

# Governance, Risk and Best Value Committee

10am, Tuesday, 9 June 2020

## Draft Annual Governance Statement

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 That committee scrutinise the draft Annual Governance Statement prior to its signing and incorporation into the Council's unaudited financial statements that will be presented to Council for approval on 30 June 2020.
- 1.2 That committee authorise the Chief Executive to make any minor changes to the statement considered necessary prior to submission of the financial statements for audit.

**Andrew Kerr**

Chief Executive

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# Report

## Draft Annual Governance Statement

### 2. Executive Summary

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- 2.1 This draft Annual Governance Statement is presented to committee for scrutiny before it is finalised and signed by the Chief Executive and Leader of the Council.

### 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 Head of Finance, 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 (2016), which fulfils legislative statutory requirements.
- 4.2 The Council's Annual Assurance (AA) exercise, that covers directorates, significant council companies and joint boards, informs the content of the AGS, along with input from the Chief Internal Auditor and the Corporate Governance Framework (CGF) 2018/19 self-assessment.
- 4.3 Individual directorate AA returns will be presented to committee for scrutiny in the autumn and the Council's Corporate Governance Framework 2019/20 self-assessment, which completes the annual review cycle of the Council's internal control framework, will be presented to committee in August.

## **5. Next Steps**

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- 5.1 The Annual Governance Statement will be signed by the Chief Executive and Leader of the Council and incorporated into the financial statements for approval at the meeting of Council on 30 June 2020.

## **6. Financial impact**

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- 6.1 This report has no financial impact.

## **7. Stakeholder/Community Impact**

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- 7.1 This report has no stakeholder/community impact.

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

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- 8.1 [Governance, Risk and Best Value Committee Report - Corporate Governance Framework Self-assessment 2018/19](#)

## **9. Appendices**

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- 9.1 Draft Annual Governance Statement 2019/20



**City of Edinburgh Council**

**Annual Governance Statement**

**2019/20**

## **Unaudited Financial Statements 2019/20**

### **ANNUAL GOVERNANCE STATEMENT**

#### **Introduction**

- 1.1 The Covid-19 emergency has meant that the Council has had to make significant changes to its governance arrangements. This governance statement provides assurance over the governance arrangements that have been in place for the majority of 2019/20 and it also identifies the changes that have been implemented in response to the emergency. The Council's arrangements are under significant pressure but it is felt that they are still robust and sufficient for the current circumstances.

#### **Scope of Responsibility**

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

- 1.5 The Council's strategy can be divided into four sections:
- 1.5.1 The Vision – In 2016, the City of Edinburgh began a conversation about its future to create a vision for 2050. A major public engagement and awareness raising campaign was launched in 2018. The Steering Group for the city vision has been established and is developing the 2050 Edinburgh City Vision with a view to launching it in 2020. The launch of the City Vision has been delayed due to the Covid-19 emergency but is expected to be a key element of the city's collective recovery to the COVID-19 with partners using the principles in 2050

City Vision to guide their recovery planning. The Council endorsed this approach at its Policy and Sustainability Committee on 28 May.

- 1.5.2 The Business Plan - In 2017, the Council's agreed the Business Plan which is built around 52 commitments that the administration has pledged to deliver over five years. The plan sets out what the Council aims to do and how it intends to do it. The plan will inform the decision making on how to use resources. The principles and actions set out will drive the way the Council reshapes and redesigns the way it delivers services and the way it works with communities and partners.
- 1.5.3 The Change Strategy - The Change Strategy seeks to set out how the council will achieve its objectives but also how it will address the significant financial challenges it faces. The Change Strategy was produced and agreed following extensive consultation and engagement with the public and staff.
- 1.5.4 Underpinning these documents are a series of strategic plans providing detail on the Council's priorities such as poverty and sustainability. These will be incorporated into the Council's recovery planning going forward.

## **Decision making structures**

### **Political Governance Arrangements**

- 1.6 The Council operates an executive committee structure (see figure 1.1). This consists of six executive committees which are responsible for policy and financial decision making and scrutiny in their designated areas of responsibility. These committees are Policy and Sustainability, Culture and Communities, Education, Children and Families, Finance and Resources, Housing, Homelessness and Fair Work, and Transport and Environment.
- 1.7 The Governance, Risk and Best Value Committee seeks assurance over the adequacy of governance and risk management frameworks and the internal control environment. It also scrutinises the Council's financial and non-financial performance, approves and monitors progress against the internal audit risk-based plan, and monitors performance of the internal audit service.
- 1.8 The Council also utilises 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.

