board of directors and authorised for issue on 21 September 2022 and are signed on its behalf by:

J Meagher, Director

I Whyte, Director

Company number: SC110956

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED

Consolidated and Company Statement of Changes in Equity

As at 31 December 2021

Group

	Capital contribution reserve £'000	Contributed equity £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	-	8,500	2,434	10,934
Profit from continuing operations	-	-	(3,195)	(3,195)
Dividends declared	-	-	(1,750)	(1,750)
Balance at 31 December 2020	-	8,500	(2,511)	5,989
Balance at 1 January 2021	-	8,500	(2,511)	5,989
Profit from continuing operations	-	-	1,096	1,096
Balance at 31 December 2021	-	8,500	(1,415)	7,085

Company

	Capital contribution reserve £'000	Contributed equity £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	30	8,500	2,704	11,234
Profit from continuing operations	-	-	(404)	(404)
Dividends declared	-	-	(1,750)	(1,750)
Balance at 31 December 2020	30	8,500	550	9,080
Balance at 1 January 2021	30	8,500	550	9,080
Loss from continuing operations	-	-	(3,359)	(3,359)
Balance at 31 December 2021	30	8,500	(2,809)	5,721

The capital contribution reserve represents the excess of fair value over the amount paid for the shareholdings either gifted or sold to the group.

The accompanying notes form part of these financial statements.

THE EDI GROUP LIMITED
Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flow from operating activities			
Total comprehensive profit/(loss) for year		1,096	(3,195)
<i>Adjustments for:</i>			
Taxation charge/(credit)		(2)	1
Interest received		(4)	(28)
Interest paid		101	95
(Increase)/decrease in inventories		4,059	(77)
(Increase)/decrease in receivables		61	2,382
Increase/(decrease) in payables		(5,455)	3,364
Taxation paid		2	(1)
Net cash flows from operating activities		<u>(142)</u>	<u>2,541</u>
Cash flow from investing activities			
Proceeds from sale of available for sale assets		-	2
Interest received		4	28
Net cash flows from investing activities		<u>4</u>	<u>30</u>
Cash flow from financing activities			
Dividends paid		-	(1,750)
Increase/(decrease) in loan stock borrowings		(2,559)	-
Interest paid		(101)	(95)
Net cash flows used in financing activities		<u>(2,660)</u>	<u>(1,845)</u>
Net increase in cash and cash equivalents		(2,798)	726
Cash and cash equivalents at beginning of year		6,052	5,326
Cash and cash equivalents at end of year	17	<u><u>3,254</u></u>	<u><u>6,052</u></u>

The accompanying notes form part of these financial statements

1. Presentation of financial statements

The company's financial statements have been prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006.

New accounting standards adopted during the year

Adoption of new and revised standards

The following standards and interpretations are mandatory for the first time for the year ended 31 December 2021 but are either not applicable or have no material impact on the Group's financial statements; IBOR Reform and its Effects on Financial Reporting – Phase 2 and Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16).

The Group has adopted, where applicable, the following new and amended IFRSs as of 1 January 2021:

- IBOR Reform and its Effects on Financial Reporting – Phase 2
- IFRS 16; Leases, Amendment – Covid-19 Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2021 are considered to have no significant or material effect on the Group's financial statements.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2021, and with potential effect.

International Accounting Standards and Interpretations	Effective for periods beginning on or after
Annual Improvements to IFRS: 2018 – 2020 Cycle	1 January 2022
IFRS 3; Business Combinations (Amendment – Conceptual Framework)	1 January 2022
IAS 37; Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	1 January 2022
IAS 16; Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	1 January 2022
IFRS 17; Insurance Contracts (including amendments issued on 25 June 2020)	1 January 2023
IAS 1; Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current, including deferral or effective date)	1 January 2023
IAS 1; Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies) (issued on 12 February 2021)	1 January 2023
IAS 8; Accounting Policies (Amendment – Changes in Accounting Estimates and Errors; Definition of Accounting Estimates) (issued on 12 February 2021)	1 January 2023
IAS 12; Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a single transaction) (issued on 7 May 2021)	1 January 2023

The Directors have reviewed the requirements of the new standards and interpretations listed above and they are either not applicable or not expected to have a material impact on the Group's financial statements in the period of initial application.

2. Statement of significant accounting policies

The consolidated financial statements of The EDI Group Limited have been prepared in accordance with UK adopted International Accounting Standards in accordance with the provisions of the Companies Act 2006.

The report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

a. Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in accounting standard IAS 27 "Consolidated and Separate Financial Statements". A list of controlled entities appears in note 13 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where a controlled entity has left the economic entity during the year its operating results have been included until the date control ceased.

b. Going concern

The opinion of the directors is that the decision of the shareholder to cease development activities and the active implementation of that decision will lead to the company ceasing to trade in the future and it is therefore not appropriate to prepare the accounts on a going concern basis.

The closure strategy approved by both the shareholder and the directors is that all land and buildings which are not actively in development will transfer to the Council at book value and all liabilities due to the Council will be settled at book value. Third party financial assets will be realised and third party liabilities will be settled according to their contractual terms

In these accounts each asset and liability will be valued to reflect the closure strategy intention for that asset or liability. The details are described in the notes.

The Company, and the Group, as part of a regular evaluation of liquidity risk, has modelled the principal risks and uncertainties in its cash flow projections for the envisaged closure strategy. After discussions with the shareholder and after assessing the availability of cash balances under a range of scenarios, the Directors have formed the opinion that the Company has sufficient resources to meet all external liabilities and obligations and to repay its share capital in full.

2. Statement of significant accounting policies (cont'd)

c. Investments in associates and joint ventures

The group's share of its associates' / joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate / joint venture equals or exceeds its interest in the associate / joint venture, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate / joint venture.

Unrealised gains on transactions between the group and its associates / joint ventures are eliminated to the extent of the group's interest in the associates / joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

d. Income tax

The charge for income tax expense for the year is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profits will be available against which deductible temporary differences can be utilised.

The amount of benefit brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

2. Statement of significant accounting policies (cont'd)

e. Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Plant and equipment

The carrying amount of property, plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

Given the closure strategy outlined in Note 2b, the useful life of all classes of fixed assets was reassessed and adjusted in 2017.

All fixed assets were therefore fully depreciated in the year.

Derecognition and disposal

An item of furniture or equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of comprehensive income in the year the asset is derecognised.

f. Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

g. Inventories

Inventory is stated at the lower of cost and net realisable value. Cost relates to purchase costs and direct labour costs incurred in bringing the inventories up to a saleable state.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

2. Statement of significant accounting policies (cont'd)**i. Impairment**

The carrying value of all assets are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of all assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of the asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

j. Financial instruments

Financial instruments are measured initially at cost, which is the fair value of what was paid or received to acquire or incur them.

After initial recognition, financial assets and liabilities may be classified into the following categories: financial assets or liabilities at fair value through profit or loss; held to maturity investments; available for sale financial assets; loans and receivables and other financial liabilities at amortised cost.

The company has the following categories of financial assets and liabilities:

Trade and other receivables

Trade and other receivables are initially measured at fair value, which is the original invoice amount, and subsequently measured at amortised cost, using the effective interest method. A provision for impairment is accounted for when management deems that specific receivable balances will not be collected. The amount of the impairment loss is recognised in the income statement. Bad debts are written off when they are identified as being irrecoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, unless the effect would not be material.

2. Statement of significant accounting policies (cont'd)**k. Investment property**

Investment property is property held to generate rental income and/or for capital appreciation. Investment property is initially measured at fair value and subsequently revalued annually to its fair value at the balance sheet date.

Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

l. Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for permanent impairment.

m. Revenue

Revenue is measured at the fair value of consideration received from income from the group's ordinary activities. Revenue is stated received net of discounts, sales and other taxes. Revenue from sales is recognised when persuasive evidence of an arrangement exists, the significant risks and rewards of ownership have been transferred to the buyer, the price is fixed and determinable and collectively probable.

Rentals receivable under operating leases are recognised in the income statement over the term of the lease on a straight line basis.

Revenue from dividend income is recognised when the rights of the shareholder to receive the payment are determined.

n. Critical accounting estimates and judgements

In applying the accounting policies, the Directors may at times, be required to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the Directors consider are relevant.

Key estimates:

- i. *Investment property valuation* – the Directors assess the valuation of the investment property at each reporting date by evaluating conditions specific to the Group that may lead to a revaluation of the asset.
- ii. *Provisions* – provisions are based on estimated costs provided by external professionals. The Directors review provisions regularly to assess how reasonable and accurate they are.

o. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Further details of the provisions recognised in the year can be found at note 16.

2. Statement of significant accounting policies (cont'd)

p. Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except:

- i. Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables, which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

q. Grants receivable

Grants are accounted for by the company when receivable.

Grants receivable in respect of contributions to fixed assets in course of construction and property development work in progress costs are credited to deferred income.

Where grants are given for a specific purpose they are released to the profit and loss account to match the cost of completed project

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

3. Revenue

An analysis of revenue is as follows:

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Property sales	2,660	174	-	-
	<u>2,660</u>	<u>174</u>	<u>-</u>	<u>-</u>

4. Profit from operations

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
After charging				
Auditor's remuneration:				
Audit	37	42	13	12
Non-Audit	6	7	2	2
	<u>6</u>	<u>7</u>	<u>2</u>	<u>2</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

5. Other income

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Rental income	5	5	-	-
	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
	<u><u>5</u></u>	<u><u>5</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Rental income is from investment properties in relation to property development in Parc Craigmillar Limited.

6. Finance income

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Other interest received	4	28	1	5
	<u>4</u>	<u>28</u>	<u>1</u>	<u>5</u>
	<u><u>4</u></u>	<u><u>28</u></u>	<u><u>1</u></u>	<u><u>5</u></u>

7. Finance costs

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
On secured loan stock held by the City of Edinburgh Council	101	95	101	93
	<u>101</u>	<u>95</u>	<u>101</u>	<u>93</u>
	<u><u>101</u></u>	<u><u>95</u></u>	<u><u>101</u></u>	<u><u>93</u></u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

8. Income tax expense

	2021 £'000	2020 £'000
Current tax:		
- Adjustments in respect of prior periods	-	-
- Tax adjustments, reliefs and transfer	(2)	1
- Current tax on income for the period	-	-
	<u>(2)</u>	<u>1</u>
Current tax (credit)/charge for year attributable to the company and its subsidiaries	(2)	1
Total deferred tax	-	-
	<u>(2)</u>	<u>1</u>
The tax (credit)/charge is allocated in the financial statements as follows:		
Profit and loss account	(2)	1
Statement of comprehensive income	-	-

Domestic income tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £'000	2020 £'000
Loss/(profit) on ordinary activities before taxation	(1,094)	3,194
Tax on (loss)/profit at the effective rate of corporation tax of 19% (2020: 19%)	208	(604)
Effects of:		
Expenses that are not taxable for tax purposes	4	-
Movement in deferred tax not recognised	(533)	-
Losses which cannot be utilised	3	-
Deferred tax asset not recognised	-	525
Fixed asset differences	-	-
Other timing differences	-	-
Accounting adjustments and transfers	-	-
Adjustments in respect of prior periods	(444)	-
Remeasurement of deferred tax for changes in tax rate	807	(1)
Adjust deferred tax to average rate	(47)	(1)
Group relief surrendered	-	131
Group relief claimed	-	(49)
	<u>(2)</u>	<u>1</u>
Current tax (credit)/charge for year attributable to the company and its subsidiaries	(2)	1

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

9. Property, plant and equipment

	Furniture and equipment £'000	Computer equipment £'000	Leasehold equipment £'000	Total £'000
Group and company				
<i>Cost or valuation</i>				
At beginning of year	58	82	64	204
At end of year	58	82	64	204
<i>Depreciation</i>				
At beginning of year	58	82	64	204
At end of year	58	82	64	204
<i>Net book value</i>				
At 31 December 2021	-	-	-	-
At 31 December 2020	-	-	-	-

10. Investment property

	Investment property £'000
Group	
<i>Valuation</i>	
At 1 January 2021	248
Increase/(decrease) in fair value	-
At 31 December 2021	248
Net book value	
At 31 December 2021	248
At 31 December 2020	248

An investment property owned by the company was valued at £247,934 at 31 December 2021 by an internal Chartered Surveyor on the basis of open market value for existing use. The valuation was carried out in accordance with the Practice Statement in RICS Appraisal and Valuation Manual. The related rental income recognised in the Statement of Profit or Loss and Other Comprehensive Income was £nil (2020: £nil) along with direct operating expenses of £nil (2020: £nil).

