

# Governance, Risk and Best Value Committee

10am, Tuesday, 4 June 2024

## Draft Annual Governance Statement 2023/24

Executive/routine  
Wards

### 1. Recommendations

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

**Andrew Kerr**

Chief Executive

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## Draft Annual Governance Statement 2023/24

### 2. Executive Summary

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

### 3. Background

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

### 4. Main report

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- 4.1 The Council's Annual Governance Statement (AGS) is prepared in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework, which fulfils legislative statutory requirements. The Council is required to report on the effectiveness of its governance and internal control arrangements. The Annual Governance Statement should provide a transparent picture of governance in the Council and outline where it is trying to improve.
- 4.2 The Council's Annual Assurance (AA) exercise, that covers directorates, significant council companies and joint boards, informs the content of the AGS, along with input from the Chief Internal Auditor, activity throughout the year and the Corporate Governance Code self-assessment.
- 4.3 The conclusion in the Annual Governance Statement is that the Council's governance and control framework provides a satisfactory level of assurance. There is a need for improvements to be embedded and sustained within services but progress has been made on this in the previous year and there has been a strong commitment from the Chief Executive and executive directors to resolving control issues. The Council understands its areas for improvement and there are robust

arrangements to deal with issues when they do arise. Resource issues and challenging budgets remain and this continues to put pressure on staff and services and as a result governance and processes generally.

## **5. Next Steps**

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- 5.1 The Annual Governance Statement will be included in the audited financial statements that will be presented to Council for approval.

## **6. Financial impact**

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- 6.1 There is no financial impact as a result of this report.

## **7. Equality and Poverty Impact**

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- 7.1 There are no equalities or poverty impacts as a result of this report.

## **8. Climate and Nature Emergency Implications**

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- 8.1 There are no climate or nature emergency implications as a result of this report.

## **9. Risk, policy, compliance, governance and community impact**

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- 9.1 The Council's Annual Governance Statement (AGS) is prepared in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government' Framework

## **10. Background reading/external references**

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- 10.1 None.

## **11. Appendices**

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- 11.1 Annual Governance Statement 2023/24



**City of Edinburgh Council**  
**Annual Governance Statement**  
**2023/24**

## **ANNUAL GOVERNANCE STATEMENT**

### **Introduction**

- 1.1 As elected members, officers, budgets and the public have realigned to a post pandemic environment, together with increasing demands and decreasing budgets, there remains significant financial strain on resources increasing the pressures on service delivery and the need for innovative solutions and increased partnership working. The resources available to support that work is reduced and difficult decisions are being made about service provision.
- 1.2 The local government elections in 2022 returned five political parties with member numbers ranging from 9 to 18. This has created a balance in decision making that has not been experienced in Edinburgh before and, although the increased benefits to democratic decision making are evident, both officers and elected members have had to commit more resources to support greater political engagement in decision making.
- 1.3 The Council's governance has been effective in this period but there remain challenges to overcome and to ensure that the Council has greater controls on its processes.

### **Scope of Responsibility**

- 1.4 The City of Edinburgh Council is responsible for ensuring that its business is conducted in accordance with relevant legislation and to the appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently, effectively and ethically. The Council also has a statutory duty, under the Local Government in Scotland Act 2003, to make arrangements to secure best value, which is demonstrated by continuous improvement in the way its functions are carried out.
- 1.5 In discharging these responsibilities, elected members and senior officers are responsible for implementing effective arrangements for governing the Council's affairs, and facilitating the effective exercise of its functions, including securing appropriate arrangements for the identification and management of risk.
- 1.6 This statement also covers the organisations included in the Council's Group Accounts, a list of which is included on page xx of the Accounts.

### **Council's Strategy and Vision**

- 1.7 In February 2021 the Council approved a new Council Business Plan: *Our Future Council, Our Future City* which set out the Council's strategic priorities

and how the aims set out in the Community Plan would be taken forward over the next 3 years. In June 2022 it was agreed that a refreshed business plan would be submitted for consideration.

- 1.8 A revised business plan was agreed by Council in December 2022 and further updated in March 2023 following the budget.
- 1.9 The plan sets out three strategic priorities that will be the focus for all Council teams over the next phase of the city's development and for the way the Council will reform its services. These three strategic priorities are:
  - 1.9.1 Create good places to live and work;
  - 1.9.2 End poverty in Edinburgh;
  - 1.9.3 Become a net zero city by 2030.
- 1.10 To meet these three strategic priorities, the business plan identifies the specific outcomes, objectives, and actions that Council services will deliver during 2023-27. The plan is also aligned to the Council Budget and the strategic priorities in this plan should be used to guide and inform resource allocation, including implementing service reductions in areas of lower impact and strategic priority, and exploring options to deliver all services differently.