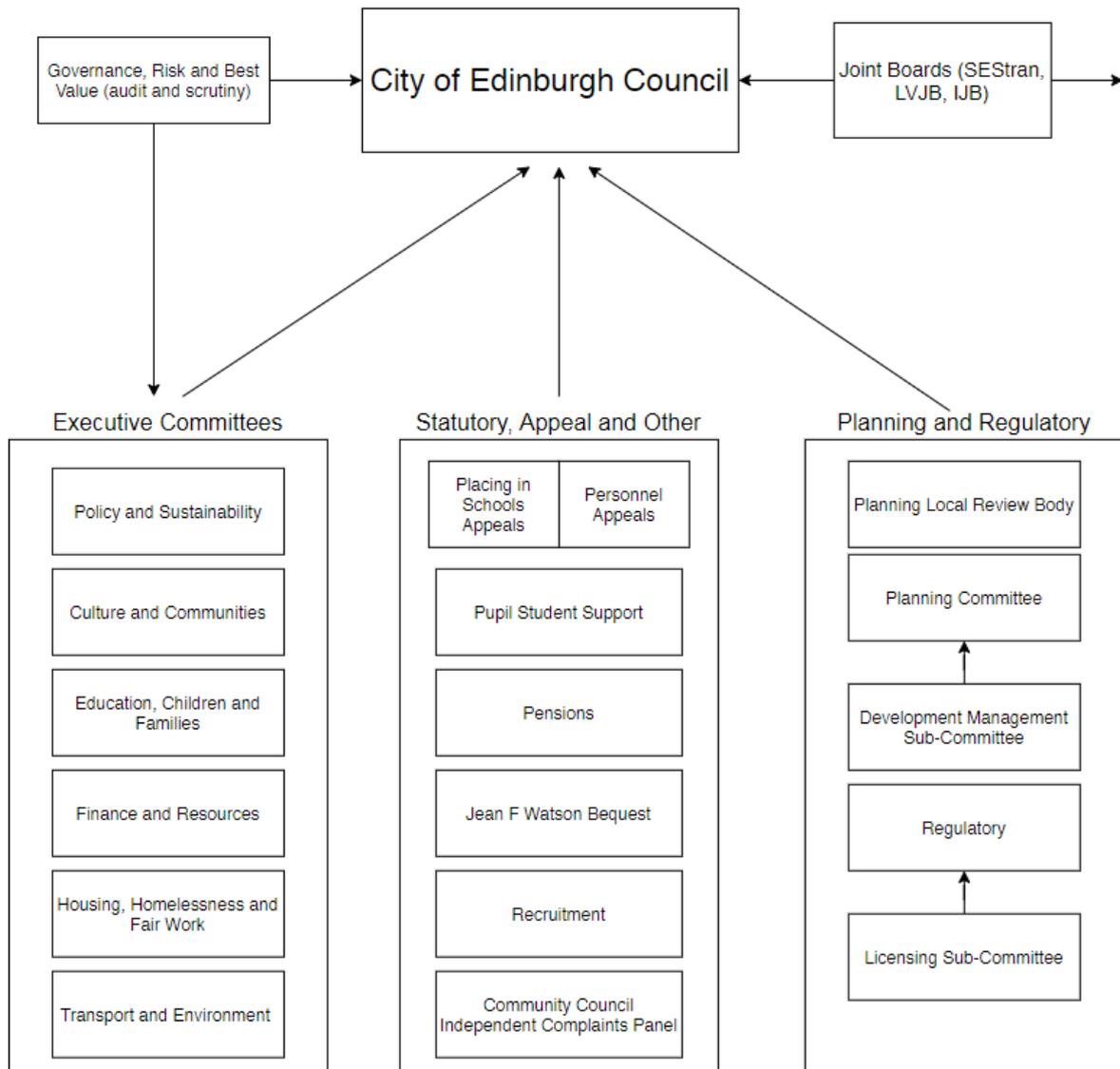


Figure 1.1 Executive Committee Structure

## Officer Decision Making

- 1.9 The Corporate Leadership Team (CLT) meets weekly, led by the Chief Executive and includes all executive directors and key heads of service including the Head of Finance as the Council's Statutory Section 95 Officer.
- 1.10 It 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 committees, a quarterly Council health and safety group and a quarterly consultation forum involving the trade unions. Health and safety working groups are in place for fire safety, water safety and asbestos. All directorates have risk and assurance committee meetings at least quarterly and ensure escalation of risks.