The Scottish Ministers hold a standard security on a development property in respect of any amounts due to them by the company. The carrying value of this at the year-end is £nil (2020: £nil).

Under the fair value hierarchy in IFRS 13 – Fair Value Measurement, investment property is deemed a level 2. Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11. Fixed asset investments

Group

	Joint Ventures & Associated Undertakings 2021 £'000	Joint Ventures & Associated Undertakings 2020 £'000
<i>Post-acquisition reserves</i>		
At 1 January and 31 December	268	267
	<u>268</u>	<u>267</u>
<i>Net book value</i>		
Loans to and share of net assets in joint ventures and associated undertakings	268	267
	<u>268</u>	<u>267</u>

Company

	Subsidiary undertakings £'000
<i>Cost</i>	
At 1 January 2021	7,415
Decrease in provision	-
At 31 December 2021	7,415
	<u>7,415</u>
<i>Net book value</i>	
At 31 December 2021	7,415
	<u>7,415</u>
At 31 December 2020	7,415
	<u>7,415</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

11. Fixed asset investments (continued)

The directors assessed the recoverability of the investments in subsidiary undertakings and considered an impairment charge of £nil (2020: £nil) was appropriate to write down the value of the investments in subsidiary undertakings.

The principal companies in which the company's interest is more than 10% are as follows:

	Principal Activity	Country of Registration	Percentage of Ordinary Share Capital Held
EDI Central Limited	Property development	Scotland	100%
Shawfair Land Limited	Property development	Scotland	100%
Parc Craigmillar Limited	Regeneration	Scotland	100%
Parc Craigmillar Developments Limited (Subsidiary of Parc Craigmillar Limited)	Property development	Scotland	100%
Waterfront Edinburgh Limited	Property development and regeneration	Scotland	100%
Waterfront Edinburgh (Management) Limited (subsidiary of Waterfront Edinburgh Limited)	Non-trading	Scotland	100%
Caledonia Waterfront (Harbour Road) Limited (associate of Waterfront Edinburgh Limited)	Property development and letting of properties	Scotland	42.5%
New Laurieston (Glasgow) Limited	Property development	Scotland	45%
EDI Market Street Limited	Property development	Scotland	100%
EDI Fountainbridge Limited	Property development	Scotland	100%

All companies where greater than 50% of the share capital is held have been consolidated.

Where 50% or less of the share capital is held these companies have been consolidated using the equity accounting method. In the case of New Laurieston (Glasgow) Limited, The EDI Group's share of losses exceed the value of its interest in the company, and therefore no further losses have been recognised.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

12. Inventories

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Development properties and associated costs	5,262	9,321	4,240	4,213

13. Trade and other receivables

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Current				
Trade receivables	80	79	-	-
Amounts owed by group & associated undertakings	37	112	44	2,982
Other debtors	2,591	1,263	30	7
Prepayments and accrued income	68	78	68	78
	<u>2,776</u>	<u>1,532</u>	<u>142</u>	<u>3,067</u>
Non-current				
Other debtors	-	1,305	-	-
	<u>2,776</u>	<u>2,837</u>	<u>142</u>	<u>3,067</u>

14. Trade and other payables

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade and other payables	-	109	-	4
Amounts due to group & associated undertakings	1,128	1,777	3,880	1,918
Accruals and deferred income	247	2,045	223	2,016
	<u>1,375</u>	<u>3,931</u>	<u>4,103</u>	<u>3,938</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

15. Convertible unsecured loan stock

The non-interest bearing loan stock is held by The City of Edinburgh Council, the company's ultimate parent undertaking. It bears no interest and is repayable on sale of associated land assets or cancellable on provision of community assets. Agreement has been reached with the Council that this loan stock will be settled as part of the closure process against the transfer of land and buildings to the Council. The loan stock was fully settled during the year following transfer of land in Parc Craigmillar Limited to the Council.

The convertible unsecured loan stock is held by The City of Edinburgh Council, the company's parent undertaking. It bears interest at a variable rate. The Council has agreed to the repayment being delayed and settled as part of the closure process against the transfer of land and buildings to the Council or in cash as assets are realised.

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Unsecured loan stock- non-interest bearing	-	2,559	-	-
Unsecured convertible loan stock	2,240	2,240	2,240	2,240
	<u>2,240</u>	<u>4,799</u>	<u>2,240</u>	<u>2,240</u>

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

16. Provisions

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<i>Infrastructure expenditure</i>				
Balance brought forward	1,108	1,108	-	-
Increase in provision for the year	-	-	-	-
Decrease in provision for the year	-	-	-	-
	<u>1,108</u>	<u>1,108</u>	<u>-</u>	<u>-</u>
<i>Work in progress</i>				
Balance brought forward	2,898	-	-	-
Increase in provision for the year	-	2,898	-	-
Decrease in provision for the year	(2,898)	-	-	-
	<u>-</u>	<u>2,898</u>	<u>-</u>	<u>-</u>
	<u>1,108</u>	<u>4,006</u>	<u>-</u>	<u>-</u>

Provisions for infrastructure expenditure required additional works to be provided for due to land sold in the prior year.

Provisions for work in progress relates to the potential write off to work in progress as the value is unlikely to be recoverable. The provision was utilised during the current year.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

17. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 December 2021.

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank and in hand	3,254	6,052	267	563

18. Contributed equity

	Consolidated Group		Parent Entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i> Ordinary shares of £1 each	8,500	8,500	8,500	8,500

The ordinary shares of £1 each carry one vote per share and participate in profits available for dividend pro rata.

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

19. Related party transactions

The key management personnel of the company are considered to be the directors. No director receives remuneration (2020: nil). During the year group companies carried out the following transactions with related parties:

Related Party	Relationship	Group Company	Nature of Transaction	Value of transactions during year £	Amount owed from/(to) at year end £
City of Edinburgh Council	Ultimate holding organization	The EDI Group Ltd	Loan stock	-	(2,240,000)
			Interest on loan	(100,800)	(108,864)
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan for infrastructure works	101,101	(1,118,663)
City of Edinburgh Council	Ultimate holding organisation	Parc Craigmillar Ltd	Loan stock	2,558,899	-
LPFI Limited	Company whose ultimate controlling party is the City of Edinburgh Council	EDI Fountainbridge Limited	Group tax relief payments	-	4,288

THE EDI GROUP LIMITED

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

20. Ultimate parent undertaking

The parent company is CEC Holdings Limited, a company registered in Scotland. The financial statements of the parent undertaking are available at their registered offices. The ultimate holding organisation is The City of Edinburgh Council.

21. Financial Risk Management

The group has the following categories of financial instruments at the balance sheet date:

	Consolidated group		Parent entity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<u>Financial assets</u>				
Financial assets measured at amortised cost	5,993	8,699	365	563
	<u>5,993</u>	<u>8,699</u>	<u>365</u>	<u>563</u>
	2021 £	2020 £	2021 £	2020 £
<u>Financial liabilities</u>				
Financial liabilities measured at amortised cost	3,595	8,061	2,463	4,260
	<u>3,595</u>	<u>8,061</u>	<u>2,463</u>	<u>4,260</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade receivables, accrued income, and other receivables (excluding VAT receivable balances, tax receivables and prepayments).

Financial liabilities measured at amortised cost comprise trade payables, accruals, provisions, other payables (excluding VAT payable balances, tax payables and deferred income).

Capital risk management

The company aims to manage its overall capital structure to ensure it continues to operate on an ongoing basis within the broad timescales set out in the transition strategy. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents. The Directors are closely involved in the running of the company and are therefore fully aware of the capital position of the company at any point in time and any changes that circumstances bring. As a result they are in a position to address any issues that may arise on a timely basis.

Risk management objectives

The Board is charged with the overall responsibility of establishing and monitoring the group's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by group. The group does not enter into or trade financial instruments for speculative purposes.

The main risks that the group is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

21. Financial Risk Management (continued)

Market risk

Market risk is the risk that the value of the company's properties and sites under development may fall resulting in further write-offs to the income statement. The company manages this risk by carrying out sensitivity analysis for fluctuations in the property market. Included in market risk is interest rate risk, which is the risk that the expected receipts from deposits may fluctuate due to market conditions. The company monitors this risk but it is very unlikely to affect the company's overall liquidity.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group. It arises from exposure to customers and for the parent company, also from amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the Board of Directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

- Only banks and institutions with an acceptable credit rating are utilised;
- All potential customers are rated for credit worthiness taking into account their size, market position and financial standing;
- Customers that do not meet the groups credit policies may only purchase in cash or using recognised credit cards.

Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Ensuring that adequate unutilised borrowing facilities are maintained.

Fair values

The directors consider that the carrying values of all the group's financial assets and liabilities approximate their fair values at the balance sheet date.

The only financial instruments measured at fair value are available for sale financial assets. These are valued annually by an internal Chartered Surveyor in accordance with the Practice Statement in the RICS Appraisal and Valuation Manual.

The Directors therefore consider that the risk in relation to financial instruments at fair value is low.

22. Post Balance Sheet Events

Agreement has been reached to sell land at New Brunstane, with the transaction expected to finalise in late 2022.

In summer 2022, Waterfront Edinburgh Limited's interest in Caledonia Waterfront (Harbour Road) Limited was transferred to The EDI Group.

Governance, Risk and Best Value Committee

10.00am, Tuesday 24 January 2023

Edinburgh International Conference Centre – annual update for the year ending 31 December 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 the Edinburgh International Conference Centre – annual update for the year ending 31 December 2021 to the Governance, Risk and Best Value Committee for information.

Richard Carr
Interim Executive Director of Corporate Services

Contact: Emily Traynor, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Directorate
Email: emily.traynor@edinburgh.gov.uk

Referral Report

Edinburgh International Conference Centre – annual update for the year ending 31 December 2021

2. Terms of Referral

- 2.1 On 1 December 2022, the Housing, Homelessness and Fair Work Committee considered a report which provided an update on the performance of EICC in the year ending 31 December 2021. The performance reflected ongoing recovery from the significant difficulties that COVID-19 had created for the events and conferencing industry. Overall, EICC made a loss of £35,791, compared to a loss of £1,721,998 in the previous year. EICC's accounts, for 31 December 2021, have been signed-off by its auditor.
- 2.2 The Housing, Homelessness and Fair Work Committee agreed:
- 2.2.2 To note the annual performance update for 2021 provided by Edinburgh International Conference Centre (EICC), as detailed in Appendix 1.
- 2.2.3 To note the EICC Statement of Accounts for 2021 as reported to CEC Holdings Ltd and the audit findings as detailed in Appendices 2 and 3 respectively.
- 2.2.4 To refer the report to Governance Risk and Best Value Committee for information.
- 2.2.5 To note that EICC would offer a briefing session for Elected Members to discuss their plans, in the new year, and that to request that a schedule of planned repayments be presented at this session.

