



THE EDINBURGH PARTNERSHIP

Best Value Assurance Audit

1. Executive Summary

- 1.1 The City of Edinburgh Council has recently been subject to a Best Value Assurance Audit with the report published on 26 November 2020. An area of focus was partnership working and community engagement and while the audit relates to the Council, given the legal duties of partners, the recommendations made around partnership working are of concern to the Board and, in particular, statutory partners.
- 1.2 This paper provides details of the findings of relevance to the Edinburgh Partnership and proposes a mechanism for developing a collaborative response by the Board.

2. Recommendations

- 2.1 The Board is recommended to:
- i. agree to the convening of a working group comprising, as a minimum, senior officers from those public bodies required to support and facilitate community planning, together with EVOC for the Third Sector.
 - ii. note the senior Council officer who will convene the working group will be Paul Lawrence, Executive Director of Place, and nominations from other partners are sought by close of play on 18 December 2020;
 - iii. task the working group to develop a response to address the findings of the audit with this to be reported to the Board by March 2021.

3. Main Report

- 3.1 In October 2016, Audit Scotland implemented a new approach to auditing Best Value in Scottish councils. The audit of Best Value became a continuous process that forms part of the annual audit process of every council. Findings are reported each year through the Annual Audit Report. In addition, the Controller of Audit presents a Best Value Assurance Report to the Accounts Commission at least once during a five-year cycle. This was the first assurance report on The City of Edinburgh Council in this cycle.
- 3.2 As part of this process, Audit Scotland considered partnership working, using a range of evidence gathering methodologies including attendance at meetings. The findings in relation to this aspect of the work are appended to this report.
- 3.7 Following on from the findings the report makes a specific recommendation, namely that:

**The Council should work with the Edinburgh Partnership Board to:
implement its new governance arrangements, effectively involve
community representatives and deliver improved outcomes for
communities**

**produce progress reports with clear targets, accountable leads and links
between the actions taken and the impact on performance**

- 3.8 It is noted that improvement activity is already underway to address aspects of the issues raised, for example the proposed delivery plan for the LOIP and refreshed LIPs covered elsewhere on the agenda. However, it is acknowledged that further work is required, with resources to support and facilitate improvement activity remaining a principal concern.
- 3.9 To enable the Board to respond effectively to the areas requiring progress, it is proposed to establish a short-life working group. Recognising the legislative duty of some partners to support and facilitate community planning, it is proposed, as a minimum, that this comprise senior officers from the public bodies with a duty to support and facilitate community planning, namely; the City of Edinburgh Council, Police Scotland, Scottish Fire and Rescue Service, NHS Lothian and Scottish Enterprise, together with EVOG for the Third Sector. It is proposed that this working group is convened by Paul Lawrence, Executive Director Place, City of Edinburgh Council.
- 3.10 The working group will be tasked with developing a response to address the findings of the audit with this to be reported to the Board by March 2021.

4. Contact

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Part 4

Is the council working well with its partners?



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

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

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

The Edinburgh Integration Joint Board faces significant financial challenges.

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

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

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

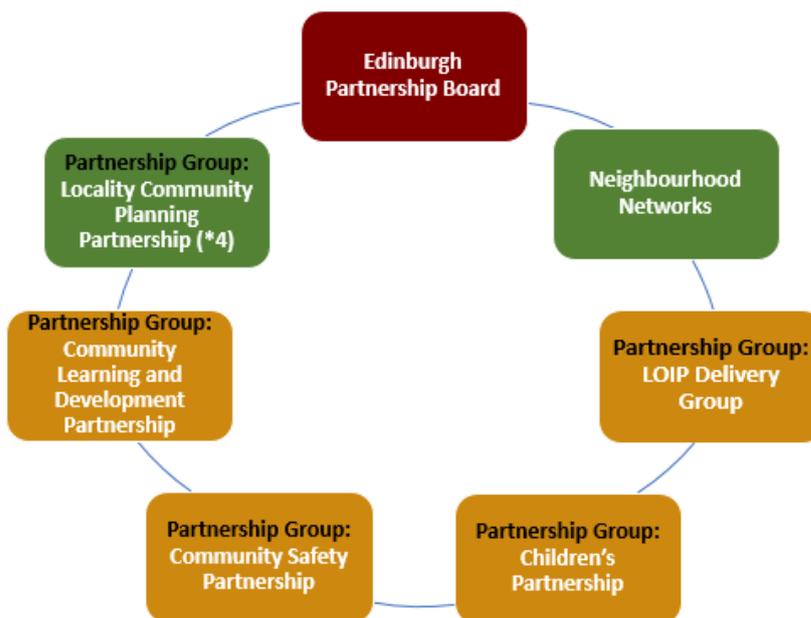
- 99.** The City of Edinburgh Council has a lead role in the Edinburgh Partnership. The Partnership includes statutory partners such as NHS Lothian, Scottish Enterprise, Police Scotland and the Scottish Fire and Rescue Service. It also involves a range of other public, private and third sector partners.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

