

# Governance, Risk and Best Value Committee

10am, Tuesday, 8 June 2021

## 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.
- 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

# 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) 2019/20 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 2020/21 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 Council.

## **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 None

## **9. Appendices**

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- 9.1 Draft Annual Governance Statement 2020/21



**City of Edinburgh Council**  
**Annual Governance Statement**  
**2020/21**

## **Unaudited Financial Statements 2020/21**

### **ANNUAL GOVERNANCE STATEMENT**

#### **Introduction**

- 1.1 2020/21 has been an unprecedented year for the City of Edinburgh Council, responding to the demands of a global pandemic and fundamental changes to people's freedoms and way of life. As a direct consequence of the Council's response to Covid-19, governance, both political and operational, had to adapt and evolve rapidly to ensure that the Council fulfilled its statutory duties arising from the Civil Contingencies Act and was able to work directly and with partners to address the safety of vulnerable people, the continuity of essential public services and the safety of our employees alike. Recognising the importance of democratic leadership and oversight of the Council's response to the pandemic, a rapid transition back to the full operation of our executive committees as soon as practicable was also managed. The past year has been challenging for elected members and officers alike and has placed a significant strain upon Council finances, the workforce, digital and physical assets like, along with our supply chain and partners. Through robust and effective governance, the Council has been able to respond well to these challenges, to adapt and evolve the provision of its services and, importantly, to take on additional responsibilities to support local and national responses to Covid-19.

#### **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 demonstrated by 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 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.
- 1.6 The Business Plan covers a three year period and provides an overarching focus for the Council in terms of its priorities and the delivery of its aims. It provides an opportunity to deliver a future organisation to meet the changing needs of citizens.
- 1.7 The Business Plan set out the three main priorities the Council would focus on in the coming years:
  - 1.7.1 Ending poverty by 2030
  - 1.7.2 Becoming a sustainable and net zero city; and
  - 1.7.3 Wellbeing and Equalities.
- 1.8 The Business Plan describes the approach the Council will take to deliver its priorities in the form of 15 outcomes with actions. This plan stands as one part of a golden thread linking and guiding operations, through to the shared goals and commitments of the Edinburgh Partnership and towards the long term ambitions for Edinburgh to be a fair, welcoming, pioneering, and thriving city, as outlined in the 2050 Edinburgh City Vision.
- 1.9 The Business Plan also met the Accounts Commission's Best Value Report recommendations on aligning the Council's strategic direction.

## **Decision making structures**

### **Political Governance Arrangements**

- 1.10 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.
- 1.11 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.

1.12 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.