3. Background Reading/ External References

- 3.1 [Webcast of the Housing, Homelessness and Fair Work Committee of 1 December 2022](#)
- 3.2 Minute of the Housing, Homelessness and Fair Work Committee of 1 December 2022

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Place

Housing, Homeless and Fair Work Committee

10.00am, Thursday, 1 December 2022

Edinburgh International Conference Centre – annual update for the year ending 31 December 2021

Executive/routine Wards Council Commitments	Executive 11 – City Centre
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1. Recommendations

- 1.1 It is recommended that Housing, Homelessness and Fair Work Committee:
 - 1.1.1 Notes the annual performance update for 2021 provided by Edinburgh International Conference Centre (EICC), as detailed in Appendix 1;
 - 1.1.2 Notes the EICC Statement of Accounts for 2021 as reported to CEC Holdings Ltd and the audit findings as detailed in Appendices 2 and 3 respectively; and
 - 1.1.3 Refers this report to Governance Risk and Best Value Committee for information.

Paul Lawrence
Executive Director of Place

Contact: David Cooper, Head of Development and Regeneration

E-mail: david.cooper@edinburgh.gov.uk | Tel: 0131 529 6233

Edinburgh International Conference Centre – annual update for the year ending 31 December 2021

2. Executive Summary

- 2.1 This report provides an update on the performance of EICC in the year ending 31 December 2021. The performance reflects the ongoing recovery from the significant difficulties that COVID-19 has created for the events and conferencing industry. Overall, EICC made a loss of £35,791, compared to a loss of £1,721,998 in the previous year. EICC's accounts, for 31 December 2021, have been signed-off by its auditor. It is recommended that this report be referred to Governance Risk and Best Value Committee for information.

3. Background

- 3.1 On 13 December 2012, the Council approved arrangements for the governance of arms-length companies. The responsibility for overseeing the performance of EICC lies with the Housing, Homelessness and Fair Work Committee.
- 3.2 The principal remit of EICC, as detailed in the Shareholders' Agreement with the Council, is to:
- 3.2.1 Procure the successful and continued operation of the Centre as a venue for conferences, exhibitions, trade shows, annual general meetings, cultural and sporting events, award ceremonies and other such events in a global market place with international and national customers so as to maximise the economic benefit to the City of Edinburgh;
 - 3.2.2 Insure, maintain and upgrade the Centre from time to time as necessary to carry on its business; and
 - 3.2.3 Operate on a prudent commercial basis in accordance with the Business Plan.
- 3.3 The Centre opened in 1995 as a joint undertaking between Edinburgh District Council and Lothian and Edinburgh Enterprise. It is now owned by the Council. A £30m expansion of the Centre was completed in 2013, enabling it to accommodate conferences of up to 2,000 delegates.

- 3.4 EICC occupies the Conference Centre on a peppercorn rent. Loan stock of £61.6m is due to the Council/CEC Holdings, representing money and assets paid into the company since its inception (for example the cost of constructing and extending the Centre) but no call is being made on this at the current time. Since 2014, EICC has been charged by the Council with being financially self-sufficient.
- 3.5 On [7 June 2018](#), the Housing and Economy Committee agreed a motion calling for a report into the future capital expenditure requirements of EICC.
- 3.6 On [12 March 2020](#), the Council was presented with a business case proposing that the Council enter into a 25-year lease on a 365-bedroom hotel at The Haymarket Edinburgh, which would in turn be sub-let to EICC to operate as a hotel and hotel school under a franchise agreement with an international hotel brand, generating sufficient income to meet all EICC capital expenditure requirements over the duration of the lease along with surpluses for redistribution to the Council in later years. The Council agreed the business case and granted delegated authority to the Chief Executive to proceed with all agreements and actions required to commence the project. Subsequently, officers began detailed negotiations with the hotel developer around the lease terms.

4. Main report

EICC Annual Update to 31 December 2021

- 4.1 Appendix 1 sets out a review of EICC's performance in the year ending 31 December 2021. The contents of the paper reflect the ongoing recovery of EICC from the COVID-19 pandemic, which had an adverse impact on the performance of EICC and its finances.
- 4.2 During the year, EICC achieved a financial outturn that was significantly better than both the prior year and EICC's own forecasts, with actions carried out to maximise revenue and minimise costs.
- 4.3 EICC has operated throughout the period of the pandemic without making any team members redundant. From January to September 2021, the Conference Centre hosted a major NHS Lothian vaccination centre that administered over 265,000 vaccines. In August 2021, the Conference Centre hosted Edinburgh Festival Fringe performances.
- 4.4 Appendix 2 sets out the financial position of the company for 2021. The performance reflects the company's ongoing recovery from the significant challenges to the events and conferencing industry as a result of the Coronavirus (COVID-19) pandemic.
- 4.5 The headline figure is a loss of £35,791, a significant improvement on the prior year, when a loss of £1,721,998 was recorded. EICC is currently forecasting an operating surplus for the year ending 31 December 2022 and a return to pre-

COVID-19 financial results in 2024. EICC is not recommending the payment of a dividend nor is it seeking financial assistance from the Council.

- 4.6 Appendix 3 provides the audit findings for the year ending 31 December 2021. The findings note that the auditor, Azets, did not identify any material issues affecting EICC's ability to continue as a going concern; that the disclosed accounting policies were deemed to be appropriate; and that the auditor was satisfied that the financial statements were prepared on a going concern basis.
- 4.7 The auditor recommends that EICC reviews its current governance structure and considers whether supporting committees (e.g. an audit committee) would offer benefits to the Board. In response, EICC has noted that it anticipates making significant changes to its corporate and governance structure as part of the hotel and hotel school project, to include an enlarged Board.
- 4.8 This annual update should be referred to Governance Risk and Best Value Committee, in line with the Council's governance arrangements for arm's length companies.

Hotel and hotel school project

- 4.9 On [28 October 2021](#), the Council agreed the final business case for the EICC hotel and hotel school project. Subsequently, the Council proceeded to execute the relative legal agreements, which were concluded by April 2022.
- 4.10 Construction of the hotel commenced in Summer 2022 with completion expected in summer 2025. EICC has appointed a project manager and clerk of works to oversee the construction of the hotel on behalf of EICC and the Council.

Shareholders' agreement and strategic delivery agreement

- 4.11 In accordance with Council policy on arms-length external organisations, a service level agreement (SLA) needs to be agreed between the Council and the EICC. This work has been delayed due to the need to revise the document to reflect the hotel and hotel school project but a draft document (referred to as the Strategic Delivery Agreement) was considered by the Council on [28 October 2021](#). Heads of terms for a proposed final SLA are the subject of a separate report to this Committee.

5. Next Steps

- 5.1 The next annual update on EICC's performance will be in Quarter 4 2023.

6. Financial impact

- 6.1 As noted above, while EICC sustained a loss in the year ending 31 December 2021, there has been no call on Council finances. The EICC Board has not recommended the payment of a dividend for 31 December 2021.

7. Stakeholder/Community Impact

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

8. Background reading/external references

- 8.1 Edinburgh International Conference Centre – Annual Update for the Year Ending 31 December 2020 - report to the Housing, Homelessness and Fair Work Committee, [4 November 2021](#).

9. Appendices

- 9.1 Appendix 1 – EICC Performance Review 2021.
- 9.2 Appendix 2 – EICC Statement of Accounts 2021.
- 9.3 Appendix 3 – Audit findings for the year ended 31 December 2021.

APPENDIX 1 - EICC PERFORMANCE REVIEW 2021

INTRODUCTION

The purpose of this paper is to update and inform the committee on the performance of the Edinburgh International Conference Centre during the year to 31 December 2021 and to highlight some of the achievements realised by the Company in the period under review.

CONTEXT

As Committee Members are aware businesses, and indeed industries, across the UK, and much further afield, have been decimated as a result of the coronavirus pandemic.

Operators saw their turnover slashed and have struggled to reduce their operating costs. As a result, many businesses have made losses or worse during the period of the pandemic.

The Executive believe that the Company performed remarkably during 2021 despite many legal restrictions being in place throughout the course of the year. Indeed, it believes that throughout 2021 the Conference Centre has:

- maximised its revenue generating opportunities
- developed new concepts and revenue generating opportunities
- successfully delivered and operated one of Edinburgh's principal mass vaccination centres in partnership with NHS Lothian
- navigated the continued uncertainty and ever-changing restrictions
- further enhanced its technical and hybrid capabilities
- minimised the operating costs that it has incurred
- safeguarded and maintained the Conference Centre building, as appropriate
- improved the resilience of the business
- delivered an operating surplus, exceeding the approved budget plan

PERFORMANCE REVIEW

This paper seeks to expand further on what the Board consider to be the significant achievements, referred to above.

Financial Outturn

The Executive had forecast an operating deficit of £1,220,000 for the year to 31 December 2021. This was based on, amongst other things: the level of contracted

bookings that had been secured for the year including the NHS: the continued restrictions in place; the expectation that these restrictions could remain in place for large parts of the year; and the uncertainty with regards expenditure specifically the extension of the furlough scheme and extension of Non-Domestic rates relief.

The Executive believed that achieving this target would constitute a challenge but believed it would be achievable, restrictions permitting, given the business on the books and the success of previous years.

EICC's Executive are pleased to report that the Company produced an operating surplus of £1,040,000 for the year to 31 December 2021. This was achieved by creating and implementing many alternative operational strategies including but not limited to; The alternate use of the Conference Centre; the return to business events in the second half of the year; the enforcement of the contractual obligations of corporate companies booked into EICC for their event, the success of our virtual and hybrid events platform and the implementation of high value cost savings

The Executive believe that this should be viewed as a considerable achievement given the Conference Centre faced continued uncertainty throughout the course of the year in addition to ever changing restrictions being imposed on large events. The Executive believes that the outturn for the year and its record variance from budget compares very favourably when measured against many other business operations.

Committee members should note over the two financial years that span the pandemic the Company returned a combined operation surplus of £200,000.

It should also be noted that notwithstanding the support received from Government, in respect of the Coronavirus Job Retention Scheme, the Company operated throughout the period of the pandemic without making any team members redundant.

NHS Vaccination Centre

Committee members will be aware of the huge success of the contract with NHS Lothian where the EICC was used as a mass covid-19 vaccination centre between January 14th and September 30th, 2021.

The license was for exclusive use of the Lennox side of the building. The Lennox suite was transformed into a vaccination centre on the 15th of January with vaccination booths erected and set up using a trusted EICC's supplier. The set up included 47 vaccination booths and 137 recovery areas with all other set up including queuing, registration, clinical waste, storage, a satellite pharmacy, staff facilities following thereafter. The first doses of the Oxford vaccine arrived on site in late January.

Throughout the entirety of the contract the vaccination centre operated 7 days a week with the EICC providing all front of house staffing including hosting, security, cleaning, engineering with all these additional services paid for by NHSL. We were able to bring back many of the team from furlough including our duty managers who were deployed as security supervisors following successful completion of SIA training courses. Our duty engineers also returned from furlough with some permanent members of staff from event planning and floor services utilised as hosts. Notwithstanding the fact that many of the team performed different roles, they were happy to play their part and return to work and be part of the team and the solution.

The first public vaccination took place on the 1st of February and in total more than 265,000 vaccinations were administered at the EICC. Notwithstanding the vaccination capacity at the EICC, Committee members will appreciate that the supply of the vaccine was the key factor in determining the number of vaccinations which took place in the EICC. The Executive were pleased to report that, almost without exception, the feedback from the public receiving vaccinations was extremely positive and this is testament to both NHS and EICC staff who made the process and experience as straightforward and as pleasant as it could be. The volume of positive comments on various social media platforms underlined this.