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

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

Exhibit 11

The Edinburgh Partnership Governance Structure and Membership



Source: Edinburgh Partnership Board Papers

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

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

The Edinburgh Partnership has struggled to develop effective Locality Improvement Plans

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

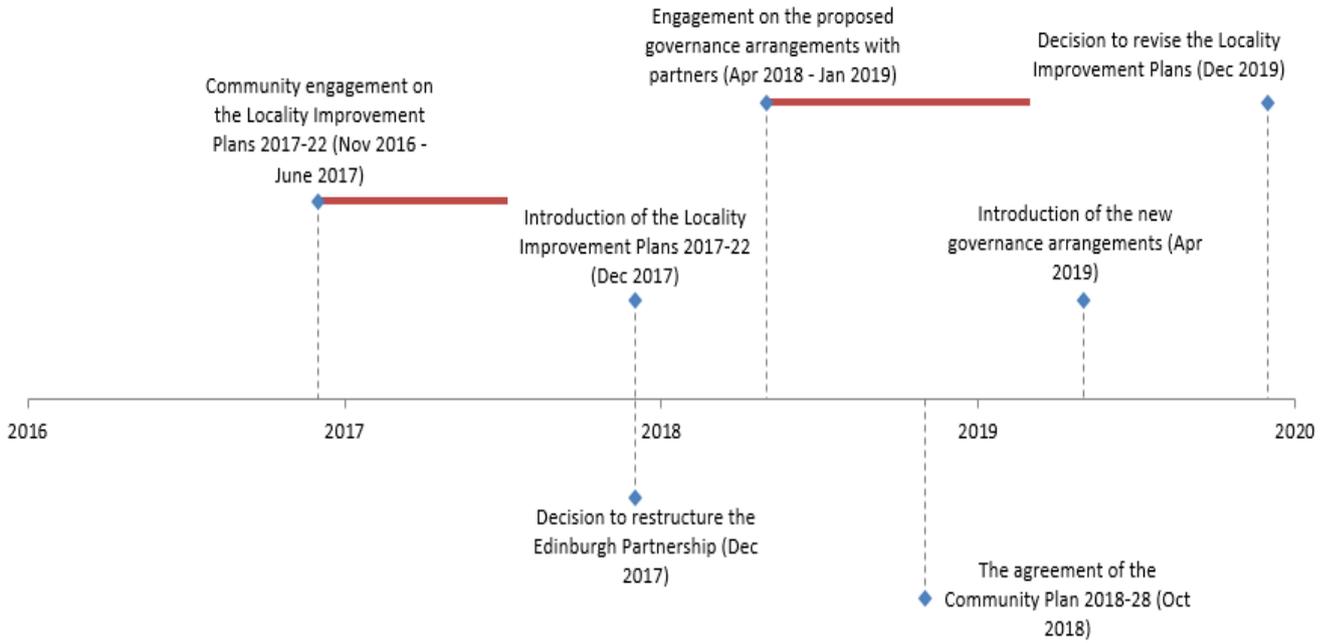
- A Community Plan for the whole council area
- A Locality or Neighbourhood Plan for each locality it has identified as experiencing significantly poorer outcomes.

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

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

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

Exhibit 12 Edinburgh Partnership – Timeline of key events



Note: red line indicates duration.

Source: Audit Scotland and Edinburgh Partnership Board papers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The EIJB is addressing identified governance and performance issues

123. The Good Governance Institute assessed the EIJB's governance arrangements in 2018/19. It made 18 recommendations and, in May 2019, the IJB developed an improvement plan. Progress against performance measures is reported to every meeting of the board. In June 2019, the board approved a new committee structure including the establishment of the Performance and Delivery Committee. Every two months, the committee considers a performance report, which includes trend analysis and 'deep dives' into specific areas identified in advance.

