

# Governance, Risk and Best Value Committee

10.00am, Tuesday 1 August 2023

## Governance and Assurance Framework – Progress Update

Executive/routine Wards Council Commitments	Executive
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### 1. Recommendations

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- 1.1 It is recommended that:
- 1.1.1 Committee note the development of a Governance & Assurance Framework for the Council.
  - 1.1.2 Committee note the proposals for an action plan for implementation of the Framework and the structures set out in this report designed to strengthen the framework.
  - 1.1.3 A further report is brought back to Committee in two cycles with full details of the action plan and model.

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# Governance, Risk and Best Value Committee

## Governance and Assurance Framework

### 2. Executive Summary

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- 2.1 This report sets out the progress made on the design of a Governance & Assurance Framework (G&AF) for the Council and an action plan for implementing the structure and guidance designed to support and strengthen the framework.

### 3. Background

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- 3.1 The Chief Executive's [First Line Governance and Assurance Model](#) report to the Governance, Risk and Best Value Committee noted the Chief Internal Auditor's 2020/21 annual opinion. This had identified that there was "a lack of capacity and skills to support effective governance; risk management; control; and assurance activities" within the Council.
- 3.2 The Chief Executive responded by increasing the resource available to strengthen the Council's capacity to deliver governance and assurance processes in both directorates and the Corporate Governance Team.
- 3.3 Each directorate (including the Health and Social Care Partnership) now has at least one full time equivalent (FTE) role dedicated to the coordination (where governance activities are performed by services) and / or completion of first line governance; risk management; and assurance activities. This increase in staff in directorates is key to ensuring that each directorate is accountable for improving the compliance and assurance within its area. The initial focus of the Governance Team has been to deal with matters following the 2022 Local Government elections, as well as the significantly increased amount of work in dealing with whistleblowing.
- 3.4 The Corporate Governance Team has concluded recruitment of the additional resource outlined in the Chief Executive's report and is now comprised of the Governance Manager and eight Governance Officers, with three FTE equivalent dedicated to support for the new framework. Support will be provided in the form of one or two (depending on the complexity and size of the directorate) Governance Officer Business Partners aligned to each of the directorates.

## 4. Main report

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- 4.1 The purpose of this report is to set out the key objectives, themes and components of the G&AF, and explain how their connections will strengthen the governance and assurance processes within the Council.
- 4.2 The three main objectives of the G&AF are:
  - 4.2.1 Provide colleagues, Elected Members, and the citizens of Edinburgh with an understanding of the scope and operation of governance and assurance processes within the Council.
  - 4.2.2 Develop oversight and scrutiny mechanisms to identify gaps in governance/assurance processes and practice in order to deliver solutions that can be consistently applied across the Council.
  - 4.2.3 Provide support to Council Officers in their delivery and fulfilment of governance and assurance policies and procedures within their roles and services functionality.
- 4.3 The G&AF is the holistic combination of legislation, policies, procedures, themes, staffing structure, and components detailed in this report, that are required to ensure the successful operation of governance and assurance across the Council. It is essential to recognise that the framework will not be a static concept, but rather is an iterative process designed to consistently develop and improve delivery through scrutiny and oversight of the Council's activities. This will assist in identifying issues before they arise and allow them to be dealt with through effective risk management.
- 4.4 There are four key themes that run through the G&AF and its components which will support directorates in their delivery of the governance and assurance processes:
  - 4.4.1 Accountability;
  - 4.4.2 Direction;
  - 4.4.3 Purpose and Values; and
  - 4.4.4 Risk.
- 4.5 The following are outlines of the actions and processes set up within the G&AF to improve compliance and assurance throughout the Council. This approach is one of partnership with directorates and with the need to support officers at its heart. The requirement to improve and clarify officer's accountability for actions and assurance and increase controls and compliance throughout the Council is key to the success of the framework but that must be done by raising understanding and driving best practice.
  - 4.5.1 A draft top-level G&AF Illustration (Appendix 1) has been prepared to show the connections between relevant governance and assurance elements has been drafted. The purpose of the illustration is to show the key themes that run throughout the framework, existing controls and tools that support

governance and assurance (this is not an exhaustive list), the teams within the Council that are responsible for ensuring compliance (“second line”) and some (but not all) of the external organisations providing external assurance and challenge. Its purpose is to support in the fulfilment of the first objective of the G&AF. This will set alongside the training detailed in the action plan to support directorates and officers understand how the Council makes decisions and the duties in regard to governance.

