REPORT TO: Audit and Governance Committee

MEETING DATE: 16 June 2020

BY: Chief Executive

SUBJECT: Corporate Governance Self-evaluation and Annual Governance Statement 2020

1   PURPOSE

1.1   To advise members of the revised Framework on Delivering Good Governance, the results of the Corporate Governance Self-evaluation 2020 and the proposed Annual Governance Statement to be included in the 2019/20 Annual Accounts.

2   RECOMMENDATIONS

The Committee is asked to:

2.1   Note the results of the self-evaluation carried out using the Framework (Appendix 1) and consider whether any additional improvement actions should be added.

2.2   Note the progress made with the actions included in the Council Improvement Plan 2018-2020 (Appendix 2).

2.3   Agree the Annual Governance Statement to be included in the 2019/20 Annual Accounts as set out in paragraph 3.10.

3   BACKGROUND

3.1   The Council adopted the principles of Corporate Governance based on the CIPFA / SOLACE guidance in 2010. CIPFA / SOLACE published a new 'delivering good governance' framework in 2016. This is based on Section 3.7 of the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom which governs the preparation and publication of an Annual Governance Statement. The framework defines the principles that should underpin the governance of each local government organisation. To achieve good governance, each local

authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the framework.

3.2   The Framework has seven core principles:

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Principle B: Ensuring openness and comprehensive stakeholder engagement

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Principle D: Determining the interventions necessary to optimize the achievement of the intended outcomes

Principle E: Developing the council's capacity, including the capability of its leadership and the individuals within it

Principle F: Managing risks and performance through robust internal control and strong public financial management

Principle G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

3.3   These seven core principles are supported by 21 sub-principles each of which has a set of behaviours and actions against which good governance in practice can be assessed.

3.4   A self-evaluation exercise based on this framework has been undertaken by the Council Management Team, testing the council's governance arrangements against the Good Governance Framework.   The self-evaluation provides evidence to show how the council complies with each of the sub-principles. A self-evaluation score from 1 – 6, where 1 = Unsatisfactory (major weaknesses), and 6 = Excellent (outstanding, sector leading) has been given against each sub-principle. Improvement actions arising from the self-evaluation are detailed. (Appendix 1)

3.5   The self-evaluation has drawn on extensive evidence from council policies and practices and also from the Best Value Assurance audit undertaken by Audit Scotland in 2018 which is still relevant. Assurance is also provided by the external auditors' reviews of internal controls in financial systems and audits which have not identified any significant governance or control weaknesses.

3.6   The altered working arrangements caused by the invoking of the Council's Business Continuity Plans in response to the COVID-19 emergency have been taken into account in the self-evaluation.

3.7   The council adopted an improvement plan based on the findings and recommendations of the Best Value Assurance Report and the Recognised for Excellence accreditation. An update on progress with the Council Improvement Plan 2018-2020 (Appendix 2) shows that

significant progress has been made against all improvement actions, although several actions have been put on hold as they are not critical activity in Business Continuity Plans.

3.8 The Corporate Governance self-evaluation has found that the council complies well with the principles of the framework and most sub-) principles have been scored as 5 (very Good – major strengths) and the remainder as 4 (Good – important strengths with areas for improvement). However, the council is committed to Continuous Improvement and as a learning organisation has used the Corporate Governance self-evaluation to identify improvement actions that will contribute to the council's journey from Improvement to Excellence.

3.9 The Council has a duty under the Scottish Regulator's Strategic Code of Practice to publish an annual statement on compliance with the Code (arising section 5 of the Regulatory Reform (Scotland) Act 2014). The Council fulfils this requirement by incorporating a statement of compliance within the Corporate Governance Self-evaluation.

3.10 Taking into account the findings of the Corporate Governance Self-evaluation the following is proposed as the Annual Governance Statement for inclusion in the Council's 2019/29 Annual Accounts.

The 2020 corporate governance self-evaluation has found that East Lothian Council continues to have good governance and control arrangements in place across the seven corporate good practice principles.

In March 2020 the Covid-19 emergency provided a serious test for the Council's risk management and business continuity frameworks. The Business Continuity Plans that were invoked as the UK and Scottish Government's declared the COVID-19 public health emergency on 23rd March provided the basis for the Council's response to the emergency and the 'lockdown' measures imposed by Government.

There have been many examples of service redesign, technology and culture change being rapidly embraced to deliver critical services to the community. The council's ELC values – Enabling, Leading and Caring – and the East Lothian Way behaviours have underpinned the Council and council staff response to the emergency.