## **Decision making structures**

### **Political Governance Arrangements**

- 1.11 The Council operates an executive committee structure (see figure 1.1) which consists of six executive committees which are responsible for policy and financial decision making and scrutiny within their designated areas of responsibility. These executive committees are Policy and Sustainability; Culture and Communities; Education, Children and Families; Finance and Resources; Housing, Homelessness and Fair Work; and Transport and Environment. The Finance and Resources Committee is the committee responsible for monitoring the Council's financial plan, as well as the revenue and capital budgets and generally budget policy.
- 1.12 The Governance, Risk and Best Value Committee is responsible for seeking assurance over the adequacy of governance and risk management frameworks and the internal control environment. It also scrutinises the Council's financial and non-financial performance, approves and monitors progress against the internal audit risk-based plan and monitors performance and outputs of the Internal Audit service.
- 1.13 The Council also operates a range of other committees, some of which are quasi-judicial, such as the Development Management Sub-Committee and the Licensing Sub-Committee, to consider individual applications.

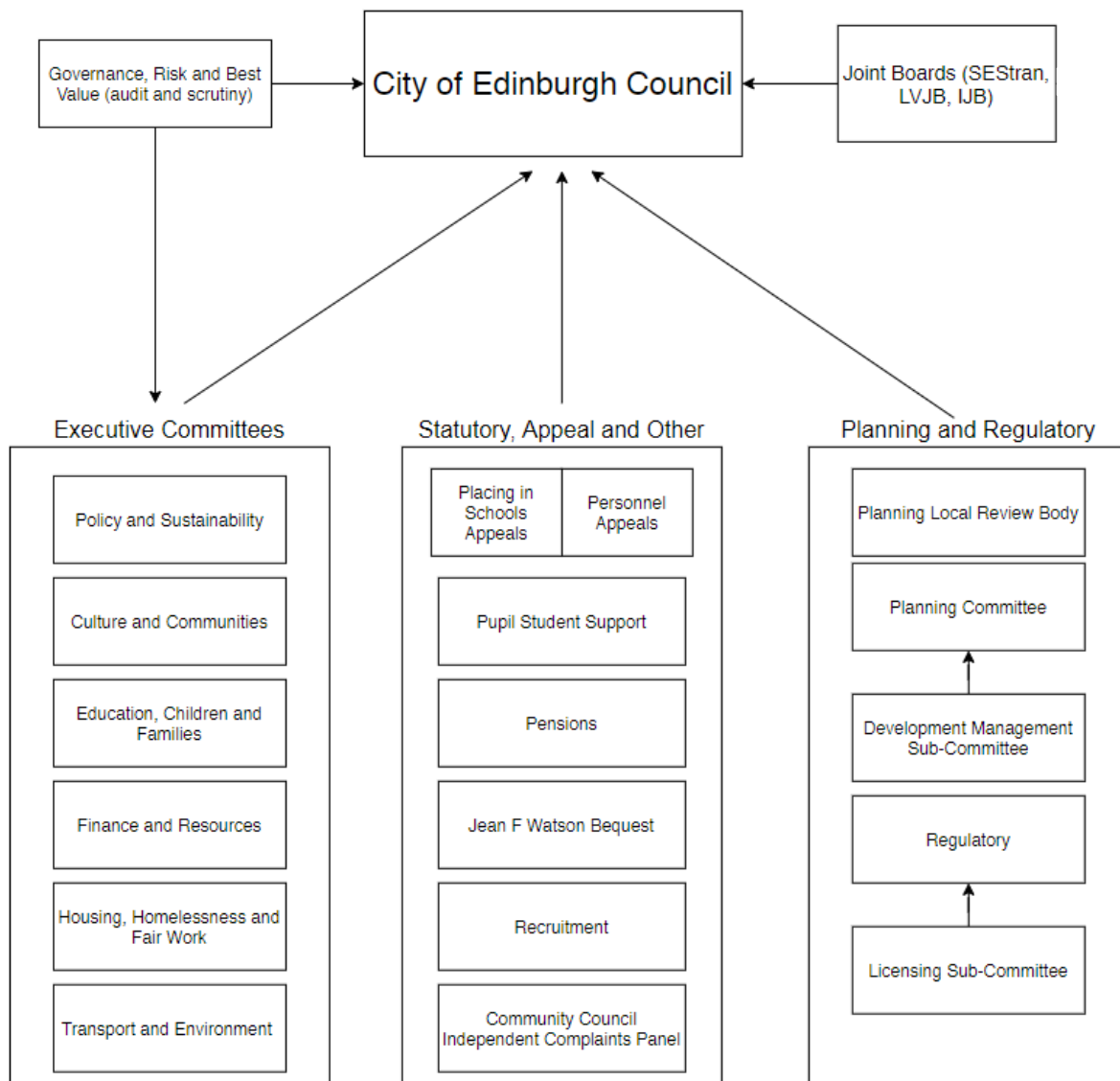


Figure 1.1 Executive Committee Structure

1.14 There is key documentation in place to support the Council's decision making process including Procedural Standing Orders,, the Scheme of Delegation to Officers, the Committee Terms of Reference and Delegated Functions, Contract Standing Orders, Financial Regulations, Member officer Protocol and Contract Standing Orders.