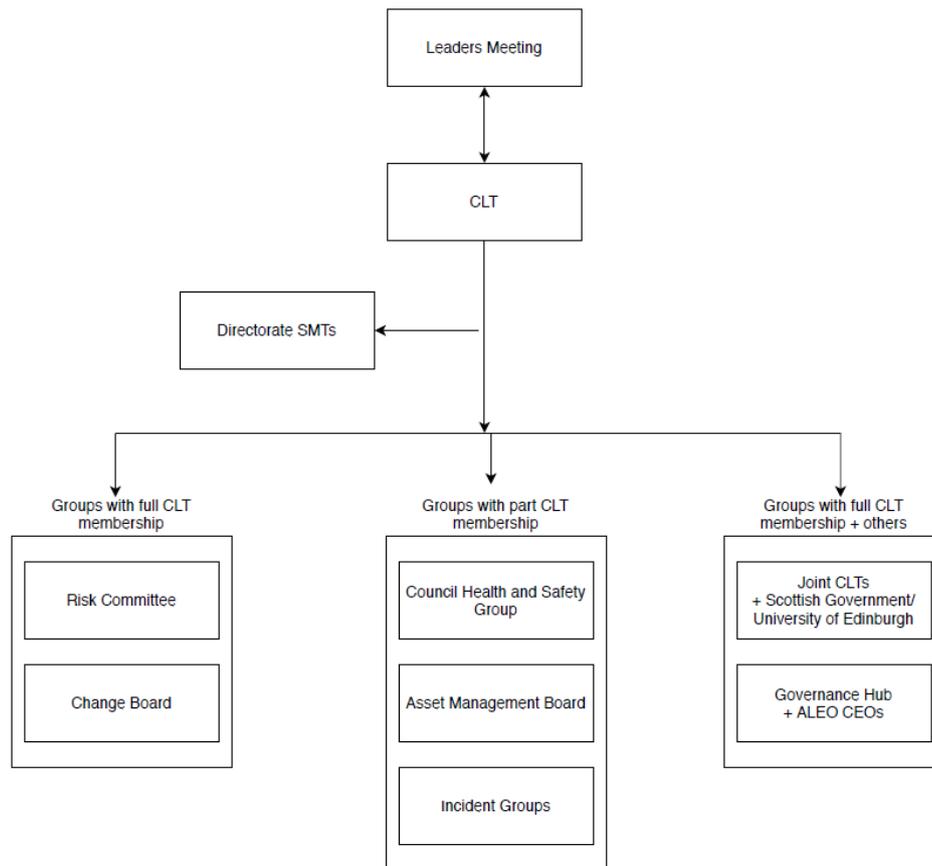
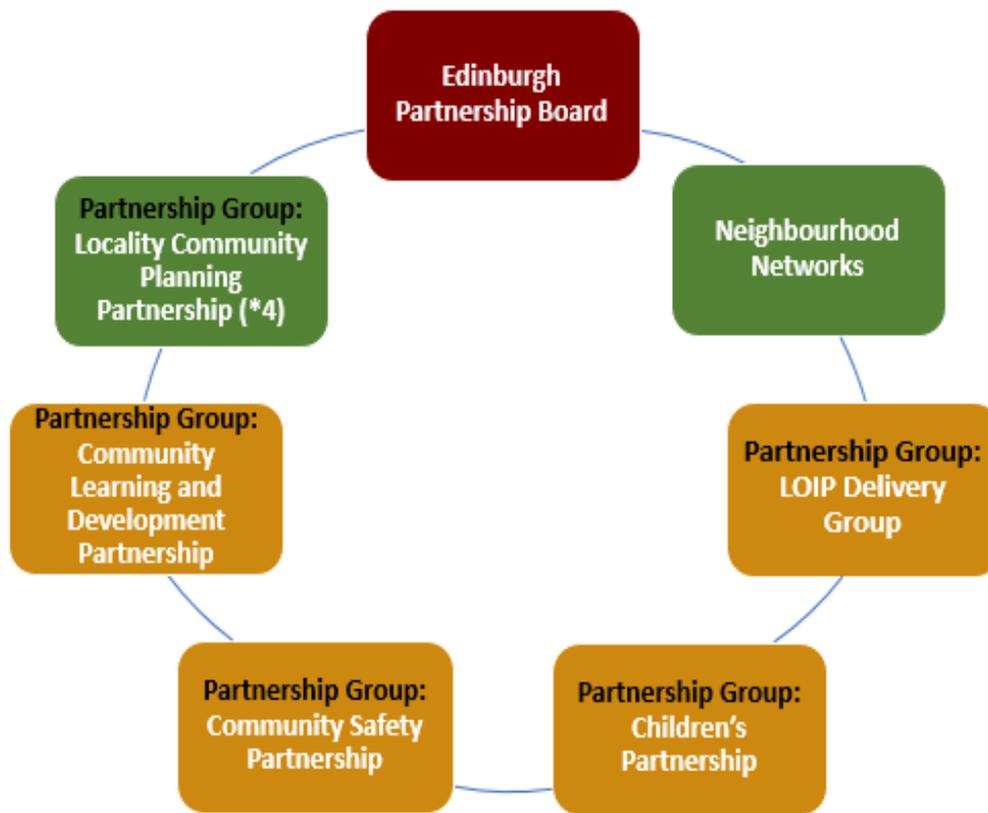