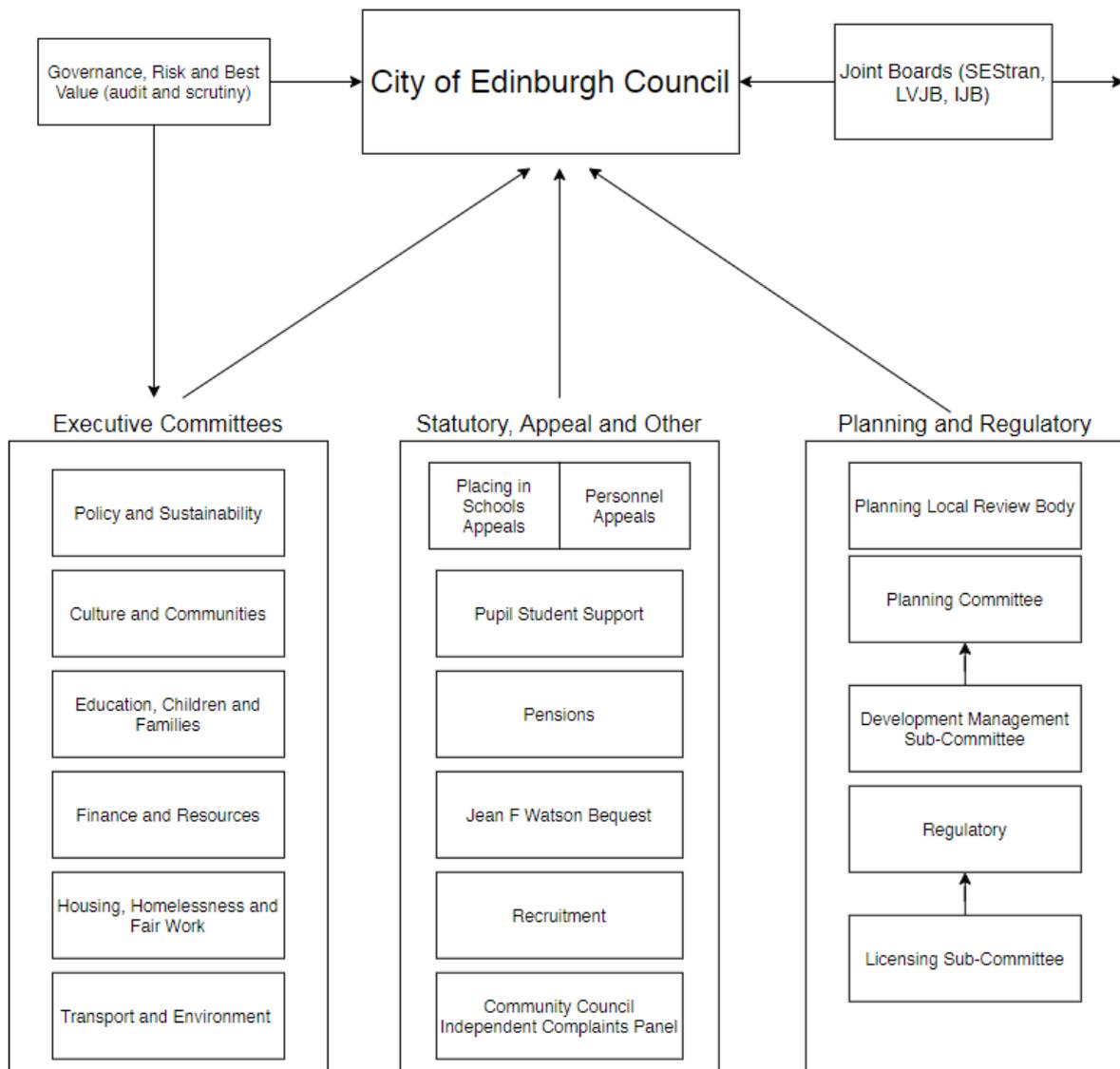


Figure 1.1 Executive Committee Structure

### Political decision making in Covid- 19

1.13 To date the Council has implemented three phases of political governance arrangements in response to the 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.

- 1.14 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 2020 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, was submitted to this committee. The Development Sub-Committee and the Local Review Bodies met from May 2020 as required and the Governance, Risk and Best Value Committee met again from 9 June 2020. This re-established independent committee scrutiny and allowed audit activity to re-commence.
- 1.15 The third phase from 7 August 2020 re-introduced the Finance and Resources Committee to provide financial scrutiny and then all other executive committees from 1 September 2020; meaning the Council's political management arrangements were back operating normally (and remotely) from that date.

### **Officer Decision Making**

- 1.16 The Corporate Leadership Team (CLT) meets weekly, led by the Chief Executive, and includes all Executive Directors and key statutory officers including the Section 95 Officer, Monitoring Officer and Chief Social Work Officer.
- 1.17 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 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 escalation of risks. The CLT also has a specific risk committee meeting which reviews the corporate risk register on a quarterly basis.