### Officer Decision Making

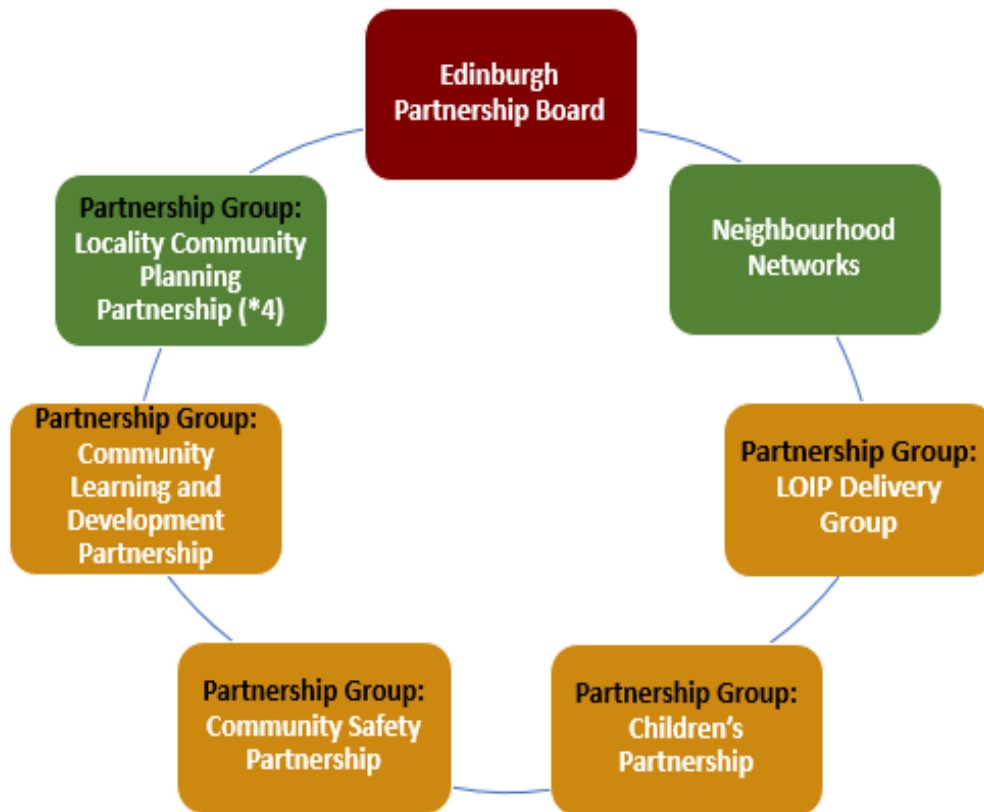
1.15 The Corporate Leadership Team (CLT) meets weekly, led by the Chief Executive, and includes all executive directors and key officers including the Section 95 Officer and Monitoring Officer.

- 1.16 CLT is supported by a range of groups covering key matters such as risk, health and safety and programme management. There is a robust health and safety reporting structure which includes directorate health and safety groups, a quarterly Council health and safety group and a quarterly consultative forum involving the trade unions. Health and safety working groups are in place for key life safety issues including: fire; water safety; and asbestos. All directorates have risk and assurance committee meetings at least quarterly and ensure appropriate escalation of risks. The CLT also has a specific risk committee meeting which reviews the corporate risk register on a quarterly basis.
- 1.17 A key area of governance for the Council is its involvement in national, regional and city-wide bodies. The Chief Executive and relevant members of CLT represent the Council on a number of groups. Examples of these include SOLACE, Scottish Government Directors, City Deal Executive, Edinburgh Guarantee and Edinburgh Chamber of Commerce Council. Partnership working increased during the pandemic, building on strong relationships and the need to work together to provide holistic solutions for the City and its region.
- 1.18 Arm's Length External Organisations (ALEOs) reporting in terms of the Annual Governance Statement is reported through assurance schedules being submitted to their relevant directorate. The relevant Executive Director then determines whether they feel it is appropriate for any issues highlighted to be included in their assurance schedules and reported in the Annual Governance Statement.

### **Partnership Working**

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





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

### **Internal Controls**

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

## **Review of Effectiveness**

- 1.22 An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:
- 1.22.1 the work of the Corporate Leadership Team which develops and maintains the overall governance environment;
  - 1.22.2 the certified annual assurance statements provided by all Executive Directors;
  - 1.22.3 the certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies.
  - 1.22.4 council officers' management activities;
  - 1.22.5 the Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
  - 1.22.6 reports from the Council's external auditor; and
  - 1.22.7 reports by external, statutory inspection agencies.
- 1.23 In November 2020 the Accounts Commission published a Best Value Assurance report into the City of Edinburgh Council. The report highlighted a number of key achievements as well as some areas for the Council to improve.