Figure 1.2 - CLT and Senior Management Team (SMTs) Structure

## Partnership Working

- 1.11 The Council has four localities and is using this model to restructure and deliver a range of frontline services. This will ensure integrated local services and improved outcomes for citizens. This locality model operates in co-terminosity with our partners (such as police and fire services) enabling closer working and integration of services around our citizens. Local Improvement Plans cover every area of the city and describe in detail our multi-agency approach to improve the delivery of services in our communities.
- 1.12 The Council plays an important role in the Edinburgh Partnership, the Community Planning Partnership in Edinburgh, and its new community planning structure. The new framework agreed by the Edinburgh Partnership comprises a Board, four city wide partnerships, four locality partnerships and thirteen neighbourhood networks. The new arrangements are designed to support a different way of working and to support the delivery of the Partnership's priorities for the city as set out in the new community plan. The plan focuses on reducing poverty and inequality in the city through making sure people have enough money to live on; access to work, learning and training opportunities; and have a good place to live.



### Internal Controls

1.13 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 Corporate Governance Framework (CGF) as its local code. The CGF is based on the Chartered Institute of Public Finance & Accountancy and Society of Local Authority Chief Executives model framework Delivering Good Governance in Local Government. The CGF outlines how the Council embeds good governance throughout the organisation and is available on the Council's website.

### Covid- 19 Arrangements

- 1.14 The Council implemented changes both to its operational and political management arrangements to support the response to the Covid-19 emergency.
- 1.15 The groups below were all established to respond to the Covid-19 incident:
- 1.15.1 Council Incident Management Team (CIMT) chaired by the Chief Executive with daily meetings from 13 March 2020
  - 1.15.2 Directorate Incident Management Teams with escalation to CIMT

### 1.15.3 Specialist Incident Management Teams:

1.15.3.1 Health and Social Care Command, chaired by Edinburgh Health and Social Care Partnership's Head of Operations

1.15.3.2 Personal Protective Equipment operational group, chaired by the Chief Procurement Officer

1.15.3.3 Shielding, chaired by the Executive Director of Resources

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

1.15.4 Cross-Council Risk Forum, convened and chaired by the Head of Legal and Risk / Council's Monitoring Officer.

1.15.5 Weekly meetings with the Trade Unions chaired by the Head of Human Resources.

1.16 The CIMT and directorate IMTs have provided a clear, easy to understand and effective governance structure for organising services during the emergency. Action notes have been kept for all meetings and executive directors have reported to the CIMT any issues for escalation. During March and April, the CIMT and directorate IMTs mostly met daily due to the pace of change and direction coming from Government. These meetings have reduced in frequency in recent weeks as the response to the emergency has stabilised but are all still in operation and operational business is still directed through these meetings.

1.17 Covid-19 has had, and continues to provide, a very challenging environment for the Council and has resulted in decisions being made at pace but never without efficient and effective governance at the core.

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

1.18.1 protect the most vulnerable in our city;

1.18.2 minimise the risks to our colleagues; and

1.18.3 continue to provide services in challenging circumstances.