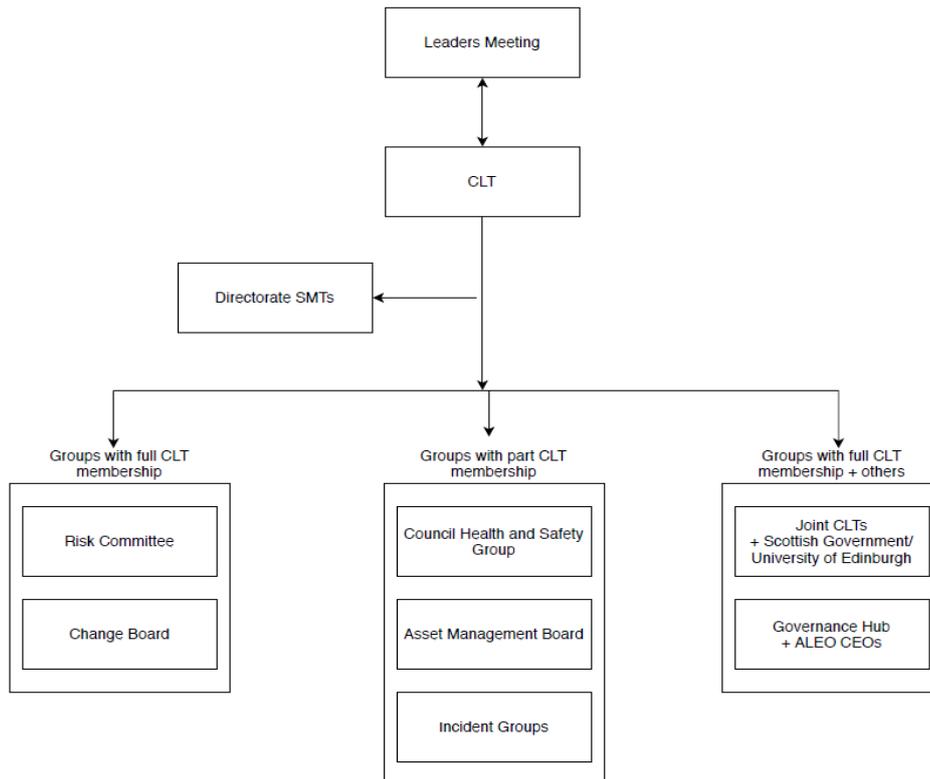


Figure 1.2 - CLT and Senior Management Team (SMTs) Structure

1.18 A key area of governance for the Council is its involvement in national, regional and city wide bodies. The Chief Executive and 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 has increased during the Pandemic, building on strong relationships and the need to work together to provide holistic solutions for the City and its region.