### **Best Value and Strategy and Vision**

- 1.24 The key achievements outlined in the Best Value Assurance report include:
- 1.24.1 The Council's ambitious plans for the City, specifically referencing the Council's Sustainability Programme, approach to tackling poverty, major housing and community regeneration projects in Fountainbridge, Meadowbank and at Granton Waterfront; retail, hospitality and cultural developments, such as the St James Quarter; and extending the tram network;
  - 1.24.2 The Council's long track record of maintaining revenue expenditure within budget;
  - 1.24.3 Aspects of leadership and service performance. Specifically, referencing improved performance across many KPIs – schools and education, waste and cleansing and time taken to process benefit and grant claims;
  - 1.24.4 Improvements in asset management, procurement and risk management.
- 1.25 The Best Value Assurance report also notes areas where further progress is required:

- 1.25.1 To better align strategic priorities;
  - 1.25.2 The implementation of effective community planning governance arrangements, the pace of change within the Community Planning Partnership and community empowerment;
  - 1.25.3 The Council's approach to self-assessment, continuous improvement and public performance reporting; and
  - 1.25.4 Long-term financial planning and workforce planning.
- 1.26 The Chief Executive put in place an improvement plan for each of the areas of improvement outlined in the Best Value Audit report and updates on progress has been reported to the Policy and Sustainability Committee throughout the year. An action plan is being prepared to close out the actions and is expected in August 2024. As outlined above, the Business Plan has been created to ensure strategic priorities are aligned to a set of key priorities. Changes have been made to ensure the Council is working to the Business Plan, including senior management structural changes, and work will continue to align work streams and governance with the Business Plan and the priorities within. Audit Scotland are expected to publish an update on Best Value Management in Summer 2024.
- 1.27 An updated Planning and Performance Framework 2023-2027 was agreed in March 2023. This aligned the framework with the new revised business plan. A comprehensive Public Performance Scorecard was submitted to Governance, Risk and Best Value Committee in January 2024 which will allow for clear and effective scrutiny. The updated Planning and Performance Framework 2023 -2027 primarily focuses on:
- 1.27.1 our approach to measuring the Business Plan priorities and outcomes and how we will track the actions detailed in the delivery plan;
  - 1.27.2 the key measures we will use to measure the delivery of the Business Plan;
  - 1.27.3 the development of the Public Performance Scorecard measures to further enhance performance reporting and monitoring.
- 1.28 The Council agreed a three-year People Strategy in March 2024. The Strategy sets out how the Council can attract and nurture the most talented and public service focussed people and sets out five themes which form the foundations and framework required to deliver the Council's business plan:
- 1.28.1 Attracting the Best People;
  - 1.28.2 Develop exceptional leaders;
  - 1.28.3 Foster a culture of equalities, diversity and inclusion;

1.28.4 Grow and retain our talent; and

1.28.5 Nurture a healthy workforce where our people can thrive.

- 1.29 Key to the delivery of the Strategy will be a refreshed and robust Corporate Workforce Plan. This is expected in Summer 2024.

### **Decision Making**

- 1.30 The majority of the Council's meetings are now physical meetings held in the City Chambers but with a hybrid option to allow members, officers and deputations to appear virtually if this was convenient or necessary. Council and committee meetings are now routinely all-day meetings and this has an impact on elected member and officer resource.
- 1.31 The political management arrangements of the Council were last reviewed in December 2022 and are not expected to be reviewed again until the next Council. The review concluded that the current committee model had some deficiencies and imbalances, but it was not fundamentally flawed; indeed it was functioning well and facilitated competent and lawful decision-making. However, the review also found that the City of Edinburgh Council model has an extremely high volume of business running through its structure. This volume is significantly greater than other comparable local authorities in Scotland and this has a significant impact on officer resources and on elected member time.
- 1.32 The Council has extensive governance in place at officer level to support operational decision making. The current system has evolved through custom and practice and can sometimes be unwieldy and difficult to navigate. However, improvements could be made to ensure there is a joined up corporate structure in place that is more efficient and better encourages cross-directorate working.
- 1.33 A review of the Council's main governance documentation was carried out in May 2024. There have been changes to Procedural Standing Orders (effective from August 2024) which aims to improve accessibility to committee papers for both elected members and the public by extending the notice period to 6 clear days before the meeting. The legislation requires only three clear days.
- 1.34 The Council's Grant Standing Orders were reviewed in February 2024 to ensure that the controls and regulation around the Council's grant application and award processes were in place and up to date.