Throughout the contract, the EICC operational team including health and safety worked closely with The City of Edinburgh Councils Event Planning & Operation Group in addition to Police Scotland, Scottish Fire & Rescue Service, and the British Army to ensure all processes were in place and identifiable risks mitigated with appropriate measures put in place. The Executive were commended by all parties including our insurers, Aviva, for the mitigations, policies, and processes in place. The Executive were pleased that no major issues occurred throughout the period of the contract further demonstrating our ability to manage large volumes of people through the centre safely.

The Executives belief was that the contract was a huge success on many fronts specifically playing our part in the vaccine rollout and ensuring the building and business remained operational during a period in which many legal restrictions were in place for a business of our nature. The strong relationships built up throughout the contract ultimately led to the NHS contracting for a second time in December to use the Cromdale Hall for the booster vaccination program.

Maximising Revenues

The Executive continued to be faced with an array of difficult conversations and negotiations with clients as they requested that their bookings be postponed or cancelled given restrictions were in place for the first half of the year. This situation was further complicated, in many cases, as space had been resold to NHS and consequently clients would have been within their right to cancel at no cost.

The Executive pursued a different strategy to that of 2020 given the change in circumstances and desire to retain as much business as possible in the current year through postponement of events. The Executive tried to maximise potential revenues in the current year, with the need to maintain customer loyalty and preserve customer relationships whilst persuading clients not to formally cancel their event.

This strategy proved successful in the year end outcome as the Sales Team were able to postpone many events from the first half of 2021 to the second half of 2021 despite client's ability to cancel due to the NHS contract.

The Executive believe this to be a tremendous achievement which was delivered through a combination of: an experienced sales team with good negotiating skills; the assertion to clients that EICC wants to act in their best interests and deliver their events safely and successfully; and the strong customer relationship bonds that the team has with many of its clients.

Festival

Committee members will recall that there was uncertainty, until as late as July, as to whether or not the festival would go ahead last year, and to what extent, as the continued restrictions made it extremely difficult for organisers, venues and performers to commit from a practical and commercial perspective. The Executive was of the firm belief that it was important for the city to have a festival and for the EICC to be a part of that. We saw this as a great opportunity to getting back to doing what we do best, hosting large events and conferences. Notwithstanding the company's enthusiasm and willingness to play it's part, the goals and objectives were somewhat different however;

- To operate a covid safe venue which puts the safety of our team, the performers and the public as our top priority
- To deliver the most diverse program at the EICC since becoming venue 150
- To further establish the EICC as one of the Edinburgh Festival Fringe's main venues
- Promote and demonstrate to the city and beyond that EICC is back and open for business in a traditional events capacity
- To integrate and induct the remaining furloughed members of the team back into the business
- To produce a gross profit for the festival to help mitigate losses for the company in August
- To sell in excess of 20,000 tickets on a social distanced and therefore reduced capacity basis
- Further enhance our partnership with The Pleasance Theatre Trust
- Implement a new cashless, covid safe bar service via introduction of QR code app with aim of increasing spend per head by 10%

The Executive believe that overall, the performances and shows held at Venue 150 in 2021, were a huge success with all objectives, set out in advance of the festival and detailed above, achieved.

Minimising Operating Costs

It should be noted the Executive continued to take all reasonable steps to control and monitor operational costs during the financial year given the continued uncertainty regarding business events and consequently revenue.

Thus, Committee Members should be aware that:

- EICC continued to utilise the furlough and flexi furlough scheme in addition to relocating many employees to different roles within the operation of the vaccination centre

- Sales & Marketing expenditure was significantly reduced with vastly reduced activities and travel
- the company was granted an extension of Non-Domestic rates relief for 2021/22 which generated significant in year savings
- EICC's cleaning staff were fully utilised by the NHS within the vaccination contract
- EICC's security staff were fully utilised by the NHS within vaccination contract
- the building's air conditioning and boiler systems were only used on a limited basis giving rise to significant cost savings in gas and electricity
- contract holidays were extended with maintenance contract providers where appropriate

The Executive, more so than ever, placed great focus on containing all levels of expenditure incurred during the year and as a result of: a stringent focus on cost controls; the achievement of a number of operating efficiencies; negotiating with key partners and suppliers; and deferring expenditure where appropriate, outgoings for the year were well below budget.

The Executive believe that these savings, which amounted to £1.7m in comparison to budget, were crucial to it producing an operating surplus and improving the company's cash position. It believes that without the decisive action that was taken in this regard the savings realised for the year would have been significantly lower than what was achieved.

Improved Business Resilience

The information contained within this paper details that COVID-19 continued to have an impact on the Company and its business throughout 2021.

However, the Executive believe that it has managed the situation and the Company has performed extremely well in 2021 resulting in the business returning an operating surplus in excess of £1m.

The Sales Team performed admirably under very difficult circumstances and have developed, improved and strengthened relationships with many clients, which in turn offers EICC increased levels of security due to the heightened loyalty of clients for future years.

The Company maintained its marketing activities throughout the shutdown and enquiry levels for future years have picked up markedly with enquiry levels now returning to pre pandemic levels which is extremely encouraging.

The Technical Team demonstrated its prowess and delivered the companies first hybrid events in 2021. British Society for Lifestyle Medicine was a first and saw 400 delegates attend the conference centre with 200 delegates attended online. The online delegates were able to attend all sessions and had the ability to participate in live polling, Q&A network with other delegates.

The Executive sought to make expenditure reductions across a wide area of the business's operations. It believes that these savings, which amounted to £1.7m in comparison to budget, were crucial to the yearend surplus reported.

The Executive acted to safeguard the Conference Centre building, its contents and all of the people who enter it, which entailed the introduction of new measures and protocols.

The Executive believe that all of the above have contributed, in their own way, to ensuring the significant achievements that have been attained during the last year. All of the different parts of the business have contributed to this success and the Executive believes that the EICC Team has grown stronger as a result of this.

Indeed, the Executive believes that much of what has been achieved would not have been possible without the hard work, commitment and enthusiasm of the team members who have worked through this period.

HOTEL DEVELOPMENT

Considerable achievements and progress was also made with regard to the Hotel and Hotel School project in the course of 2021. The business case for the project was approved by Full Council in October 2021 for the second time.

After many years of discussion and negotiation, the following agreements were concluded and signed by EICC Limited, CEC, Hyatt International, QMile Developments and the Prudential Assurance Company Limited on 27 April 2022.

- Franchise Agreement, Technical Services Agreement, System Services Agreement, Franchise Disclosure Document and Deed of Guarantee – signed by Hyatt and EICC
- Head Lessors Agreement – signed by Hyatt, CEC and EICC
- Head Lease and Agreement for Head Lease – signed by PACL and CEC
- Sub Lease and Agreement for Sub Lease – signed by CEC and EICC

The hotel development commenced construction in August 2022 and following a 3-year build period it will formally open in July 2025.

RECOMMENDATION

The Committee is asked to note the report.

MARSHALL DALLAS
Chief Executive

APPENDIX 2 - EICC STATEMENT OF ACCOUNTS 2021

EDINBURGH INTERNATIONAL CONFERENCE CENTRE LIMITED

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR TO 31 DECEMBER 2021

COMPANY NUMBER SC131773

GENERAL INFORMATION

Company number

SC131773

Present Company Directors

L.M. Cameron
M.C. Dallas
G.A. Gordon
I. Whyte
S.R. Bone

Company Secretary

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Registered Office

Edinburgh International Conference Centre Limited
150 Morrison Street
Edinburgh
EH3 8EB

Auditor

Azets Audit Services
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

Bank of Scotland plc
3 Earl Grey Street
Edinburgh
EH3 9BN

Solicitors

Pinsent Masons LLP
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9AQ

STRATEGIC REPORT

Principal activities

The principal activities that the Company undertook during the year were in respect of the operation of an international conference centre.

Results and review of the business

The results for the year are shown on the statement of profit or loss and other comprehensive income on page 11.

The loss from continuing operations before tax for the year amounted to £35,791 (2020 – loss of £1,721,998). The Company has, after taxation adjustments, a total comprehensive loss for the year of £35,791 (2020 – loss of £1,721,998). The Directors do not recommend the payment of a dividend for the year ended 31 December 2021.

The year to December 2021 saw the Company report an operating profit, before adjustments for depreciation and the release of capital grants, despite many government-imposed restrictions being in place for large parts of the year due to coronavirus.

At the outset of 2021 the company anticipated a challenging and uncertain financial year given the continued prevalence of coronavirus and the various government restrictions in place for a business of our nature. The Company had budgeted an operating deficit of £1.2m for 2021 based on, amongst other things: the level of contracted bookings that had been secured for the year including the NHS; the continued restrictions in place; the expectation that these restrictions could remain in place for large parts of the year; and the uncertainty with regards expenditure specifically the extension of the furlough scheme and extension of Non-Domestic rates relief.

Notwithstanding any restrictions in place in the first half of 2021 the Conference Centre had secured a large contract with NHS Lothian to use the Conference Centre as a covid mass vaccination centre between January and July. This was later extended until September. The contract was a huge success, the Company was pleased to be part of the solution in the country's vaccination rollout whilst allowing the Centre to be operational in a covid secure manner.

This proved to be a very challenging year which created a dynamic environment with constantly changing client situations and scenarios given the uncertainty on the timescale of restrictions within the events sector and the impact on international travel. The company dealt with the situation in a measured and professional way, dealing with client's requests on an event by event basis.

Live events, on reduced scale, recommenced in May with international events resuming in September when travel restrictions and testing requirements eased. We also saw a return of the Edinburgh Festival in August albeit on a reduced scale due to social distancing requirements. Operations and events were building momentum towards the end of the year however the emergence of the Omicron variant in December resulted in the reintroduction of restrictions and consequently the cancellation or postponement of some events. At this point the centre pivoted for the second time and re-opened as a mass vaccination centre as the NHS ramped up the roll out of the booster vaccination program.

The cumulative effect of the company's activities had a significant impact on the Company's revenues for the year which amounted to £6.616m. This was a significant increase on the previous year's figure of £3.188m. The revenues generated were greater than could have been expected given the Conference Centre was not permitted to host business events for almost 6 months of the financial year.

Expenditure in respect of cost of sales and administration expenses totalled £5.978m in 2021, which was an increase of £1.421m on the previous year's expenditure which had amounted to £4.557m. This represented an increase of 31% compared to the expenditure recorded during the previous year. This increase was in comparison to an increase in gross revenues of 107% and was primarily due to a continued focus on cost management, the benefit from government initiatives such as the Job Retention Scheme and Non-Domestic Rates relief and working closely with suppliers and third-party providers.

The delegates who did attend events at the EICC during the year generated an economic impact of £14.9m in the second half of 2021 compared to £4.2m for events held in the first quarter of 2020. The economic impact that is produced as a result of the EICC's activities helps to create and sustain employment within Edinburgh and further afield.

The Company continues to align its operations with the business excellence model, and it is accredited to several quality standards. These standards cover systems management, human resources and environmental practices and the EICC continues to achieve very positive results from assessments in respect of its re-accreditation to these standards.

The Company made significant progress towards its aim of operating an hotel, in close proximity to the Conference Centre, during the year and indeed post year end. It is believed that this is essential in order to provide the necessary funding for the Conference Centre's long-term capital expenditure programme. An agreement for lease with the developer and a franchise agreement with the hotel brand were completed and signed off in April 2022 with construction commencing in July this year. A new fully owned subsidiary, Edinburgh International Conference Centre Hotels Ltd, was incorporated in February prior to the formal sign off of the various agreements.

Future business on the books remained strong coming into 2022, both for the current year and for each of the succeeding years until 2026. The coronavirus pandemic, specifically the Omicron variant, has however had an impact on business event bookings for the period from January until the end of March this year as government restrictions prohibited large events from taking place.

The Company has held the view for many years that its team members are its principal asset. It has therefore been a key priority to protect and retain the experience and expertise that they have with regard to the operation of the Conference Centre. The support of the Job Retention Scheme throughout 2020 and 2021 has been crucial in achieving that objective.