### **Covid-19 Officer Decision Making**

1.19 The groups below were all established to respond to Covid-19:

1.19.1 Council Incident Management Team (CIMT), chaired by the Chief Executive

1.19.2 Directorate Incident Management Teams, with escalation to CIMT

1.19.3 Specialist Incident Management Teams:

1.19.3.1 Health and Social Care Command, chaired by EHSCP Head of Operations

1.19.3.2 Personal Protective Equipment (PPE), chaired by the Chief Procurement Officer

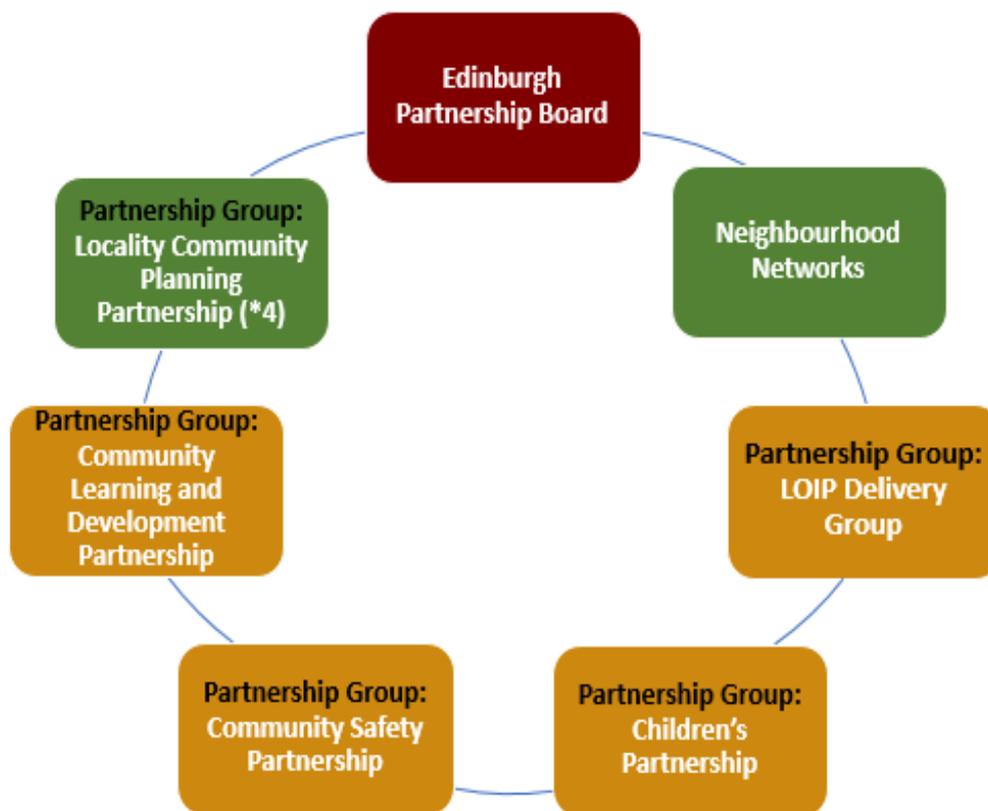
1.19.3.3 Shielding, chaired by the Executive Director of Resources

- 1.19.3.4 Vulnerable and Volunteering, chaired by the Executive Director of Communities and Families
- 1.19.4 Cross-Council Risk Forum, convened and chaired by the Head of Legal and Risk
- 1.19.5 Weekly meetings with the Trade Unions, including on specialist subjects such as PPE.
- 1.20 The CIMT and directorate IMTs have provided a clear, easy to understand and effective governance structure for organising services during the emergency. They have met with differing frequency during the pandemic, operating flexibly to ensure the Council could react rapidly to any arising issues.
- 1.21 The three principles that were set out at the beginning of the response have been the framework for every decision taken:
  - 1.21.1 to protect the most vulnerable in our city;
  - 1.21.2 to minimise the risks to our colleagues; and
  - 1.21.3 to continue to provide services in challenging circumstances.
- 1.22 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:
  - 1.22.1 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;
  - 1.22.2 The Chief Executive would consult on all these decisions with the Leader and Depute Leader;
  - 1.22.3 Decisions would be considered and discussed at the Council's Incident Management Team;
  - 1.22.4 If possible, Executive Directors would discuss matters at their directorate incident management teams before escalating to the CIMT;
  - 1.22.5 Decisions would only be taken by the Chief Executive where urgent and where they could not be considered in good time by the Leadership Advisory Panel;
  - 1.22.6 Decisions would be reported to the Leadership Advisory Panel for information; and
  - 1.22.7 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.