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

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

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

- 1.19.3 Decisions would be considered and discussed at the Council's Incident Management Team;
  - 1.19.4 If possible, executive directors would discuss matters at their directorate incident management teams before escalating to the CIMT;
  - 1.19.5 Decisions would only be taken by the Chief Executive where urgent and they could not be considered in good time by the Leadership Advisory Panel; and
  - 1.19.6 Decisions would be reported to the Leadership Advisory Panel for information.
  - 1.19.7 When making decisions the potential risk and impact of those decisions, whether existing controls are effective and what new measures or controls may be required should be considered. This process should be as efficient and streamlined as possible.
- 1.20 To date the Council has implemented two phases of political governance arrangements in response to Covid-19 emergency. The first phase, agreed by the Chief Executive under emergency powers, was to extend the recess period of the City of Edinburgh Council from Friday 20 March 2020 to Sunday 29 March 2020 inclusive and from Monday 20 April 2020 to Sunday 26 April 2020 inclusive. The Leadership Advisory Panel was an existing committee that had the authority to take all decisions during recess periods. This was stood up and met twice during this period.
- 1.21 The second phase followed a report considered by the Leadership Advisory Panel on 23 April 2020 and agreed that the Policy and Sustainability Committee would meet every two weeks from May and would have the authority to make decisions on all matters of business. This committee has a larger number of elected members, includes a number of the executive committee conveners and is chaired by the Council Leader. All business, with the exception of quasi-judicial matters, should be submitted to this committee. The Development Sub-Committee and the Local Review Bodies would also meet from May when required and the Governance, Risk and Best Value Committee would meet again from 9 June 2020. This has re-established independent committee scrutiny and allowed audit activity to re-commence.
- 1.22 It was agreed that the Policy and Sustainability Committee would review political governance arrangements again in August 2020.
- 1.23 Risk management processes were put in place to ensure that the risks associated with Covid-19 were identified, recorded, and mitigated where possible. Nine strategic risks were identified and recorded in the Covid-19 Risk Management Plan (RMP) and continue to be actively managed:
- 1.23.1 health and safety of citizens and service users;
  - 1.23.2 health and safety of employees delivering critical services;

- 1.23.3 Council premises and physical security;
- 1.23.4 supply chain risk;
- 1.23.5 technology and information;
- 1.23.6 financial and economic risk;
- 1.23.7 Council response and governance;
- 1.23.8 fraud and serious organised crime; and
- 1.23.9 legal and commercial risk.

### **Review of Effectiveness**

- 1.24 An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:
  - 1.24.1 the work of the Corporate Leadership Team which develops and maintains the governance environment;
  - 1.24.2 the certified annual assurance statements provided by all executive directors;
  - 1.24.3 the certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies.
  - 1.24.4 council officers' management activities;
  - 1.24.5 the Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
  - 1.24.6 reports from the Council's external auditor; and
  - 1.24.7 reports by external, statutory inspection agencies.
- 1.25 Each Executive Director has reviewed the arrangements in their service area 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. These reviews have not identified any fundamental weaknesses in the framework of governance, risk management and control at the Council.
- 1.26 The Internal Audit section operates in accordance with CIPFA's Code of Practice for Internal Audit and the Public Sector Internal Audit Standards. The section 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 Head of Legal and Risk (who is also the Monitoring Officer) 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.

- 1.27 In compliance with standard accounting practice, the Head of Finance as the Council's Statutory Section 95 Officer has provided the Chief Executive with a statement of the effectiveness of the Group's internal financial control system for the year ended 31 March 2020. It is the opinion of the Head of Finance that although a degree of assurance can be placed upon the adequacy and effectiveness of the Group's systems of internal financial control, further improvements, including embedding of actions taken in response to previous recommendations, are still clearly required. In this context, the Head of Finance particularly highlights the continuing required improvements to address a number of systemic weaknesses in respect of payroll-related controls, particularly those to address historic, and prevent recurring, overpayments.
- 1.28 The Chief Internal Auditor will present her annual audit opinion on the adequacy and effectiveness of the system of internal control (including financial controls) to the Governance, Risk and Best Value Committee in August 2020. Due to COVID-related disruption and in-year delivery challenges, however, the opinion will necessarily be limited and based upon completion of 70% of the 2019/20 audit plan, subject to the receipt of requested support from Directorates.
- 1.29 The Council comprehensively reviewed its political management arrangements in May 2019, focussing on the levels of business at its main executive committees. Statistics showed a considerable strain on the Council's political management arrangements. The length of meetings showed a level of healthy democratic debate and as a result a level of scrutiny taking place at executive committees, however the volume of business was high and left little room and flexibility to scrutinise all committee business on an agenda. There was a risk of scrutiny being rushed for less high-profile areas of work because of these pressures. This pressure was not evident across all committees, but the structure was not sustainable, and the Council agreed to re-align its business so there was a more even spread across committees, with areas of business still grouped logically. The committee re-alignment also ensured that sustainability, one of the Council's key priorities, was considered by the newly re-titled Policy and Sustainability Committee chaired by the Council Leader. There was also a title change for the Housing and Economy Committee which was renamed Housing, Homelessness and Fair Work, again reflecting the Council's priorities.