### **Internal Controls**

- 1.35 The Internal Audit team operates in accordance with CIPFA's Code of Practice for Internal Audit and the Public Sector Internal Audit Standards

(PSIAS) and work is ongoing taking into account the publication of the new Global Internal Audit Standards. The team undertakes an annual work programme based on an agreed audit strategy and formal assessments of risk that are reviewed regularly. During the year, the Chief Internal Auditor reported to the Service Director: Legal and Assurance but had free access to the Chief Executive, all Executive Directors and Elected Members along with direct reporting to the Governance, Risk and Best Value Committee.

- 1.36 Each Executive Director has reviewed the arrangements in their directorate and reported on their assessment of the effectiveness of control arrangements, together with any potential areas requiring improvement, to the Chief Executive. Where improvement actions are identified, an action plan will be developed and will be subject to regular monitoring. In reviewing the overall governance framework, the Council has also considered relevant third-party reviews and recommendations. Assurance has also been taken from each organisation's most recent audited accounts, together with the Council's detailed knowledge of these organisations as a consequence of their continued involvement.
- 1.37 Each directorate's annual assurance schedule is scrutinised by the Governance, Risk and Best Value Committee.
- 1.38 The Council carries out a review each year of the Corporate Governance Code which is then scrutinised by the Governance, Risk and Best Value Committee. The Corporate Governance Code outlines the Council's internal controls and is aligned with the questions in the annual assurance schedules that are issued to directorates. In addition to the Code, a self-assessment is carried out which scores the design of the controls in place. The aim is to provide a subjective picture of the quality of the design of controls which will inform the full picture when considering whether directorates have implemented the relevant controls. There is also a benefit of senior officers discussing, reflecting and rating the Council's controls.
- 1.39 The Chief Internal Auditor had previously highlighted that the weaknesses identified in internal audit reports are, in part, attributable to and/or exacerbated by a lack of capacity and skills to support effective governance; risk management; control; and assurance activities within first line divisions and directorates. The Chief Executive and Executive Directors acknowledged that additional resource was necessary to strengthen the Council in these areas and immediately added resource to their directorate teams. Corporately a first line governance and assurance model has been implemented on a permanent basis across the Council. The objective of this model is to support the directorates in addressing lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes are consistently and effectively applied. The Governance Team has been strengthened and a new business partnering

approach was initiated in late 2023. Reports on the governance and assurance model have been considered by the Governance, Risk and Best Value Committee and elements of the model have been implemented. A report is expected in Autumn 2024 outlining what has been implemented and how progress has been so far. It is too early at the moment to judge the success of the model but the increased resource has meant that directorates are tackling issues more quickly and in a more joined up manner.

- 1.40 In 2021, the Council asked Susanne Tanner QC, supported by the legal firm Pinsent Masons, to conduct an independent review into the Council's whistleblowing and organisational culture. The review findings were considered by the Council in December 2021 with a report from the Chief Executive in February 2022 setting out how the recommendations in the review would be taken forward.
- 1.41 The Council's whistleblowing arrangements continue to operate with oversight from an independent external service provider, with the autonomy to decide who investigates and how investigations are conducted. In February 2023 the Council actioned one of the recommendations of the Tanner Review and created a whistleblowing sub-committee of the Governance, Risk and Best Value Committee (GRBV). The sub-committee receives a quarterly update in private on whistleblowing activity and case management, with a six month and annual report on the GRBV public agenda.
- 1.42 A revised whistleblowing policy, which has taken on board the recommendations of the Tanner Review, was approved by the Policy and Sustainability Committee in January 2024 and implemented on 1 February 2024. The policy will be reviewed annually by the committee.
- 1.43 The independent investigations team, recommended by the Tanner Review, is now fully operational and undertakes all internal investigations (both whistleblowing and Human Resources matters) with appropriate oversight from the external service provider for the whistleblowing elements.
- 1.44 The Speak Up Supporters completed their induction and training over the summer of 2023 and were formally launched in October 2023.
- 1.45 **Section 95 Officer paragraph to be inserted here.**
- 1.46 External Audit concluded in the Annual Accounts for 2022-23 that the governance arrangements at the Council were appropriate but that there was scope to improve decision making, particularly around budget-setting.
- 1.47 The need to initiate a structured medium to longer-term savings programme has been highlighted in both the Council's Best Value Assurance Report and the external auditor's report for 2020/21 as well as a need to improve budget decision making. A medium term financial plan (MTFP) was implemented for 22/23 and a refreshed MTFP 2024/29 was brought to Committee and Council for approval in February 2024 integrated into the Budget Strategy 2024-29.

The financial plan aims to outline the importance of financial responsibility and best value. The Budget Strategy lays out key criteria for meeting best value and stresses the importance of transparent and accountable governance.