- 1.23 The Council has reduced both the number and frequency of its Covid-19 meetings, but the Council's Incident Management Team continues to meet twice a week and other meetings have been stood back up depending on the changing situation of the pandemic.
- 1.24 In May 2020 the Council, recognising the significant long term impact and challenges caused by the pandemic, commenced a programme of work titled Adaptation and Renewal, focussed on post-Covid new ways of working. It aimed to set a clear long term vision, feeding into the business plan, on how the City would recover while retaining the flexibility to adapt to the changing public health situation.
- 1.25 Its five work programmes were as follows:
- 1.25.1 Public Health Advisory Board - This board brought together NHS Lothian and the Edinburgh Health and Social Care Partnership (EHSCP) to ensure the effective communication and implementation of national advice concerning public health.
  - 1.25.2 Service Operations – To consider how to reintroduce services and adapt to new ways of working.
  - 1.25.3 Change, People and Finance – To evolve the Council's current Change Strategy and financial framework and the impact of the pandemic on our workforce, our digital strategy and governance arrangements..
  - 1.25.4 Sustainable Economic Recovery – To work closely with the Scottish and UK Governments, the business community and the third sector, to respond to the challenging economic circumstances facing the city and the nation.
  - 1.25.5 Life Chances - To ensure the Council is supporting people who are vulnerable or need support because of the impact of COVID-19.

### **Partnership Working**

- 1.26 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**

1.27 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**

- 1.28 An assurance statement on the effectiveness of the system of internal controls has been provided and was informed by:
- 1.28.1 the work of the Corporate Leadership Team which develops and maintains the governance environment;
  - 1.28.2 the certified annual assurance statements provided by all Executive Directors;

- 1.28.3 the certified assurance statements provided by the Chief Executives and Directors of Finance of the Council's group companies.
  - 1.28.4 council officers' management activities;
  - 1.28.5 the Chief Internal Auditor's annual report and internal audit reports, risk-based, across a range of Council services;
  - 1.28.6 reports from the Council's external auditor; and
  - 1.28.7 reports by external, statutory inspection agencies.
- 1.29 The Accounts Commission in November 2020 published their Best Value Assurance report into the City of Edinburgh Council. The report highlights a number of key achievements and areas for the Council to improve since the 2016 Best Value Audit and reflects on this as mixed progress.
- 1.30 The key achievements outlined in the Best Value Assurance report include:
- 1.30.1 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;
  - 1.30.2 The Council's long track record of maintaining revenue expenditure within budget;
  - 1.30.3 Aspects of leadership and service performance. Specifically, referencing improved performance across many of KPIs – schools and education, waste and cleansing and time taken to process benefit and grant claims;
  - 1.30.4 Improvements in asset management, procurement and risk management.
- 1.31 The Best Value Assurance report also notes areas where further progress is required:
- 1.31.1 To align strategic priorities;
  - 1.31.2 The implementation of effective community planning governance arrangements, the pace of change within the CPP and community empowerment;
  - 1.31.3 The Council's approach to self-assessment, continuous improvement and public performance reporting; and
  - 1.31.4 Long-term financial planning and workforce planning.
- 1.32 The Chief Executive put into place an improvement plan for all the area of improvement outlined in the Best Value Assurance report. As outlined above in paragraphs 1.5-1.9 the Business Plan has been created to ensure strategic

priorities are aligned under a set of key priorities. Changes have been made to ensure the Council is working to the business plan including senior management structural change and work will continue throughout 2021 to align work streams and governance with the business plan and the priorities within.

- 1.33 As outlined earlier the Best Value report highlighted that the Council and its partners had not established effective community planning governance arrangements. The report acknowledged that it was too early to conclude if the review undertaken in 2019 would effectively support the Partnership to deliver the Local Outcome Improvement Plan (LOIP). There was further commentary on the Partnership not delivering effective Local Improvement Plans. The Edinburgh Partnership has considered the recommendations outlined in the Best Value report and has agreed a series of actions to address the concerns, with a number of these being led by the Council. This includes a partnership plan to deliver the 20 minute neighbourhood model, strengthening the resourcing and capacity to support neighbourhood networks and developing a framework for collaboration with the Edinburgh Association of Community Councils and Community Councils themselves.
- 1.34 Following approval of the Council Business Plan in February 2021, work was outlined to develop a new integrated planning and performance framework. This aims to ensure that the Council's priorities and outcomes are translated into clear actions and performance measures which are monitored, actioned and delivered. This is expected to be delivered in June 2021.
- 1.35 The Council agreed a new People Strategy in April 2021, supporting the new Business Plan and aligned to the key priorities. The Plan sets out what employees should expect from the Council as their employer and what the Council expects from its workforce. The Plan has three strategic themes:
  - 1.35.1 Living our behaviours;
  - 1.35.2 Maximising our capacity and performance; and
  - 1.35.3 Enhancing our colleague experience.
- 1.36 The People Strategy should also be cross-referenced with the Strategic Workforce Plan 2021-2024 which sets out how the Council addresses the gaps between its current workforce and the future workforce needed to meet the priorities of the Business Plan.
- 1.37 The impact of the Council's review of its political management arrangements was disrupted by the Covid-19 pandemic but had been in place six months before committees were paused. The full committee system did re-commence in September 2020 and has operated remotely during that period. Meetings have taken longer than pre-Covid but the system has continued to run effectively, with meetings continuing to be filmed and available to the public in the archive. To reduce the impact on staff and elected members, changes