- 1.30 External Audit had highlighted the importance of adhering to approved member-officer protocols in respect of sensitive information and the importance of all Councillors and senior staff having a clear understanding of their rights and responsibilities in relation to information held by the Council. A review of the Member/Officer protocol was commenced but the completion of the revised document was delayed by Covid-19. The review included member and officer groups and a facilitated joint meeting to build on the existing protocol before it will finally be considered by committee.
- 1.31 An Internal Audit review confirmed that management; oversight; and scrutiny of the Council's major projects portfolio is generally adequate with some enhancements required. The review recognised significant progress made in the last year with the implementation of a portfolio governance framework that reflects best practice in a number of areas, and facilitates standardised reporting across the major projects' portfolio, enabling ongoing oversight and scrutiny by both the Change Board and the Governance, Risk and Best Value Committee. Since the review the system has further bedded in and the number of projects monitored by the Change Board increased significantly. Concern has been raised over the project governance for those projects that are too small for the Change Board and the need for directorates to improve their monitoring and challenge in this area.
- 1.32 A major issue highlighted by both External and Internal Audit was the number of overdue findings from internal audit reports. The Corporate Leadership Team highlighted that resolving overdue findings was proving challenging due to their complexity. It was agreed that Directorates would review and refresh their agreed management actions for any findings that were more than three months overdue (including historic reopened findings) to assess whether alternative actions could be implemented to address the identified risks. This sustained effort significantly reduced the number of overdue findings and ensuring that management actions are completed on time is an agreed major priority for all directorates.
- 1.33 Meeting the demands of new data protection legislation has led to significant increases in the volume of data protection work. This has resulted in several resource and operational challenges which have had a detrimental effect on statutory obligations and associated timescales. This increase has also impinged on other areas of information rights, including compliance with Scotland's freedom of information laws. Remedial plans are in place to reduce risks in this area and to ensure that statutory obligations are met.
- 1.34 The Council's whistleblowing arrangements continue to include the oversight of an independent external service provider with the autonomy to decide who investigates the concerns raised, the Council or the service provider. The continuing involvement of an independent organisation helps ensure a robust, transparent and trustworthy process. The Council's approach is widely seen

as best practice and as such the Council was invited to give evidence to the Scottish Parliament when an NHS whistleblowing service was being considered. The Governance, Risk and Best Value Committee receives a quarterly update on whistleblowing and the whistleblowing policy is reviewed annually by committee.

- 1.35 The division of scrutiny of the Council's Arm's Length External Organisations (ALEOs) between executive committees and Governance, Risk and Best Value Committee is essential to ensure that potential conflicts of interest are mitigated. However, the separation of scrutiny between GRBV and executive committees has not always been clear, and duplication of scrutiny has been common. A committee report in 2020 sought to clarify matters for the Council's committees and for individual ALEOs. These arrangements were agreed and implemented but the Covid-19 emergency has meant that it has not been possible to demonstrate that this was maintained. The Council's compliance with the principles set out in the Following the Public Pound Code is much wider than just committee consideration, it applies to the Council's interactions with its ALEOs at all levels. The Chief Executive intends to review how the Council works with its ALEOs, examining the shareholder agreements and Service Level Agreements in place to ensure a greater degree of consistency and clarity of relationship.
- 1.36 Each directorate's assurance schedule was scrutinised by the Governance, Risk and Best Value Committee.
- 1.37 Internal Audit identified a number of significant control weaknesses in the design and application of the Council's policy management framework, across all Council directorates and divisions, that require to be addressed. Consequently, only limited assurance can be provided that policies are being effectively developed, managed, and communicated across the Council and are aligned with applicable legislation, regulations, and statutory requirements.
- 1.38 In light of expected Scottish government proposal to further embed Human Rights into the Scottish Legal Framework, consideration needs to be given now as to whether the current approach to IIAs is adequate and sufficiently embedded in Council working to be fit for purpose.
- 1.39 Directorate assurance schedules identified the need for a holistic, corporate tracking of actions and improvement actions associated with the assurance schedules, external audit and other regulatory bodies. Improvements are required to the administration of improvement actions and aligning this with the governance statement to provide adequate assurance that actions are being implemented and thus risks effectively managed.
- 1.40 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 and Council Counter Terrorism Group are the two main groups that drive and monitor the Council Resilience Management Programme, reporting to the Council Leadership Team, with the flexibility to convene working groups as required, for example, for Brexit planning. In the event of an incident, there is a flexible framework including directorate and corporate levels, that can be stood up as required, reporting to the Council Leadership Team and the appropriate committee(s). The Council feeds in to 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.