The Company has budgeted an operating surplus for 2022 albeit we believe it will be 2024 before we return to pre pandemic financial results. Notwithstanding this the Conference Centre has an extensive list of bookings for future years and the Company's business outlook for the medium and long term remains very positive. The level of future bookings at the end of 2021 compares very favourably with previous years. Considering the impact of the pandemic, we believe that the Company's prospects look extremely healthy as we move into a new phase with an expanded business which includes the new hotel development.

Key performance indicators

The Company's performance with regard to its key financial and other performance indicators during the year was as follows:-

	2021 £'000	2020 £'000	% Change
Turnover	6,616	3,188	107.5%
Cost of sales and administration expenses	5,978	4,557	31.2%
Customer delight	94%	90%	
Economic impact	14,937	4,158	

Risks and uncertainties

In common with many other businesses the Company is exposed to a range of risks. The principal risks and uncertainties facing the Company are associated with market forces and the behaviour of competition as well as the risks associated with catastrophic events.

As noted above, the coronavirus pandemic will continue to have an impact on the Company's business results for 2022 albeit on a lesser scale. Directors believe that the business outlook for the medium and long term remains very positive.

Future developments

The Directors intend to maintain the objectives and aims of the Company, which have resulted in many notable achievements and successes to date.

Director
31 May 2022

DIRECTORS' REPORT

The Directors have pleasure in submitting their annual report and financial statements, in respect of Edinburgh International Conference Centre Limited (the Company), for the year ended 31 December 2021.

Directors

The Directors who served during the period were as follows:

L.M. Cameron	
M.C. Dallas	
L.M. Florence	resigned 29 March 2021
G.A. Gordon (Chair)	
J.Mc.H. McFarlane	resigned 16 February 2022
S. Smith	resigned 6 April 2021
S.R. Bone	
I. Whyte	appointed 24 May 2021

None of the Directors had any interest in the shares of the company during the period.

Going concern

In line with the FRC guidance on Going Concern issued in November 2009, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to interest rate, credit and liquidity risk are described in note 22 to the financial statements.

The Company's ultimate parent entity, the City of Edinburgh Council, has committed to providing continued funding, sufficient to meet all liabilities as and when they fall due.

After making suitable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements, as described in note 2 to the financial statements.

Directors' responsibilities for the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the company financial statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS's, as adopted by the UK have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information of which the Company auditor is unaware and each Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Azets Audit Services as the Company's auditor will be put to the forthcoming Annual General Meeting.

By Order of the Board

Pinsent Masons Secretarial Limited
31 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDINBURGH INTERNATIONAL CONFERENCE CENTRE LTD

Opinion

We have audited the financial statements of Edinburgh International Conference Centre Limited (the 'company') for the year ended 31 December 2021 which comprises the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material uncertainty related to going concern

We draw attention to the Directors Report and note 2 in the financial statements, which indicate that Edinburgh International Conference Centre Ltd is reliant on the continued support of the City of Edinburgh Council to continue as a going concern. As stated in note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities Statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 company 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nick Bennett, Senior Statutory Auditor
For and on behalf of
Azets Audit Services, Statutory Auditor
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Date:

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the year ended 31 December 2021

	Notes	£	2021 £	2020 £
Revenue	3		6,616,384	3,187,628
Cost of sales			<u>(5,572,753)</u>	<u>(4,204,792)</u>
Gross profit			1,043,631	(1,017,164)
Other income	4	-		
Development expenses		(114,500)		(17,710)
Administration expenses		<u>(405,522)</u>		<u>(351,936)</u>
			<u>(520,022)</u>	<u>(369,646)</u>
Operating profit/(loss) from continuing operations	6		523,609	(1,386,810)
Finance revenue	8		0	15,943
Finance costs	9		<u>(559,400)</u>	<u>(351,131)</u>
Profit/(loss) from continuing operations before tax			(35,791)	(1,721,998)
Tax charge	10		<u>(0)</u>	<u>(0)</u>
Total comprehensive profit/(loss) for the year			<u>(35,791)</u>	<u>(1,721,998)</u>

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share Capital £	Other Reserves £	Retained Earnings £	Shareholder's Funds £
At 31 December 2019	63	62,283,069	(52,850,428)	9,432,704
Total comprehensive profit for period	-	-	(1,721,998)	(1,721,998)
Increase in loan stock	-	<u>30,668</u>	-	<u>30,668</u>
At 31 December 2020	63	<u>62,313,737</u>	<u>(54,572,426)</u>	<u>7,741,374</u>
Total comprehensive profit for period	-	-	(35,791)	(35,791)
Increase in loan stock	-	<u>106,352</u>	-	<u>106,352</u>
At 31 December 2021	<u>63</u>	<u>62,420,089</u>	<u>(54,608,217)</u>	<u>7,811,935</u>

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	Notes	£	2021 £	2020 £
Non-current assets				
Property, plant and equipment	11		5,416,619	5,864,799
Right of use assets	12		<u>830,140</u>	<u>951,474</u>
			6,246,759	6,816,273
Current assets				
Trade and other receivables	13	1,674,459		1,093,892
Cash and cash equivalents	14	<u>7,651,142</u>		<u>6,738,493</u>
			<u>9,325,601</u>	<u>7,832,385</u>
Total assets			<u>15,572,360</u>	<u>14,648,658</u>
Current liabilities				
Trade and other payables	15	2,292,628		1,728,165
Financial liabilities	16	873,970		104,248
Capital grants	17	85,322		91,470
Deferred revenue	17	<u>1,655,910</u>		<u>1,606,225</u>
			4,907,830	3,530,108
Non-current liabilities				
Financial liabilities	16	1,189,595		1,564,217
Capital grants	17	1,128,061		1,213,383
Deferred revenue	17	<u>534,939</u>		<u>599,576</u>
			2,852,595	3,377,176
Capital & reserves				
Issued share capital	18	63		63
Other reserves	19	62,420,089		62,313,737
Accumulated losses		<u>(54,608,217)</u>		<u>(54,572,426)</u>
			<u>7,811,935</u>	<u>7,741,374</u>
Total equity & liabilities			<u>15,572,360</u>	<u>14,648,658</u>

The financial statements were authorised for issue by the Board of Directors on 31 May 2022 and were signed on its behalf, on that date, by:

Councillor Iain Whyte
 Director:

Councillor Lezley Marion Cameron
 Director:

The accompanying notes form part of the financial statements

Company Number SC131773

CASHFLOW STATEMENT
For the year ended 31 December 2021

	£	2021 £	2020 £
Operating activities			
Profit/(loss) before tax	(35,791)		(1,721,998)
Finance revenue	0		(15,943)
Finance costs	<u>559,400</u>		<u>351,131</u>
Operating profit/(loss) for the year	523,609		(1,386,810)
Net finance revenues	0		15,943
Depreciation on property, plant and equipment	554,532		758,773
Depreciation on right-of-use assets	122,965		119,432
Capital grants released	(91,470)		(216,023)
Decrease/(increase) in trade and other receivables	(580,567)		2,406,461
(Decrease)/increase in trade and other payables	564,463		(70,424)
Increase/(decrease) in deferred income	<u>(14,952)</u>		<u>(383,121)</u>
Cash generated from operations	1,078,580		1,244,231
Tax on continuing operations	<u>(0)</u>		<u>(0)</u>
Cash flow from operating activities		1,078,580	1,244,231
Investing activities			
Proceeds from sale of property, plant and equipment	-		-
Payments to acquire property, plant and equipment	<u>(106,352)</u>		<u>(30,668)</u>
Cash flow from investing activities		(106,352)	(30,668)
Financing activities			
Receipt of loan stock	106,352		30,668
Repayment of lease liability	<u>(165,931)</u>		<u>(161,621)</u>
Cash flow from financing activities		<u>(59,579)</u>	<u>(130,953)</u>
Net increase in cash and cash equivalents		912,649	1,082,610
Cash and cash equivalents at 1 January 2021		<u>6,738,493</u>	<u>5,655,883</u>
Cash and cash equivalents at 31 December 2021		<u>7,651,142</u>	<u>6,738,493</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Authorisation of financial statements and statement of compliance with IFRS's

The financial statements of Edinburgh International Conference Centre Limited for the year ended 31 December 2021 were approved by the Board of Directors on 31 May 2022 and signed on its behalf by the Directors noted on the Statement of Financial Position. Edinburgh International Conference Centre Limited is a company incorporated and domiciled in Scotland. The principal activities of the Company are described in Note 3 and information regarding its ultimate parent company is presented in Note 21.

2. Accounting policies

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

Basis of preparation

The Company's financial statements have been prepared in accordance with UK adopted international accounting standards as they apply to the financial statements of the Company for the year ended 31 December 2021 and applied in accordance with the Companies Act 2006.

The accounting policies which follow set out those policies which apply, in preparing the financial statements for the year ended 31 December 2021. The Company has used the "cost of sales" method of presenting income and expenditure and the Company's financial statements are presented in Sterling.

Adoption of new and revised standards

The company has adopted, where applicable, the following new and amended IFRSs as of 1 January 2021:

- IBOR Reform and its Effects on Financial Reporting – Phase 2
- IFRS 16; Leases, Amendment – Covid-19 Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)

Other new standards, amendments to standards and interpretations that are mandatory for the first time in 2021 are considered to have no significant or material effect on the Company's financial statements.

Guidance in issue but not in force

IAS 8 requires disclosure of guidance in issue but not in force. The minimum disclosure relates to guidance issued by 31 December 2021, and with potential effect.

Effective for periods beginning on or after

Annual Improvements to IFRS: 2018 – 2020 Cycle
IFRS 3; Business Combinations (Amendment – Conceptual Framework)
IAS 37; Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)
IAS 16; Property, Plant and Equipment (Amendment – Proceeds before Intended Use)
IFRS 17; Insurance Contracts (including amendments issued on 25 June 2020)
IAS 1; Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current, including deferral or effective date)
IAS 1; Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies) (issued on 12 February 2021)
IAS 8; Accounting Policies (Amendment – Changes in Accounting Estimates and Errors; Definition of Accounting Estimates) (issued on 12 February 2021)
IAS 12; Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a single transaction) (issued on 7 May 2021)

Effective for periods beginning on or after

1 January 2022
1 January 2022
1 January 2022
1 January 2022
1 January 2023
1 January 2023
1 January 2023
1 January 2023
1 January 2023

The Directors have reviewed the requirements of the new standards and interpretations listed above and they are either not applicable or not expected to have a material impact on the company's financial statements in the period of initial application.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continuing support of the Company's ultimate parent undertaking, The City of Edinburgh Council. Notwithstanding the impacts COVID-19 has had on the business, having taken into account the Company's cash balances at the year end it is the directors' opinion that the financial statements should be prepared on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the end of the reporting period and the amounts reported for revenues and expenses during the year. Uncertainty about these assumptions and estimates could, however, result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The areas impacted by such judgements and estimation uncertainties, within these accounts, relate primarily to the depreciation policy used, assumptions used in undertaking impairment reviews and the basis of determining whether or not to capitalise equipment purchases in respect of fixed assets, the recoverability of items contained within trade and other receivables and the discount interest rates to fair value loan stock and right-of-use assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows: Infrastructural works - 20 years; Leasehold Land and Buildings - 10 to 50 years; Office Equipment and Furniture - 3 to 10 years.

Management use judgement in arriving at the Company's depreciation policy by taking account of the residual value of the assets concerned and their useful economic life. The Company expects that items of property, plant and equipment will be used for their entire life and as a result it is expected that these items will have no residual value. An assets useful economic life is based on past experience and general expectations.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant or equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

The capitalisation of infrastructural works and assets under construction is based on management's judgement of when a projects future economic benefit can be determined. Initial project development costs in respect of feasibility studies, design team fees and pre construction activities are expensed via the statement of comprehensive income. However, once a project's feasibility has been determined and a future benefit is expected to arise from it the costs of that project are capitalised.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Capital grants

Grants in respect of capital expenditure are credited to deferred income and are released to income in equal amounts over the expected useful lives of the relevant assets by equal annual instalments.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the statement of financial position.