124. The most recent EIJB annual performance report (for 2019/20) sets out its performance against 19 national performance and satisfaction indicators:

- Performance declined against the nine satisfaction indicators in 2017/18 (the most recent available data). Although this is consistent with national trends, Edinburgh performed less well than the Scottish average against six of the nine indicators and was ranked in the bottom half of all IJBs for all nine indicators.⁴
- Performance was better on the ten indicators that are used to demonstrate the shift in the balance of care. Performance on most of the indicators fluctuated between 2014/15 and 2019/20, but the most recent report (between 2018/19 and the 2019 calendar year) shows that EIJB improved its performance against five of the indicators. Performance remained worse than the Scottish average in half of the indicators overall.

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

125. The City of Edinburgh Council uses a range of **ALEOs** to provide services to residents. Each ALEO is structured differently, in terms of ownership and influence exerted by the council.

126. The largest ALEO is Transport for Edinburgh Limited, which incorporates the activities of Lothian Buses Limited and Edinburgh Trams Limited. In 2019, its turnover was £180 million. The ALEO is important for the council's finances as it pays the council an annual dividend (worth £6 million in 2018/19). As a result of Covid-19, no dividend will be issued in 2019/20 and potentially beyond this. The council is considering how to address this loss as part of its broader discussions on its budget.

127. The council's ALEOs have generally operated successfully. But Covid-19 has brought challenges, particularly for those which provide leisure services, cultural venues and transport. The council anticipates significant implications for its income. The council's estimate, as at September 2020, of lost income and other required financial support is £27 million. Services will continue to be affected for some time by social distancing requirements, public attitudes and market capacity. These factors will all affect future income forecasts.

Arm's Length External Organisations (ALEOs)

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

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

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

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

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

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

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

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

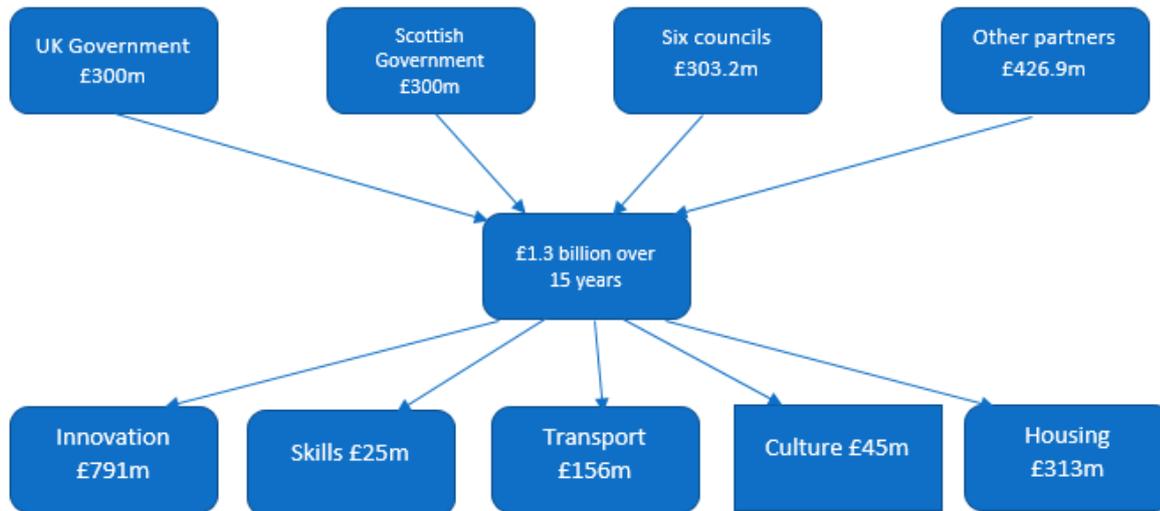
131. In 2018, partners estimated that the Deal would attract £141 million of private sector investment and create 23,368 permanent jobs. Partners will monitor progress against these targets through the Deal's Benefits Realisation Plan (BRP), which the Joint Committee ([paragraph 132](#)) approved in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

City Region Deals

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

Exhibit 14

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



Source: Audit Scotland

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