- 1.41 The Council maintains registration to the International Standard for Business Continuity, ISO22301 and, as part of that compliance, the Council's Resilience Management System is audited biannually by an external auditor.
- 1.42 There is a robust risk framework in place which identifies key risks and is effective at a corporate Council-wide level. However, there is a need to ensure that adequate resource is provided to ensure that the framework is effectively implemented at all levels of the Council and that all directorates are considering risk as part of their decision-making processes. It should be noted that health and social care risks remain separate from the Council process.
- 1.43 The Council has adapted how it works on some of its key priorities enabling it to work flexibly with its partners with a view to achieving its ambitious objectives. An example of this is the Poverty Commission where the Council has worked with a newly created independent body and chair and agreed that recommendations proposed by the Commission will be used to inform future Council policies and actions to prevent, reduce, and mitigate poverty in Edinburgh. A further example is the partnership with the University of Edinburgh to appoint a climate commission. The flexible governance approach in these two examples have allowed the Council to be informed by external experts from across a range of sectors with the aim of achieving better outcomes. However, the final decision making remains with the Council and partner organisations.
- 1.44 A Community Council review was carried out that improved the governance documentation supporting Community Councils. In addition, a new Code of Conduct was created for Community Councillors, with a Council committee created to consider the most serious cases.



The status of the previous year's actions is outlined below:

	<b>Governance Issue</b>	<b>Mitigation Action / Proposed Action</b>	<b>Responsible Party</b>	<b>Status</b>
<b>Risk and Resilience</b>				
1	Health and Social Care – Further work is required to implement an effective risk escalation framework.	The Health and Social Care Partnership aim to complete the risk escalation framework	Chief Officer	Completed
<b>Workforce</b>				
2	To ensure workforce resources are managed properly, including compliance with payroll policies, overtime controls, absence management and performance e.g. home/remote working.	Implementation of new HR/ system	Executive Director of Resources	Completed
<b>Governance and Compliance</b>				
3	Partial compliance (Place Directorate) - Council staff are aware of their responsibilities in relation to the Council's	A review of delegated authority within the Place directorate is being carried out to ensure that	Executive Director of Place	Completed

	governance framework and that the authority, responsibility and accountability levels within my directorate are clearly defined, with proper officer designation delegated, recorded, monitored, revoked and reviewed regularly to ensure ongoing compliance with the Scheme of Delegation.	appropriate governance and controls are in place.		
4	Ensure the Council's arrangements are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Review of Political Management Arrangements	Chief Executive	Completed
5	Ensure the Council's arrangements are fully compliant with relevant Scottish, UK and EU legislation and regulations.	Review Annual Assurance process	Chief Executive	Completed
<b>Change and Project Management</b>				
6	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 structures. (i.e SMT reporting)	A new balanced score card approach is to be implemented which looks to amalgamate all aspects of performance in a single format	Chief Executive	Completed

7	Projects are not always started with clear business cases or a formal project management approach adopted. Projects are started in relation to an issue or service change, but recognition not always given to other projects creating duplication. A Business Planning process is also being established.	A transformation and change team will provide project support capacity across the Partnership allowing for greater oversight and ensure projects have clear business justification and business cases.	Chief Officer	Completed
<b>Financial Control</b>				
8	An issue was identified by Internal Audit as part of a review of payments to contractors in Housing Property. Actions have been agreed with Internal Audit and are currently being implemented.	Review of developer contributions held in Finance database	Executive Director of Resources	Completed
9	An issue was identified by Internal Audit as part of a review of payments to contractors in Housing Property. Actions have been agreed with Internal Audit and are currently being implemented.	Review of historic developer contributions	Executive Director of Place	Completed
10	An issue was identified by Internal Audit as part of a review of payments to contractors in Housing Property. Actions have been agreed with Internal Audit and are currently being implemented.	Review of Developer contribution process documentation and guidance	Executive Director of Place	Completed

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:

<b>Ref</b>	<b>Assurance Statement</b>	<b>Mitigation Action / Proposed Action</b>	<b>Action Owner</b>	<b>Action Deadline</b>
1	Internal Control Environment requirements			
1.1	I have internal controls and procedures in place throughout my directorate that are proportionate, robust, monitored and operate effectively.	Development of Business Forums for Finance/Property/HR to provide a risk-based approach to business management	Executive Director for Communities and Families	October 2020
2	Risk and Resilience			
2.1	I have risk management arrangements in place to identify the key risks to my directorate (and the Council).	Roll out risk management framework across wider leadership teams and Partnership teams	Chief Officer	March 2021
		A decision whether to review and align the Directorate Risk Register with the specific risk registers which exist for Brexit, Cyber and Information Security and Change Programmes will be	Executive Director of Resources	September 2020

		undertaken during the next financial year.		
3	Workforce			
3.4	I have robust controls in place to manage new starts, movers and leavers, including induction and mandatory training, IT systems security (access and removal) and access to buildings and service users' homes.	The creation of the Edinburgh Learns Risk Board is to involve school colleagues in the management of relevant risks. It will act as a gatekeeper in terms of what is included in risk management and will provide isomorphic learning where the Service learns from within to manage the risks jointly, efficiently and effectively.	Executive Director for Communities and Families	October 2020
6	Policy			
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.	All Edinburgh Health and Social Care Partnership (EHSCP) and Place policies on the Policy Register will be reviewed with the support of the Governance team. A review framework will be introduced to ensure that the register is updated and relevant changes are applied accordingly.	All	December 2020

		A review of the policy register will be carried out to ensure it is up to date and that the correct processes are easy to understand and implement	Chief Executive/All	October 2020
10	Health and Safety			
10.3	I have competencies, processes and controls in place to ensure that all service areas in my directorate, and other areas of responsibility, operate in compliance with all applicable Health & Safety laws and regulations.	Directorate to review SHE and the Essential Learning matrix and mechanism within the Service to be undertaken with Corporate Health and Safety to ensure that the portal is being used efficiently, effectively and necessary improvements are made.	Executive Director for Communities and Families	October 2020
		To ensure that the Health & Safety Team Professional Advisor roles are recruited to a sufficient level, with posts filled by individuals with appropriate competency and qualification	Executive Director of Resources	March 2021

		levels during the course of the next financial year.		
11	Performance			
11.2	I have appropriate arrangements in place throughout my service area for recording, monitoring and managing customer service complaints and customer satisfaction.	Development of a carbon scenario tool with ECCL as part of the sustainability programme	Chief Executive	December 2020
13	Change and Project Management			
13.1	All projects and programmes have a clear business justification, as a minimum this should articulate outcomes and benefits; have appropriate governance in place to support delivery; effective controls in place to track delivery progress and to take corrective action if required; have a robust benefits management framework in place; and ensure that a formal closure process is undertaken.	There will be a development of a new Roads and Transport Infrastructure Improvement Plan. This will require the realignment of roads and transport services to implement the plan. This will ensure clear accountability for all programmes and projects.	Executive Director of Place	September 2020

14	Financial Control			
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.	The Finance Service will work with the Schools and Lifelong Learning Service to review the issues with the forecasting spreadsheet used in schools. This review will address the causal effects and seek to mitigate them.	Executive Director for Communities and Families	October 2020
18	Progress			
18.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	A consolidated decision tracker for ensuring the implementation of Best Value, Assurance and Annual Accounts recommendations is created.	Chief Executive	December 2020
18.1	All outstanding issues or recommendations arising from this exercise, commissioned reviews, committee reports and other initiatives in previous years have been addressed satisfactorily.	To ensure that a framework is in place for directorates to understand the requirements of the Annual Assurance Schedule and the Corporate Governance Framework	Chief Executive	December 2020



## **Conclusion**

- 1.45 In conclusion, the Council's controls framework continues to evolve and improve. It is robust and a reasonable level of assurance can be taken. Improvements are needed in certain areas to ensure that the Council's and controls are implemented fully. Moreover, Covid-19 has put significant pressure on the Council's processes and controls and the Council will need to be vigilant to ensure that if the Council undergoes considerable transformation due to the emergency that it ensures that its governance controls remain effective.
- 1.46 We are satisfied that the actions highlighted in this Statement reflect the Council's commitment to continuous improvement and will further enhance our corporate governance and internal control arrangements.

## **Certification**

- 1.47 It is our opinion that, in light of the foregoing, reasonable 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.