were made to Standing Orders to manage the time taken at committee whilst still ensuring that effective scrutiny could take place.

- 1.38 The Council was faced with having to make important decisions quickly in response to the pandemic but also ensure good governance was still being applied. An example of this is support to local businesses that was approved in August 2020. This streamlined the process to allow businesses to apply to use outdoor space, created a champions network and waived fees. This work was done quickly with the first report going to Council on 28 July and then followed up on 6 August. It showed the Council could make urgent decisions efficiently but also still with full democratic oversight and transparency.
- 1.39 The Council's political management arrangements consider a significant amount of business and that puts pressure on resources in terms of elected members and officers. The system could potentially be improved by freeing up more time for the most significant items of business and by reducing reports on more straightforward business matters. However, as a whole, current arrangements provide a transparent and robust decision-making structure with clear democratic accountability. The Best Value report by the Accounts Commission highlighted that the Council had been able to make important decisions despite there being a difficult political environment, demonstrating the effectiveness of the structure.
- 1.40 The Internal Audit team operates in accordance with CIPFA's Code of Practice for Internal Audit and the Public Sector Internal Audit Standards (PSIAS). 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 Head of Legal and Risk 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.
- 1.41 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.
- 1.42 Covid-19 has created, and continues to set, a very challenging environment for the Council which has resulted in decisions being made at pace but never without efficient and effective governance at the core. Although there was a reduction in the number of committee meetings for a period at the start of the

pandemic, the Chief Executive tried to ensure that delegated decisions taken by him under emergency powers were kept to a minimum and that the democratic decision making structures were re-instated as soon as they could safely be re-introduced. External Audit concluded in the annual report that the Council had responded promptly and effectively in its political management arrangements during the Covid-19 pandemic.

- 1.43 The Council has extensive governance at officer level to support operational decision making. The current system has evolved through custom and practice and can be sometimes be unwieldy and difficult to navigate. Although it can be resource intensive, it does ensure that there is sufficient oversight of major decisions. However, improvements should be made to ensure there is a structure in place that is more efficient and encourages cross-directorate working. Work is ongoing to create a new officer governance structure that will align with the business plan and the new senior management structures.
- 1.44 External Audit had previously highlighted the importance of adhering to approved member-officer protocols in respect of sensitive information and the importance of all Councillors and senior officers having a clear understanding of their respective rights and responsibilities in relation to information held by the Council. A review of the Member/Officer protocol had commenced but completion of the revised document was delayed by Covid-19 and a subsequent delay to the revised Councillors' Code of Conduct. Work has recommenced on the document and is expected to be considered by the Council in Summer 2021.
- 1.45 The Council agreed a new Consultation Policy in April 2021, recognising the need to strengthen community engagement but also introduce more robust controls to manage significant consultations. The policy strengthens the management and governance of consultation activity by introducing a sign off process to ensure oversight and challenge at an early stage.
- 1.46 External Audit concluded that the Council's arrangements in relation to standards of conduct and the prevention of bribery and corruption were adequate.
- 1.47 In compliance with standard accounting practice, the Section 95 Chief Financial 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 2021. It is the Chief Financial Officer's opinion that 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 some embedding of actions taken in response to previous recommendations, are still required.
- 1.48 While full implementation of the CIPFA Financial Management (FM) Code does not fall due until the 2021/22 reporting year, the Chief Financial Officer