- 1.48 In June 2023, the Finance and Resources Committee and in August 2023, the Governance, Risk and Best Value Committee considered a report on lessons learnt on the 23/24 budget setting process. This report was prepared in conjunction with elected members and considered a number of changes to ensure an improved decision-making process for the budget. There included beginning the budget process earlier than in previous years, additional officer support and regular meetings with each political group throughout Autumn and Winter 2023 and proposals being considered by executive committees prior to the budget. The budget engagement process for 2024/25 and 2025/26 was considered by the Policy and Sustainability Committee in March 2024 and the first phase of engagement was commenced.
- 1.49 An all-party motion was considered by the Council in November 2023 raising concerns over the relationship and the budgetary processes between the Council and the Edinburgh integration Joint Board (EIJB). Under the leadership of the Chief Officer of the EIJB, a group was set up to look at the budget processes between the two parties, the governance and scrutiny carried out on health and social care partnership services and whether any documentation change was required. Work is ongoing on these actions and is expected to report further in summer/autumn 2025.
- 1.50 Following a whistleblowing disclosure, an investigation into practices and activities within Edinburgh Secure Services identified significant failings over a lengthy period of time (over 10 years). Given the serious and sustained failings recorded in the investigation outcome report, the Monitoring Officer reported these matters to the Council in terms of section 5 of the Local Government and Housing Act 1989 in March 2022. A Childrens Services improvement plan and an Edinburgh Residential Services Improvement Plan have been put in place to address the failings and improvements in the governance arrangements within the service and directorate have been put in place by the Executive Director of Children's Services, Education and Justice Services. This has included the creation of an Improvement Board to oversee the delivery of the plan with external organisations represented on the Board as critical friends. Significant progress has been made in completing the Edinburgh Secure Services and Residential Services Improvement Plan with 32 actions complete, 48 actions with a green rating, 4 amber and 6 actions with a red rating in April 2024. Care Inspections have also been carried out in this period with a consistent theme of the feedback being that children in the Council's care felt safe, loved and respected. Where there was a poor inspection, additional resource has been put in place to support the improvements needed.

- 1.51 Edinburgh was inspected in relation to its multi-agency Adult Support and Protection work in the last quarter of 2022 and a report was published in February 2023. The report identified the following areas of weakness:
  - 1.51.1 Requests for capacity assessments
  - 1.51.2 Case related chronologies
  - 1.51.3 Quality of case conferences
  - 1.51.4 Quality assurance activity
  - 1.51.5 Social work workforce capacity
  - 1.51.6 Consistency of support and protection for all people when required.
- 1.52 A further report was published in March 2023 on adult social work and social care in Edinburgh which identified the following areas for improvement:
  - 1.52.1 The design, structure, implementation and oversight of key processes, including the assessment of people's needs and in their case management.
  - 1.52.2 Approaches to early intervention and prevention, which were uncoordinated and inconsistent
  - 1.52.3 Self-directed support, which had not been implemented effectively.
  - 1.52.4 Insufficient support for unpaid carers
  - 1.52.5 Staff being under considerable pressure and sometimes overwhelmed
  - 1.52.6 Strategic leadership and management oversight of key processes, meeting legislative requirements, policies, procedures and guidance and to ensure sufficient capacity and capability to deliver safe and effective services for vulnerable people
  - 1.52.7 Embedding approaches to self-evaluation for improvement and quality assurance were not well-embedded
  - 1.52.8 Social Work governance with strategic decisions being well informed by a social work perspective.
- 1.53 A 3 year improvement plan addressing these weaknesses has been created and is being regularly reported to the Integration Joint Board (IJB) and the Council's Policy and Sustainability Committee. In March 2024 an update was provided on the progress with the improvement plan and the aim to bring about a culture change in both operational practices and strategic commissioning. Generally progress was being made against the plan but it was slower than anticipated due to the scale and complexity of the issues.
- 1.54 In early 2023 failings in the delivery of adult social care identified weaknesses with the scrutiny of those services delegated to the IJB. Further work needs to be undertaken in 2024 to ensure that the governance arrangements of the IJB



and how this interacts with the Council's committee governance is improved to ensure there is greater clarity on which body carries out the scrutiny of key services and compliance with the duties set out in legislation. This work is being taken forward as part of the work arising out of the full party motion on the relationship between the Council and the Edinburgh integration Joint Board.