The interest elements of the rental obligations are charged in the statement of comprehensive income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

The lease of the Conference Centre was treated as a finance lease until 8 December 1999 when the option to enter into a new lease was exercised. From this date the assets have been depreciated over their useful lives, rather than the period of the lease, as the substance of the transaction is effectively that of financing. The leaseholders hold no rights to impose restrictions on or reclaim the title of the Conference Centre.

Leased assets

For all contracts in existence on 1 January 2021 and any new contracts entered into on or after 1 January 2021, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'.

Where it is determined that: the contract contains an identified asset; the Company has the right to obtain substantially all of the economic benefits from the use of that asset throughout the period of use; and it has the right to direct the use of that asset throughout the period of use, the contract will be deemed to include a right-of-use-asset.

At lease commencement date, a right-of-use asset and a lease liability are recognised on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred and an estimate of any costs required to dismantle and remove the asset at the end of the lease.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease term for each category of assets are: Office accommodation - 10 years; Office Equipment and Furniture – 5 years; Motor Vehicles – 3 years.

The lease liability is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

Within the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in financial liabilities.

Trade and other receivables

Trade receivables which generally have 30 day terms are recognised and carried at their original invoiced value, less an allowance for impairment of doubtful debt. An allowance for doubtful debt is estimated by management, taking into account future cashflows, based on past experience and an assessment of the current economic climate in which the company operates.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

Trade and other payables

Trade and other payables are recognised at fair value and subsequently held at amortised cost.

Loans

Loans are initially recognised at fair value and then held at amortised cost using the effective interest rate method of calculation. The effective interest rate charge for the year is included in finance costs in the statement of comprehensive income.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws enacted or substantially enacted at the reporting date.

The Company does not recognise amounts which may be recoverable under group relief until the tax computations for the companies in the tax group have been agreed.

Revenue recognition

EICC contracts with a range of customers to provide meeting and conference facilities for the events that they wish to hold. Under the terms of these contracts the Company usually receives a number of stage payments from clients prior to and post their event taking place. The Company however does not finish performing its obligations until the end point of the contract and that is when revenue is recognised.

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding VAT.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Government grants

Grants from government bodies and similar organisations are recognised where there is reasonable assurance that the grant will be received, and the company will comply with all attached conditions. Government support in the form of the Job Retention Scheme (JRS) was received and in line with accounting standards have chosen the accounting policy to offset the income against the wages costs to which they relate.

3. Revenue

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2021 £	2020 £
Revenue recognised from contracts with customers	6,413,014	3,159,956
Rendering of other services	<u>203,370</u>	<u>27,672</u>
	<u>6,616,384</u>	<u>3,187,628</u>

4. Other Income

Other income recognised in the statement of comprehensive income is analysed as follows:

	2021 £	2020 £
Reimbursement of development expenditure	=	=

5. Segment information

For management purposes the Company operates as a single business unit.

All revenues are derived from external customers who are based in the United Kingdom. In the opinion of the directors it would be prejudicial to the interest of the company to provide an analysis of turnover by customer.

6. Operating profit

This is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of fixed assets	677,497	878,205
Auditor's remuneration - audit services	10,075	9,785
Auditor's remuneration – taxation services	1,835	1,780
Other income	-	-
Capital grants released	<u>(91,469)</u>	<u>(216,023)</u>

7. Staff costs and directors' emoluments

(a) Staff costs

	2021 £	2020 £
Salaries	1,804,106	1,874,219
Social security costs	178,588	186,455
Pension costs	145,211	135,486
Job Retention Scheme	<u>(273,473)</u>	<u>(516,838)</u>
	<u>1,854,432</u>	<u>1,679,322</u>

7. Staff costs and directors' emoluments (cont.)

The monthly average number of staff employed during the year was:

	2021	2020
Sales and Marketing	12	15
Operations	29	31
Administration	7	8

(b) Directors' emoluments

	2021 £	2020 £
Directors' remuneration	272,410	300,291
Directors' pension	<u>29,964</u>	<u>21,957</u>
	<u>302,374</u>	<u>322,248</u>

The remuneration of the highest paid director included:

	2021 £	2020 £
Directors' remuneration	157,326	161,380
Directors' pension	<u>17,464</u>	<u>5,693</u>
	<u>174,790</u>	<u>167,073</u>

8. Finance revenue

	2021 £	2020 £
Interest receivable on bank deposits	<u>0</u>	<u>15,943</u>

9. Finance costs

	2021 £	2020 £
Effective interest on loan stock	(499,118)	(285,216)
Effective interest on right-of-use-assets	<u>(60,282)</u>	<u>(65,915)</u>
	<u>(559,400)</u>	<u>(351,131)</u>

10. Tax charge

	2021	2020
	£	£
UK Corporation Tax	<u>0</u>	<u>0</u>

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). A number of factors affect the tax charge, and these are shown/reconciled below:

	2021	2020
	£	£
Profit from continuing operations before tax	<u>(35,791)</u>	<u>(1,721,998)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(6,800)	(327,180)
Expenses not deductible for tax purposes	1,934	2,374
Fixed asset differences	56,949	63,217
Adjust deferred tax to average rate	5,596	(1,751)
Remeasurement of deferred tax for changes in tax rates	(558,743)	(164,598)
Deferred tax not recognised	<u>501,064</u>	<u>427,938</u>
Tax charge for the period	<u>0</u>	<u>0</u>

As at 31 December 2021 there was an unrecognised deferred tax asset amounting to £2,328,096 (2020: £1,827,032) of which £357,498 (2020: £364,069) was in respect of accelerated capital allowances and other timing differences and £1,970,598 (2020: £1,462,963) was in respect of trading losses. The directors have elected not to recognise a deferred tax asset due to uncertainty surrounding future profitability from which any reversal of timing differences could be deducted.

No other factors that may affect future tax charges have been identified.

11. Property, plant and equipment

	Infrastructure Works £	Long Leasehold Buildings £	Office Equipment & Furniture £	Total £
Cost or valuation				
At 1 January 2021	6,669,993	35,602,734	6,546,056	48,818,783
Additions	-	-	106,352	106,352
Disposals	-	-	-	-
At 31 December 2021	<u>6,669,993</u>	<u>35,602,734</u>	<u>6,652,408</u>	<u>48,925,135</u>
Depreciation				
At 1 January 2021	6,669,993	30,616,461	5,667,530	42,953,984
Charge for the period	-	188,015	366,517	554,532
Released on disposal	-	-	-	-
At 31 December 2021	<u>6,669,993</u>	<u>30,804,476</u>	<u>6,034,047</u>	<u>43,508,516</u>
Net book value				
At 31 December 2020	-	<u>4,986,273</u>	<u>878,526</u>	<u>5,864,799</u>
At 31 December 2021	-	<u>4,798,258</u>	<u>618,361</u>	<u>5,416,619</u>
Cost or valuation				
At 1 January 2020	6,669,993	35,602,734	6,515,388	48,788,115
Additions	-	-	30,668	30,668
Disposals	-	-	-	-
At 31 December 2020	<u>6,669,993</u>	<u>35,602,734</u>	<u>6,546,056</u>	<u>48,818,783</u>
Depreciation				
At 1 January 2020	6,595,205	30,380,216	5,219,790	42,195,211
Charge for the period	74,788	236,245	447,740	758,773
Released on disposal	-	-	-	-
At 31 December 2020	<u>6,669,993</u>	<u>30,616,461</u>	<u>5,667,530</u>	<u>42,953,984</u>
Net book value				
At 31 December 2019	<u>74,788</u>	<u>5,222,518</u>	<u>1,295,598</u>	<u>6,592,904</u>
At 31 December 2020	-	<u>4,986,273</u>	<u>878,526</u>	<u>5,864,799</u>

Long leasehold buildings consist of freehold buildings constructed on land that is leased to the company until 2117.

12. Right-of-use-assets

	Long Leasehold Buildings £	Office Equipment & Furniture £	Motor Vehicles £	Total £
Cost or valuation				
At 1 January 2021	1,143,059	35,323	8,424	1,186,806
Additions	-	-	1,631	1,631
Disposals	-	-	-	-
At 31 December 2021	<u>1,143,059</u>	<u>35,323</u>	<u>10,055</u>	<u>1,188,437</u>
Depreciation				
At 1 January 2021	225,278	3,532	6,522	235,332
Charge for the period	112,639	7,065	3,261	122,965
Released on disposal	-	-	-	-
At 31 December 2021	<u>337,917</u>	<u>10,597</u>	<u>9,783</u>	<u>358,297</u>
Net book value				
At 31 December 2020	<u>917,781</u>	<u>31,791</u>	<u>1,902</u>	<u>951,474</u>
At 31 December 2021	<u>805,142</u>	<u>24,726</u>	<u>272</u>	<u>830,140</u>

The right-of-use assets are included under the same fixed asset categories as they would be if they were owned.

13. Trade and other receivables

	2021 £	2020 £
Trade receivables	1,247,980	773,631
Amount owed by the City of Edinburgh Council	106,354	30,670
Other receivables	169,378	6,001
Prepayments	<u>150,747</u>	<u>283,590</u>
	<u>1,674,459</u>	<u>1,093,892</u>

Trade receivables are non-interest bearing and are generally on 30 days' terms. As at 31 December 2021 no trade receivables were determined to be impaired (31 December 2020: nil).

13. Trade and other receivables (cont.)

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

	Total £	Neither past due nor impaired £	Past due but not impaired		
			< 30 days £	30-60 days £	> 90 days £
At 31 December 2020	773,631	712,111	33,660	21,725	6,135
At 31 December 2021	1,247,980	1,187,463	19,933	27,994	12,591

The credit rating of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings, where available, historical information in respect of repeat business and payment history with regard to current business.

14. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>7,651,142</u>	<u>6,738,493</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is £7,651,142 (31 December 2020: £6,738,493).

15. Trade and other payables

	2021 £	2020 £
Trade payables	995,424	466,628
Value Added Tax	248,599	252,381
Other taxes and social security costs	65,549	56,828
Other payables	513,335	487,734
Accruals	<u>469,721</u>	<u>464,594</u>
	<u>2,292,628</u>	<u>1,728,165</u>

Trade payables are non-interest bearing and are normally settled on 30-60 days' terms. Other payables are non-interest bearing.

16. Financial liabilities

Loans and borrowings

	2021 £	2020 £
Fair value - Right-of-use-assets	898,867	1,002,885
Fair value - Loan stock	<u>1,164,698</u>	<u>665,580</u>
	<u>2,063,565</u>	<u>1,668,465</u>

16. Financial liabilities (cont.)

	2021 £	2020 £
This is made up as:		
Current obligations	873,970	104,248
Non-current obligations	<u>1,189,595</u>	<u>1,564,217</u>
	<u>2,063,565</u>	<u>1,668,465</u>
Non-current obligations are made up as:		
	2021 £	2020 £
Due within one year	114,893	108,390
Due within two to five years	908,564	1,154,421
Due after five years	<u>166,138</u>	<u>301,406</u>
	<u>1,189,595</u>	<u>1,564,217</u>
Financial liabilities are made up of:		
Right-of use-assets		
	2021 £	2020 £
Current obligations	108,619	104,248
Non-current obligations	<u>790,248</u>	<u>898,637</u>
	<u>898,867</u>	<u>1,002,885</u>
Non-current obligations are made up as:		
	2021 £	2020 £
Due within one year	114,893	108,390
Due within two to five years	510,143	489,408
Due after five years	<u>165,212</u>	<u>300,839</u>
	<u>790,248</u>	<u>898,637</u>

The Company has entered into a number of leases in relation to office accommodation, office equipment and motor vehicles. These leases have a duration of between 2 and 14 years. The leases are in respect of identified assets and under the terms of the agreements the Company has the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of their use. It also has the right to direct the use of the assets throughout their period of use.