has also undertaken a preliminary assessment of the extent to which the Council's arrangements comply with its principles. This assessment, carried out with reference to the 2021/22 budget process and involving interviews with a range of key stakeholders including service directors, elected members and colleagues within partner services, has highlighted a number of improvements contributing positively to the Council's financial resilience and stability, including realignment of its reserves (including significantly increasing the size of the unallocated General Fund reserve), additional investment in preventative services and explicit recognition within the budget framework of underlying service pressures and assessments of likely savings delivery. While the unprecedented current level of uncertainty has been widely acknowledged to make planning much more difficult, the assessment also highlighted steps undertaken thus far to adopt a longer financial planning timeframe, the detail of which will be added once the likely recurring implications of the pandemic become clearer.

- 1.49 The Chief Internal Auditor's Annual Opinion for the year ended 31 March 2020 stated that significant improvement was required as significant and/or numerous control weaknesses were identified in the design and/effectiveness of the control environment and/or governance and risk management frameworks across the Council. The report also noted that the weaknesses identified and highlighted in Internal Audit (IA) reports supporting the 2019/20 annual opinion were predominantly attributable to lack of capacity and skills within first line divisions and directorates to ensure that key controls; governance; and risk management processes were consistently and effectively applied to support effective ongoing management of service delivery and projects. In response the Chief Executive instructed the Executive Directors to deploy temporary additional resource to directorates to assist in the completion of internal audit actions and instructed that a plan be put in place to look at current assurance capacity and structures and operational governance structures. Work has been carried out in these areas and further improvements are expected later in 2021.
- 1.50 Meeting the demands of new data protection legislation has led to significant increases in the volume of data protection work. The work necessary to deal with complex subject access requests has increased significantly reducing the number of staff working on Freedom of Information requests. This has resulted in several resource and operational challenges which have had a detrimental effect on statutory obligations and associated timescales. Remedial plans continue to be maintained to reduce risks in this area and to ensure that statutory obligations are met.
- 1.51 The Council's whistleblowing arrangements continue to operate with oversight from an independent external service provider with the autonomy to decide who investigates the concerns raised, the Council or the service provider. The

Governance, Risk and Best Value Committee receives a quarterly update on whistleblowing and the whistleblowing policy is reviewed annually by committee. In October 2020, the Council agreed to commission an independent review of its whistleblowing culture. At the time of writing this review is in progress but has not yet been published.

- 1.52 Work is still outstanding on reviewing how the Council works with its ALEOs, in particular examining the shareholder agreements and Service Level Agreements in place to ensure a greater degree of consistency, alignment with key outcomes and clarity of relationship.
- 1.53 Following concerns raised at committee, the Council began looking into its governance arrangements regarding the Trusts where it is sole trustee. This is expected to report later in 2021.
- 1.54 Each directorate's assurance schedule is scrutinised by the Governance, Risk and Best Value Committee.
- 1.55 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 CLT, 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 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.
- 1.56 The Council is aligning its operational risk management arrangements with the 'three lines of defence' model and good practice. A series of phased improvements over a three-year period were set out in November 2020. It was specifically highlighted that to ensure the ongoing effectiveness of the Council risk management framework, it was essential that there was sufficient capacity with the skills and experience to support the changes. These arrangements are supported by a refreshed enterprise risk management policy and risk appetite statement approved in September 2020.
- 1.57 Work has been ongoing to address previously identified control weaknesses in the Council's policy management framework. Renewed processes, responsibilities and definitions have been agreed by CLT and a review of the public facing policy register was undertaken. Software solutions are currently being explored that could be used to assist with the communication of policies to the Council's workforce.