- 1.55 An audit was carried out on fraud and serious and organised crime in 2022/23. It identified significant and numerous control weaknesses in both the design and effectiveness of the Council's fraud and serious organised crime (SOC) (including anti-money laundering (AML)) control environment and governance and risk management frameworks. A group has been created to monitor the implementation of the audit actions and this work is progressing on target in 2024.
- 1.56 A number of senior management appointments have been made in 2023-24, including recruitment to the post of Chief Officer of the Integration Joint Board and the Service Director for Finance among others. The Chief Executive announced his retirement in this period and retires on 14 June 2024. Recruitment is ongoing and is a replacement, including interim arrangements if necessary, is expected to be announced by June 2024.
- 1.57 A number of directorate assurance schedules highlighted policies and procedures as an area where improvement was needed despite more work being undertaken in this area. A workstream is ongoing in each directorate and is being supported centrally. Ensuring all policies and procedures are up to date continues to be an area where the Council could increase its effectiveness.
- 1.58 **The Head of Internal Audit's opinion to be added here.**
- 1.59 The Head of Internal Audit regularly reports to the Governance, Risk and Best Value Committee on the progress directorates are making with the closure of open and overdue internal audit actions. This has continued to be a focus for directorates, with additional resource employed to drive delivery of actions, although improvement is still needed in some areas.
- 1.60 A number of directorate assurance schedules highlighted the Supplier and Contract Management Audit, reported in February 2024 as a matter of concern. This found significant gaps, issues and area of non-compliance in the handover from the Commercial and Procurement Service to contract managers. Only limited assurance could be provided by the audit and there are a number of management actions for completion by April 2025 to close out the audit. These include a number of directorate improvements and that risk arrangements were considered for all contracts.

- 1.61 An audit of Outdoor Infrastructure in March 2023 identified findings which indicated that the Health and Safety Management System was not operating as expected with the potential to cause serious injury or fatalities. Management actions were commenced immediately and are set to be closed out by November 2024.
- 1.62 The number and size of Subject Access Requests to the Council have increased significantly over the past three years. The Council has responded with additional staff being recruited and new processes being implemented to deal with the volume of requests. This though has not been sufficient and the Council is recruiting further staff and is working with the Information Commissioner's Office to improve performance.
- 1.63 The Council has statutory obligations under Scotland's freedom of information laws, data protection legislation and complaints legislation. These laws are enforced and promoted by the Scottish Information Commissioner (OSIC), the UK Information Commissioner (ICO), and the Scottish Public Services Ombudsman (SPSO).
- 1.64 While the Council has processes in place to ensure compliance with its statutory obligations, applicants, or complainants, can appeal to the appropriate regulator or ombudsman once they have exhausted the Council's internal review processes. Regulatory and ombudsman decisions are published on their respective websites.
- 1.65 In summary, nine decisions were issued by OSIC. Three were found for the applicant; four were partially upheld; and two were found for the Council. These decisions can be found at: <https://www.itspublicknowledge.info/decisions>. In relation to complaints, five decisions were issued by the SPSO: four were upheld for the complainant; and one not upheld. These decisions can be found at: <https://www.spsso.org.uk/decision-report-search>. The Council was not subject to any enforcement action by the ICO during the last year.
- 1.66 Any required actions following an OSIC, ICO or SPSO decision have been met in full, with evidence provided to confirm compliance. Any learning following a decision is communicated to the appropriate service and the Corporate Leadership Team.
- 1.67 Work has commenced on the Arm's Length External Organisations (ALEOs) Governance Framework. This aims to look at arrangements within the Council on how it works with ALEOs, at the relationship between the Council and its ALEOs and finally ensuring there are robust governance arrangements in place within each ALEO. This workstream is expected to be published in August 2024.
- 1.68 Arrangements for the reporting of the Council's ALEOs has been set out in previous years. However, it has become clear in 2023 that these

arrangements are not always strictly followed and the ALEO governance framework will outline what level of reporting is appropriate.

- 1.69 In October 2023 the Council agreed an approach to the integration of Edinburgh Trams and Lothian Buses and the closure of Transport for Edinburgh. Work is ongoing on the implementation of this decision.
- 1.70 The Council considered a report responding to Lord Hardie's Tram Inquiry report in December 2023. The report had also been considered by Transport and Environment Committee and the Governance, Risk and Best Value Committee in November 2023. The Council agreed a number of actions to the recommendations outlined in the Inquiry report and how these could improve governance going forward. The findings of the report would also be included in the ALEO governance framework review work being carried out in 2024.
- 1.71 Following concerns raised at committee, the Council began looking into its governance arrangements for Trusts where it is sole trustee. In August 2021 a report was considered on the governance of trusts run by the Council and in particular Lauriston Castle Trust. The review into governance found that improvements were required both to the Council's governance arrangements surrounding trusts and to the governance of Lauriston Castle Trust. In August 2023 the Council agreed to apply to the Court of Session to transfer ownership of Lauriston Castle to the Council.
- 1.72 A Rapid Recovery Transition Plan has been put in place to address, over a five-year period, areas where the homelessness service was not compliant with legislation.
- 1.73 There are established, well exercised, resilience incident management processes and protocols in place to effectively plan for and respond to emergencies. The Council Resilience Group, for example, drives and monitors the Council Resilience Management Programme, reporting to CLT, with the flexibility to convene working groups as required, eg. Brexit planning. In the event of an incident there is a flexible framework, including at directorate and Council-wide levels, that can be stood up as required, reporting to CLT and the appropriate committee(s). The Council feeds into Scotland's resilience structures on a multi-agency basis, through the Lothian and Borders Local Resilience Partnership and East of Scotland Regional Resilience Partnership. The incident management used for Covid-19 is a good example of the effectiveness and agility of these structures.
- 1.74 Cyber risk and in particular the risks posed to the organisation though a cyber incident are growing risks that the Council is currently looking to address. Scenario planning is taking place to allow an exercise to be carried out but further co-ordination of Council services and corporate leadership on the issue is required.