The lease liability, in respect of these assets, is measured at the commencement of the lease as the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or an incremental borrowing rate.

The lease liability is subsequently reduced by the value of lease rentals paid and increased by a charge for interest, based on the value of the outstanding lease liability.

16. Financial liabilities (cont.)

Loan stock	2021 £	2020 £
Current obligations	765,351	-
Non-current obligations	<u>399,347</u>	<u>665,580</u>
	<u>1,164,698</u>	<u>665,580</u>
Non-current obligations are made up as:		
	2021 £	2020 £
Due within one year	-	-
Due within two to five years	398,421	665,013
Due after five years	<u>926</u>	<u>567</u>
	<u>399,347</u>	<u>665,580</u>

The company has issued convertible and non-convertible loan stock to the City of Edinburgh Council and CEC Holdings Limited, as shown below. These loan stocks, which amount to a face value of £62,420,088 (31 December 2020: £62,313,737) either bear no interest or the interest on them has been waived by the stockholder.

The loans have been recognised at fair value by discounting the future cash flows using market interest rates. Loan stocks are then held at amortised cost by applying an effective interest rate, to increase the loan stock to its face value over the term of the loan stock's issue. These loans have been received from the parent company and the Company relies on these loans as an ongoing source of funding.

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2021 £	Aggregate Interest £
Convertible Unsecured Loan Stock 2117	15	45,297,609	67	66
Non-Convertible Unsecured Loan Stock 2117	13	7,229,264	58	56
Non-Convertible Unsecured Loan Stock 2022	75	1,339,365	765,351	765,350
Non-Convertible Unsecured Loan Stock 2023	75	868,000	283,429	283,428
Non-Convertible Unsecured Loan Stock 2024	70	546,000	101,878	101,877
Non-Convertible Unsecured Loan Stock 2025	75	123,000	13,115	13,114
Non-Convertible Unsecured Loan Stock 2034	75	154,299	107	107
Non-Convertible Unsecured Loan Stock 2035	75	799,000	316	316
Non-Convertible Unsecured Loan Stock 2036	75	709,141	160	160
Non-Convertible Unsecured Loan Stock 2037	75	461,069	60	59
Non-Convertible Unsecured Loan Stock 2038	75	1,278,074	94	93
Non-Convertible Unsecured Loan Stock 2039	75	841,099	35	35

16. Financial liabilities (cont.)

Loan Stock	Effective Interest Rate %	Loan Stock £	Amortised cost at 31 December 2021 £	Aggregate Interest £
Non-Convertible Unsecured Loan Stock 2040	75	718,922	17	17
Non-Convertible Unsecured Loan Stock 2041	75	123,525	2	2
Non-Convertible Unsecured Loan Stock 2042	75	482,438	4	3
Non-Convertible Unsecured Loan Stock 2043	75	595,438	3	2
Non-Convertible Unsecured Loan Stock 2044	75	716,826	2	0
Non-Convertible Unsecured Loan Stock 2045	75	30,668	0	0
Non-Convertible Unsecured Loan Stock 2046	75	<u>106,352</u>	<u>0</u>	<u>0</u>
		<u>62,420,089</u>	<u>1,164,698</u>	<u>1,164,685</u>

The face value of loan stock issued by the company is as follows:

	2021 £	2020 £
Convertible unsecured loan stock	45,297,609	45,297,609
Non-convertible unsecured loan stock	<u>17,122,480</u>	<u>17,016,128</u>
	<u>62,420,088</u>	<u>62,313,737</u>
Non-convertible unsecured loan stock		
Issued to The City of Edinburgh Council and CEC Holding Ltd	4,675,316	4,675,316
Due to be issued to The City of Edinburgh Council and CEC Holdings Ltd	<u>12,447,164</u>	<u>12,340,812</u>
	<u>17,122,480</u>	<u>17,016,128</u>

The convertible unsecured loan stock, which is all held by CEC Holdings Ltd, bears no interest and is repayable on 31 March 2117 at par. CEC Holdings Ltd have the right to convert loan stock into fully paid preferred ordinary shares at the rate of one preferred ordinary share per £1 nominal of loan stock.

A further £8,735,981 of non-convertible unsecured loan stock 2117 (31 December 2020: £8,629,629) has been issued or is due to be issued to the City of Edinburgh Council and is repayable at par.

CEC Holdings Ltd hold £8,386,499 (31 December 2020: £8,386,499) of the remaining issued or due to be issued non-convertible unsecured loan stock. This non-convertible unsecured loan stock bears no interest and is repayable within 25 years of issue.

17. Deferred revenue and capital grants

	2021 £	2020 £
Deferred revenue	2,190,849	2,205,801
Capital grants	<u>1,213,383</u>	<u>1,304,853</u>
	<u>3,404,232</u>	<u>3,510,654</u>

17. Deferred revenue and capital grants (cont.)

Deferred revenue relates to the advance deposits received in respect of events which are due to take place after the year end.

	2021 £	2020 £
At 1 January	2,205,801	2,588,922
Deferred during the year	1,591,273	1,810,110
Released to the income statement	<u>(1,606,225)</u>	<u>(2,193,231)</u>
At 31 December	<u>2,190,849</u>	<u>2,205,801</u>
Deferred revenue is analysed as follows:		
	2021 £	2020 £
Current obligations	1,655,910	1,606,225
Non-current obligations	<u>534,939</u>	<u>599,576</u>
	<u>2,190,849</u>	<u>2,205,801</u>

Capital grants have been received in respect of building construction and roadworks as follows:

	2021 £	2020 £
At 1 January	1,304,853	1,520,876
Receivable during the year	-	-
Released to the income statement	<u>(91,469)</u>	<u>(216,023)</u>
At 31 December	<u>1,213,383</u>	<u>1,304,853</u>
Capital grants are analysed as follows:		
	2021 £	2020 £
Current obligations	85,322	91,470
Non-current obligations	<u>1,128,061</u>	<u>1,213,383</u>
	<u>1,213,383</u>	<u>1,304,853</u>

18. Share capital

	2021 No.	2020 No.	2021 £	2020 £
Allotted, called up and fully paid:				
Preferred Ordinary shares	40	40	40	40
Ordinary shares	2	2	2	2
RBL Ordinary shares	10	10	10	10
Preference shares	10	10	10	10
Special share	1	1	<u>1</u>	<u>1</u>
			<u>63</u>	<u>63</u>

The 10 preference shares, 2 ordinary shares and 40 preferred ordinary shares were all issued to The City of Edinburgh Council and subsequently gifted to CEC Holdings Ltd (wholly owned subsidiary of the Council) in 1996. The special share was issued to Scottish Enterprise Edinburgh and Lothian Ltd on 18 December 1996. The City of Edinburgh Council is the ultimate holding organisation of the Company.

The special share has a nominal value of £1. The share can only be transferred to a body nominated by Scottish Enterprise Edinburgh and Lothian Ltd and approved by the City of Edinburgh Council. The special shareholder is entitled to receive notice of general meetings, and to attend and speak at such meetings but has no other rights. Specifically, the special shareholder has no right to vote at such a meeting. The special shareholder is however entitled to receive a copy of each resolution passed at a general meeting, to receive any resolution proposed as a written resolution and each circular sent by the Company to holders of any class of shares in the Company.

The special shareholder ranks after all other members of the Company in respect of distribution of capital on the winding up of the Company. The special share confers no right to participate in the profits of the Company.

The Articles of Association entitle the holder of the special share to appoint one person as a Director of the Company. This right is effected by a notice in writing either being lodged at the Company's registered office or delivered to a meeting of the directors.

The preference shares carry no voting rights, but have the right to a fixed cumulative preferential dividend at the rate of 6% (net of associated tax credit) per annum, on the amount paid up, to be paid annually on 31 December each year.

The RBL ordinary shares, which were issued on 29 November 1995, carry no voting rights and are entitled to a dividend of £0.01 for every full amount of £100 worth of assets paid. This is payable after payment of the fixed dividend to holders of the preference shares.

The ordinary and preferred ordinary shares carry one vote per share and participate in profits available for dividend pro rata.

In the event of a capital distribution the shares rank in the following order: £1 for each Preference Share; £1 for each Preferred Ordinary Share; £1 for each Ordinary Share; £1 for each RBL Ordinary Share; £1 for each Special Share. Thereafter pro rata.

19. Other reserves

Other reserves arise from the fair valuing of loan stock where the difference between the fair value and face value of the loan has been recognised as a capital contribution where the loan has been issued at below market rate from a parent company.

At 1 January 2021	£ 62,313,737
Net movement on recognition of loans	<u>106,352</u>
At 31 December 2021	<u>62,420,088</u>

20. Pension commitments

The Company operates a defined contribution scheme for its employees. The assets of this scheme are held separately from those of the Company in an independently administered fund.

The total amount paid to the scheme during the year totals £146,711 (31 December 2020: £135,486).

The unpaid contributions outstanding at the year end, included in other creditors, amount to £nil (31 December 2020: £nil).

21. Related party transactions

The transactions that have been entered into with related parties, which have a significant influence over the Company, for the financial year, are as follows:

	Net funding received £
The City of Edinburgh Council	
2021	30,668
2020	1,794,704
CEC Holdings Limited	
2021	-
2020	-

Loans received from or made to related parties, which have a significant influence over the Company, are as follows:

	Owed by related parties £	Owed to related parties £
The City of Edinburgh Council		
2021	106,352	8,735,981
2020	30,668	8,629,629
CEC Holdings Limited		
2021	-	53,684,108
2020	-	53,684,108

The Company's immediate parent undertaking is CEC Holdings Limited. It has included the Company in its group financial statements. The ultimate parent undertaking is The City of Edinburgh Council. Copies of the accounts of both companies are available from the Head of Finance, The City of Edinburgh Council, Waverley Court, 4 East Market Street, Edinburgh, EH8 8BG.

22. Financial instruments and risk management

The company has the following categories of financial instruments at the balance sheet date:

	2021 £	2020 £
Financial assets measured at amortised cost:		
Loans and receivables:		
Trade and other receivables	1,523,712	810,302
Cash and cash equivalents	<u>7,651,142</u>	<u>6,738,494</u>
	<u>9,174,854</u>	<u>7,548,796</u>
	2021 £	2020 £
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade and other payables	1,978,480	1,418,956
Loan stock	1,164,698	665,580
Right of use assets	<u>898,867</u>	<u>1,002,885</u>
	<u>4,042,045</u>	<u>3,087,421</u>

Capital management and risk management objectives

The company aims to manage its overall capital structure to ensure it continues to operate as a going concern. The company's capital structure represents the equity attributable to the shareholders of the company together with cash equivalents.

The Board is charged with the overall responsibility of establishing and monitoring the company's risk management policies and processes in order to identify, analyse and monitor the risks that are faced by the company. The company does not enter into or trade financial instruments for speculative purposes.

The main risks that the company is exposed to through its financial instruments are market risk, credit risk and liquidity risk. These are managed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income. The company monitors this risk but it is very unlikely to affect the company's overall liquidity. The company's debt is primarily non-interest bearing.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company. It arises from exposure to customers and amounts owed by group undertakings.