- 1.58 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 taken in these two examples has allowed the Council to be informed by external experts from across a range of sectors with the aim of achieving better outcomes, however final decision making remains with the Council and partner organisations.
- 1.59 During the Covid-19 emergency, the Council's role in providing governance oversight and support for Community Councils has included the provision of guidance on key issues including the submission of accounts, the use of meetings software and Annual General Meeting responsibilities. A consultation was conducted on the Community Councillors' Code of Conduct Complaints Procedure and a revised version was approved by the Culture and Communities Committee in March 2021.



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>Internal Control Environment requirements</b>				
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	Completed except for the Property Group which is to be established.
<b>Risk and Resilience</b>				
2	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	Started - This work has been delayed as Partnership Services were and continue to be impacted by Covid19, however, the

				Partnership have now agreed their integrated risk framework and risk governance structure and are starting to develop plans to roll this across the Partnership.
<b>Workforce</b>				
3	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	Managed through Headteacher Executive Lite weekly meetings

<b>Policy</b>				
4	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.	Executive Director of Place and Chief Officer	Started – This work has been delayed as Partnership Services were and continue to be impacted by Covid19. The Partnership have started to develop an approach to developing their policy framework.
<b>Health and Safety</b>				
5	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	HR reviewing essential learning system Council wide

<b>Performance</b>				
	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 ECCI as part of the sustainability programme	Chief Executive	Complete
<b>Change and Project Management</b>				
	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	The Roads and Transport Infrastructure Improvement Plan was approved by Transport and Environment Committee on <a href="#">1 October 2020</a> .
<b>Financial Control</b>				
	The operation of financial controls in my directorate is effective in ensuring the valid authorisation of financial	The Finance Service will work with the Schools and Lifelong Learning Service to review the issues with the forecasting	Executive Director for Communities and Families	Being addressed through Finance Group

	transactions and maintenance of accurate accounting records.	spreadsheet used in schools. This review will address the causal effects and seek to mitigate them.		
<b>Progress</b>				
	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	The additional resource to solve assurance capacity issues is designed to provide the consolidated monitoring, tracking and review of Best Value, Assurance and Annual Accounts recommendations.
	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	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>Action</b>	<b>Action Owner</b>	<b>Action Deadline</b>
To review, design and implement an officer governance structure for the Council aligned to the Council Business Plan.	Head of Legal and Risk/Strategic Change and Delivery Senior Manager	August 2021
To review and propose a revised Scheme of Delegation to take into account senior management restructures.	Head of Legal and Risk	October 2021
To create a revised planning and performance framework linked to the Business Plan	Strategic Change and Delivery Senior Manager	June 2021
Implementation of the new Equality and Diversity Framework 2021-2025	Chief Executive	Ongoing
Review of the governance arrangements regarding the Council’s trusts	Executive Director of Resources	December 2021
Initiate development of a cross-Council savings programme, aligned to the priorities set out within the Business Plan, to address significant estimated funding gaps in 2023/24 and 2024/25	Head of Finance and Strategic Change and	November 2021

	Delivery Senior Manager	
Review of the Council's service level agreements and shareholder agreements with its ALEOs	Executive Director of Resources	April 2022



## **Conclusion**

- 1.60 In conclusion, the Council's governance and controls framework provides a reasonable level of assurance. The Council is self-aware and understands its areas for improvement and there are robust arrangements to deal with issues when they do arise. Improvements are needed in certain areas to ensure that the Council's controls are implemented and embedded fully and in particular capacity issues in services has to be overcome. Covid-19 has put considerable strain on services but the Council has put in strong processes to manage these pressures. However, the Council must continue to be ambitious and committed to improving its governance to ensure that it continues to operate effectively.
- 1.61 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**

- 1.62 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.