- 4.5.2 A Governance & Assurance Framework Action Plan is being developed and agreed with services that will set out immediate changes to ways of working and medium-term actions for 2023/24 that the Governance Team and directorates will be responsible for delivering.
  - 4.5.3 A Governance Board will be set up which aims to build a culture of governance and assurance best practice throughout directorates from the issues being discussed and resolved. It will be chaired by the Service Director - Legal & Assurance and the membership will be comprised of subject matter experts on governance and assurance from across the Council.
  - 4.5.4 An Assurance Tasks Register has been created which outlines relevant tasks, responsible owners and due dates for assurance actions and processes. This is to identify any gaps or issues in the completion of assurance tasks within directorates. It also enables for best practice to be recognised and shared between directorates.
  - 4.5.5 Governance Officer Business Partners will be aligned to each of the directorates. Their role will be to provide guidance and challenge to the directorates in the delivery of their first line governance and assurance responsibilities, the identification and sharing of best practice, ensuring consistency of approach and application, gap analysis and recommendations to the Governance Board on potential areas of improvement within the organisation.
  - 4.5.6 The Assurance Actions Review Procedure will replace the existing Assurance Management Framework. It is designed to simplify existing activities in relation to the monitoring of assurance actions and to ensure that associated risks in the non-fulfilment of the actions are included within Divisional and directorate’s Annual Assurance Statements and, if appropriate, the Annual Governance Statement.
- 4.6 Many of these processes have been embedded with services, with Place and Corporate Services already using the documentation developed on a pilot basis. To ensure consistency and buy-in across the Council it is essential that the proposed processes and aims are agreed rather than simply implemented “top down”. Accordingly, work will take place over the next few weeks to ensure that Internal Audit and services are comfortable with the proposed framework in order that we can move to full implementation.

## **5. Next Steps**

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- 5.1 The Governance Team will work with services and internal audit to move towards launching the Framework and associated requirements.
- 5.2 A report will be brought to Committee within two cycles with full details of the final framework..

## **6. Financial impact**

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- 6.1 Revenue budget for the Governance and Assurance Framework support is contained within existing budget allocations.

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

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- 7.1 The proposals will support and strengthen the Council's governance and assurance framework.
- 7.2 Improved assurance outcomes from third line assurance teams (for example, internal audit, external audit and external regulators) should result.

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

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- 8.1 [First Line Governance and Assurance Model Report](#) to Governance, Risk and Best Value Committee - 10 August 2021.

## **9. Appendices**

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- 9.1 Appendix 1 – The Governance & Assurance Framework Illustration and Narrative.

## **Appendix 1 – The Governance & Assurance Framework illustration and narrative.**

- 1.1. The aim of the illustration is to highlight the links between the different elements of Governance and Assurance within the Council and explain how they connect within the Framework.
- 1.2. The top level of the illustration sets out the four key components of the G&AF. These are: Accountability, Direction, Purpose & Values and Risk. The internal and external sections below list (non-exhaustive) examples of sources or recipients relating to each component. Examples of controls and tools are featured in the tier below, with examples of second- and third-line assurance providers in the bottom tier.
- 1.3. The middle level of the illustration lists examples of controls and tools that are already in place and utilised by directorates and services. These examples evidence the breadth of work that is already being undertaken and that the G&AF should not create significant additional obligations if existing ones are already being met.
- 1.4. The foundation level of the illustration lists some of the teams within the Council that are responsible for ensuring compliance with the Governance & Assurance Framework (providing both internal assurance/challenge), alongside external organisations providing external and independent assurance/challenge.
- 1.5. It is important to note that the purpose of the Governance and Assurance Framework is to bring together the myriad of governance and assurance work that is already happening across the organisation; illustrate the linkages and dependencies between these documents and activities; support improvement and sharing of good practice and a consistency of approach; manage risk; and build an understanding of the importance of the work that is being done and needs to be done with the aim of improving governance and assurance Council wide.

# Governance and Assurance Framework Illustration

Accountability		Direction		Purpose and values		Risk	
<b>Internal</b>	<b>External</b>	<b>Internal</b>	<b>External</b>	<b>Internal</b>	<b>External</b>	<b>Internal</b>	<b>External</b>
Internal audit	Governments	Committee Decisions	Legislation/ statutory responsibilities	Staff wellbeing	Citizen wellbeing	Workforce planning	Unforeseen events (covid)
Performance monitoring	External auditors/ regulators	Policy decisions	Political (UK/Scot Gov)	Best value	Quality service Delivery	Financial planning	Economic factors
Financial monitoring	Stakeholders/ partners	Political (manifestos)	International standards and legislation (UNESCO)	Leadership and organisational culture	Sustainability	Financial (funding)	Demand pressures
Organisational structure	General public				Good financial stewardship		

## Examples of controls and tools

Employee Code of Conduct	People Strategy	
Annual external reporting eg Local Government Benchmarking	Employee Performance Framework	Petitions and Deputations
Annual Internal Audit Plan (based on most significant risks to the Council)	Enterprise Risk Management	Policy Management Framework
Annual performance report to Council	Policy and Risk Management Procedure	Policy Register
Local Government Benchmarking Framework	Finance rules and regulations	Proper Officer Register
Best Value reporting	Council Business Plan	Quarterly Risk and Assurance Committees <sup>1</sup>
Committee Terms of Reference and Delegated Functions	Financial Regulations	Scheme of Delegation to Officers
Contingency planning and business continuity arrangements	Information Governance framework	Assurance Action Review
Contract Standing Orders	Nolan Principles	Treasury Management Strategy
Council Action Sheet	Partnership governance arrangements	

## Council teams responsible for checking compliance

Finance
Internal Audit
Corporate Services (eg Information Governance)
Health and Safety
The City of Edinburgh Council, GRBV, and other committees
Corporate Governance
Performance

## Examples of external organisations providing assurance/challenge

Scottish Government
UK Government
External auditors
Regulators