- 1.75 The need for the Council to improve its reporting and publication of integrated impact assessments (IIAs) was highlighted in last year's Annual Governance Statement. There is a robust framework in place with detailed guidance, but implementation was not always as expected. Further comprehensive training has been carried out to guide colleagues on carrying out IIAs. This training provided clear examples which are also published. The Council has improved its implementation of IIAs been integral to the decision making process but further improvement in terms of implementation is possible.
- 1.76 It was agreed in May 2023 to sign up to the Stonewall Diversity Champion's Programme and participate in the UK Workplace Equality Index.
- 1.77 The Council's Risk Management Policy describes the Council's overarching risk management approach and is supported by a risk management framework that describes how the policy will be applied by all Council directorates and divisions. A new policy was agreed in October 2023. In refreshing the policy good practice was considered and incorporated from a number of sources, including the risk management guidance included in the Scottish Government's Public Finance Manual; CIPFA; the International Organisation for Standardisation's ISO31000 Risk Management Guidelines; the Institute of Risk Management; and other public bodies. The policy aims to create a clear, simple framework that creates a structured and proportionate framework but the success of the policy will be determined by its implementation across Council directorates. Directorates indicated in their assurance schedules that they were implementing the policy and as a result were going through the process of reviewing their risk registers.
- 1.78 The Council also has a Risk Appetite Statement, approved in October 2023. This set out a new approach to using risk appetite within the Council. Risk appetite was defined as being concerned with the pursuit of risk where risk tolerance is about what level of risk the organisation was prepared to accept. A new risk appetite was agreed which set out the score for the Council across 13 Enterprise risks.
- 1.79 The Council launched a Community Council Scheme review in September 2023 which would also consider boundary change. The Scheme review follows a statutory process and is still ongoing.
- 1.80 Partnership working strengthened considerably over the Covid-19 pandemic and though engagement with local communities has been more challenging, there has been progress on how the Council works with communities. The Council is aware of the need to constantly improve how it empowers communities and is reviewing its locality arrangements to see how it can best support this work.



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

Action	Action Owner	Status
Roll out of governance and assurance framework	Service Director: Legal and Assurance	In progress
Implementation of the recommendations from the Tanner Review	Chief Executive, Service Director; Human Resources and Service Director: Legal and Assurance	Expected to be fully completed by mid-2024
Implementation of Corporate ALEO framework	Service Director: Legal and Assurance	In progress – expected summer 2024
Review of effectiveness of current arrangements for developing and reporting Integrated Impact Assessments	Head of Strategic Change and Delivery	Ongoing – Options currently being developed for discussion

Review of effectiveness of current scrutiny arrangements for services delegated to Edinburgh Integration Joint Board, particularly as these interact with the Council's committee governance structures	Head of Democracy, Governance and Resilience	Reported to EIJB – to be reported to Council committee in summer 2024
Implementation of the review into governance of Trusts	Service Director: Legal and Assurance	completed
Development of a medium term financial plan	Executive Director of Corporate Services	completed
Review of effectiveness of current officer-level governance structures and procedures	Head of Democracy, Governance and Resilience	In abeyance until new Chief Executive
Implementation of agreed improvement actions resulting from investigation into practices and activities within Edinburgh Secure Services	Executive Director of Children's, Education and Justice Services	Ongoing – Progress outlined in Statement

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

Action	Action Owner	Action Deadline
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1	Review of Prevent Single Point of Contact	Service Director: Legal and Assurance	December 2024
2	Review of supervision procedures and template for social work services	Executive Director of Children's, Education and Justice Services	March 2025
3	Corporate Workforce Plan	Service Director: HR	December 2024
4	Review of EIJB and Council budgeting	Chief Officer Health and Social Care Partnership	December 2024

### Conclusion

In conclusion, the Council's governance and control framework provides a satisfactory level of assurance. There is a need for improvements to be embedded and sustained within services but progress has been made on this in

the previous year and there has been a strong commitment from the Chief Executive and executive directors to resolving control issues. The Council understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Resource issues and challenging budgets remain and this continues to put pressure on staff and services and as a result governance and processes generally.

### Certification

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