The maximum exposure to credit risk to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk is reviewed regularly by the directors and monitored by actively assessing the rating quality and liquidity of counterparties as follows:

22. Financial instruments and risk management (cont.)

- Only banks and institutions with an acceptable credit rating are utilised;
- All customers are rated for credit worthiness, where practical, taking into account their size, market position and financial standing;

Over 85% of the company's gross profits are derived from room hire fees which are paid in advance and from catering commission which is paid by the catering concessionaire.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages that risk as follows:

- Preparing forward looking cash flow analysis; and
- Managing cash generated by its operations and retaining surplus cash in readily accessible bank deposit accounts.

Fair values

The directors consider that the carrying values of all the company's financial assets and liabilities approximate to their fair values at the balance sheet date.

23. Post Balance Sheet Event

In February 2022 a new fully owned subsidiary was incorporated. Edinburgh International Conference Centre Hotels Limited will operate a newly constructed hotel in Haymarket. It is anticipated the hotel will open in 2025 with construction due to commence in 2022.

In April 2022 Edinburgh International Conference Centre Hotels Limited entered into a Franchise Agreement with Hyatt International LLC to operate the hotel at Haymarket for a period of 25 years. Edinburgh International Conference Centre Hotels Limited also entered into a 25 year Sub Lease with the City of Edinburgh Council to lease the hotel which is being developed by the Qmile Group on behalf of The Prudential Assurance Company Limited



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The Board of Directors
Edinburgh International Conference Centre Limited
The Exchange
Edinburgh
EH3 8EE

24 May 2022
Our ref: NB/SWI/EICCLT01

Dear Sirs

Edinburgh International Conference Centre Limited Audit findings for the year ended 31 December 2021

This Audit Findings letter highlights the significant findings arising from the audit for the benefit of those charged with governance. We appreciate that you may be aware of some of the matters contained in this report, however as required by International Standard on Auditing (UK) 260 we are communicating them to you formally.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) (ISAs (UK)), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

This letter has been provided on the basis that it is for the information of the Board and management of Edinburgh International Conference Centre Limited only and that it will not be distributed to others, quoted or referred to, in whole or in part, without our prior written consent.

1 Audit status and audit opinion

We are pleased to report that the audit progressed well from our perspective and in accordance with the agreed timetable.

Our audit work is substantially complete, subject to the outstanding matters detailed below:

- Receipt of signed management letter of representation
- Receipt of signed financial statements

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We do not propose any modifications to our audit opinion which is unqualified. Other than as described in the emphasis of matter paragraph of our audit report, we confirm that our audit testing did not identify any material issues affecting the company's ability to continue as a going concern. The letter of comfort provided received from City of Edinburgh Council (the Council) confirms that the Council will continue to provide financial support to EICC Limited, directly or via CEC holdings until June 2023. We are therefore satisfied with the disclosures in the financial statements.

2 Significant findings

Findings related to significant risks

Significant risks are defined by professional standards as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, we consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Results and conclusions
<p>Fraud in revenue recognition Under ISA (UK) 240 there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the company could adopt accounting policies or recognise sales in such a way as to lead to a material misstatement in the reported revenue position.</p>	<ul style="list-style-type: none"> • We have reviewed the systems and controls underpinning debtors and sales, performed sample tests over sales completeness, and carried out analytical review procedures. • Sales-cut off testing was also completed by sample testing invoices directly before and after the year end to ensure they were accounted for in the correct period. • We are satisfied over the completeness of revenue and no issues arose as a result of our work that we consider should be brought to your attention.
<p>Management override of controls Under ISA (UK) 240 there is a presumed risk that management and directors have the ability to process transactions or make adjustments to financial records outside of the normal financial control processes. Such transactions could lead to a material misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • We have tested journal entries both throughout the year, and around the year end to ensure journals are in line with our expectations and standard accounting adjustments. We have also reviewed nominal analysis and performed analytical review to ensure there are no unusual abnormalities throughout the financial statements. • Our testing performed did not identify instances of management override in the financial records in the period. No issues arose to be drawn to the attention of management.
<p>Going concern including consideration of the impact of the Covid-19 pandemic The directors must undertake a formal assessment of the Company's ability to continue as a going concern for at least the 12 months following the signing of the financial statements at both the planning stage of the audit and at the date the financial statements are signed.</p>	<ul style="list-style-type: none"> • In respect of going concern, we reviewed your assessment, budgets covering the 12-month period from the date of signing the financial statements, post year end management accounts, and the cash position at sign-off. • In respect of post balance sheet events, we reviewed post year end board minutes and management accounts. • We also held detailed discussions with the finance team in respect of going concern and PBSE.

<p>This assessment should fully consider the potential impact of the COVID-19 pandemic on the going concern status of the Company as well as identify any post balance sheet events that may require adjustment to or disclosure in the financial statements.</p>	<ul style="list-style-type: none"> • We concur with management’s assessment that it is appropriate to continue to adopt the going concern basis and appropriate disclosure relating to the material uncertainties are included in note 2 to the financial statements and the Report of the Directors and Strategic report. Our audit report refers to the material uncertainty although our opinion is not modified in respect of this matter.
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There were no changes to our audit plan previously communicated to you.

3 Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

We have reviewed the current and future financial position of the company and liquidity position from the information provided by management, specifically in respect of the Covid-19 pandemic and the potential disruption to the business due to any future period of lockdown. In conjunction with the letter of support provided by City of Edinburgh Council, we are satisfied that the financial statements are prepared on a going concern basis.

4 Accounting policies, presentation and disclosures

The accounting policies used in preparing the financial statements are unchanged from the prior year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies adopted by the entity.

Overall we found the disclosed accounting policies, and the overall disclosures and presentation to be appropriate.

5 Other communication requirements

Fraud or suspected fraud

We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit.

Our work as auditor is not intended to identify any instances of fraud of a non- material nature and should not be relied upon for this purpose. In the event that the members wish to obtain enhanced assurance with regard to the effectiveness of internal control in preventing and detecting fraud we should be happy to provide additional services.

Non-compliance with laws and regulations

As part of our standard audit testing, we have reviewed the laws and regulations impacting the business. There are no indications from this work of any significant incidences of non-compliance or material breaches of laws and regulations stopping the business from continuing as a going concern or that would necessitate a provision or contingent liability.

There are also many other laws and regulations relating to health and safety as well as human resources generally and industry specific requirements. We are not aware of any significant incidences of non-compliance.

Related parties

We are not aware of any related party transactions which have not been disclosed.

6 Misstatements

We are required to inform you of any significant misstatements within the financial statements presented for audit that have been discovered during the course of our audit. We have not identified any misstatements during the course of the audit.

7 Internal controls

The purpose of an audit is to express an opinion on the financial statements. As part of our work we considered internal controls relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. However, this work was not for the purpose of expressing an opinion on the effectiveness of internal controls.

We are required to report to you in writing, significant deficiencies in internal controls that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

The scope of our work is not designed to be an extensive review of all internal controls. Areas identified are reported in Appendix II below. The item in Appendix II has been carried over from the previous year.

8 Independence

In accordance with our profession's ethical guidance and further to our planning letter to you dated 25 February 2022, confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standards. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements.

A summary of our services provided and related fees is attached at Appendix I.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by your team during the audit.

If we can be of any further assistance, please contact Nick Bennett.

Yours faithfully

A handwritten signature in black ink that reads "Nick Bennett". The signature is written in a cursive style with a small flourish at the end.

Nick Bennett
Senior Statutory Auditor
Nick.Bennett@azets.co.uk

Appendix I
Provision of audit and non-audit services

Details of services provided	Current year £	Prior year £
Audit of company	10,075	9,785
Total audit services	10,075	9,785
Corporation tax compliance services	1,835	1,780
Total non-audit services	1,835	1,780
Total fees for services provided	11,910	11,565

Appendix II

Internal controls

Control points arising from our current year work and our recommendations are summarised below. The recommendations are categorised into three risk ratings as shown in the key.

Key: **Significant deficiency** in internal control, **Other deficiency** in internal control, **Other observations** from the audit

Area	Observation	Implication	Recommendation	Management response
Governance arrangements	EICC is governed by a Board of Directors and the Board is responsible for the overall strategic direction and fulfilment of the legislative duties of the organisation. We have noted that the scale of operations of EICC has been expanding in recent years but the governance structure has remained the same with the Board supported by the senior leadership team.	<p>There is a risk that the Board is not adequately supported by appropriate governance structure and there is insufficient capacity within the current governance structure for appropriate scrutiny and challenge.</p> <p>We noted that EICC will look to make potential changes once the Company's corporate structure has been revised.</p>	We recommend EICC reviews the current governance structure and considers whether supporting committees (e.g. audit committee) would offer benefits to the Board.	The Company has recently incorporated a new fully owned subsidiary, EICC Hotels Ltd, which will operate a new hotel and hotel school in Haymarket. As a result this will lead to significant changes in the Company's corporate and governance structure. The board will increase in size, as agreed with the City of Edinburgh Council, with the necessary supporting committees put in place. The Company and Shareholder believes the changes proposed are appropriate for the size of business and will provide strong governance with the necessary scrutiny and challenge.

Governance, Risk and Best Value Committee

10am, Tuesday 24 January 2023

Whistleblowing update

Item number
Executive/routine
Wards
Council Commitments

1. Recommendations

1.1 To note whistleblowing activity for the quarter 1 July – 30 September 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

Report

Whistleblowing update

2. Executive Summary

- 2.1 This report provides a high-level overview of the operation of the Council's whistleblowing service for the quarter 1 July – 30 September 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 14 new disclosures:

Category	Number of disclosures
Major/significant disclosures	1
Minor/operational disclosures	13
Category still to be determined	0
Non-qualifying disclosures	0

- 4.2 The number of disclosures received is similar to the previous quarter when there were 16. This continues to reflect a significant overall increase in quarterly activity when compared to previous years.

Susanne Tanner QC Led Inquiry and Review

- 4.3 The Monitoring Officer and Governance Manager have 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 The revised whistleblowing policy and toolkit, which incorporate all recommendations of the review, have been updated to reflect comments from Safecall and Pinsent Masons and an advanced draft is currently with trade union colleagues for comment.
- 4.5 Interim arrangements for disclosure triage are ongoing, with fortnightly meetings between Governance, Human Resources and Legal Services taking place to ensure patterns and issues of concern are identified and dealt with appropriately.
- 4.6 The second stage of recruitment for additional resource for the Governance Team has commenced and it is anticipated the three remaining posts will be operational in early 2023.
- 4.7 The new Investigations Team is now operational and progressing all new internal investigations. A small number of older investigations that had been subject to significant delay or other issues of concern have also been reallocated to the investigations team to ensure that they are concluded without delay.
- 4.8 The new Speak Up Champions have been appointed and a programme of induction and training will commence later this month.
- 4.9 Existing policies, systems and processes remain in place, pending implementation of the new policy and related processes. Wherever possible, Safecall, the Monitoring Officer, the Governance Team and HR colleagues continue to apply the principles of the Tanner recommendations to current operating arrangements.

Governance, Risk and Best Value Committee Whistleblowing Workshop

- 4.10 The workshop agenda, scheduled for 15 November 2022, included sessions on the process, key challenges, GRBV reporting, the new approach following the Tanner Review and options for a Whistleblowing Sub-Committee. In attendance were GRBV Committee members, the Monitoring Officer, Governance Manager, Investigations Team Manager and Team Leader and representatives from Safecall, the Council's independent whistleblowing services provider.

5. Next Steps

- 5.1 Significant focus continues to be required to deliver the Council's action plan in response to the outcome of the whistleblowing culture review and this continues to 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 The revised whistleblowing policy and toolkit, which reflect the recommendations of the Tanner Report, have been presented to the consultative group with the Trade Unions with the aim of achieving a collective agreement. Thereafter it will be presented to the Policy and Sustainability Committee for approval and will then 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 July – 30 September 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) 1, 12, 15 of Part 1 of Schedule 7A
of the Local Government(Scotland) Act 1973.

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