The Council has implemented amended governance arrangements, significant investment, new ways of decision-making, leadership and implementation including virtual meetings, conference calls, and systems remote access and authorisation processes. Control environments have been at increased risk for short periods of time whilst appropriate controls have been implemented. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

The Council's governance self-evaluation has identified several areas for further development and improvement, but just as importantly, has re-

affirmed, that it will continue to review and benchmark its practices and policies to build on existing good practice and improvement actions already being implemented, in order to ensure the Council continues its progress from continuous improvement through to excellence.

4   POLICY IMPLICATIONS

4.1   The corporate governance code and self-evaluation framework detailed in Appendix 1 complement the Council's *How Good is Our Council* self-evaluation. The corporate governance self-evaluation fulfils the Council's commitment to assess whether it meets the principles and requirements set out in the guidance on Delivering Good Governance in Local Government. The addition of the summary of the self-evaluation to the Internal Financial Control statement will fulfil the remit to include an Annual Governance Statement in the Council's Annual Accounts.

5   INTEGRATED IMPACT ASSESSMENT

5.1   This report is not applicable to the well being of equalities groups and an Integrated Impact Assessment is not required.

6   RESOURCE IMPLICATIONS

6.1   Financial – none.

6.2   Personnel – none.

6.3   Other – none.

7   BACKGROUND PAPERS

7.1   Appendix 1: Corporate Governance Self-Evaluation 2020

7.2   Appendix 2: Council Improvement Plan 2018-2020 – Update (May 2020)

7.3   Delivering Good Governance in Local Government Framework; CIPFA/ SOCLACE, 2016

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APPENDIX 1: Corporate Governance Self-Evaluation 2020

Scoring:
1. **Unsatisfactory – major weaknesses**
2. **Weak – important weaknesses**
3. **Adequate – strengths just outweigh weaknesses**
4. **Good – important strengths with areas for improvement**
5. **Very Good – major strengths**
6. **Excellent – outstanding, sector leading**

PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

A.1 Behaving with integrity
A.1.1 Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
A.1.2 Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
A.1.3 Leading by example and using the above standard operating principles and values as a framework for decision making and other actions
A.1.4 Demonstrating, communicating and embedding standard operating principles and values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Evidence	Evaluation	Improvement Action
• Council Standing Orders and Schemes of Administration and Delegation • Councillors' Code of Conduct (and members training on the Code) • Officers' Code of Conduct • Council Values and revised East Lothian Way Behaviours • Policies and procedures in place for key activities such as Procurement, Treasury Management, Complaints, Health and Safety and HR • External audit • Internal Audit • Best Value Assurance Report 2018 concluded: *"East Lothian Council has significantly improved since our last Best Value Report in 2007. The council has improved its governance arrangements, leadership and scrutiny, and demonstrates a focus on continuous improvement."* *"The council has a clear vision which is based on a good understanding of local communities and partners and is understood by employees."* *"Council business and decisions are clearly documented in the Council, Cabinet and committee minutes."* • Standing Orders, policies and procedures reviewed regularly or when required. • The council responds positively to any recommendations arising from external and internal audits. • Council adopted an improvement Plan to respond to the recommendations arising from the Best Value Assessment and R4E assessment. Completion of some actions has been delayed due to the impact of the COVID-19 emergency	5. Very Good	In order to ensure the council continues to have relevant governance policies, guidance, regulations and internal controls that are reviewed and kept up-to-date a register of such documentation will be prepared and reviewed annually – due to be completed June 2020 but delayed due to the COVID-19 emergency. New completion date – December 2020
A.2 Demonstrating strong commitment to ethical values		
A.2.1 Seeking to establish, monitor and maintain the organisation's ethical standards and performance		
A.2.2 Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture		
A.2.3 Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values		
A.2.4 Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation		

Evidence	Evaluation	Improvement Action
As above • Whistleblowing Policy • Customer Feedback policy and procedure • Contract conditions and monitoring	5. Very Good	See A.1 above

A.3 Respecting the rule of law

A.3.1 Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations

A.3.2 Creating the conditions to ensure that the statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirement

A.3.3 Striving to optimise the use of the full power available for the benefit of citizens, communities and other stakeholder

A.3.4 Dealing with breaches of legal and regulatory provisions effectively

A.3.5 Ensuring corruption and misuse of power are dealt with effectively

Evidence	Evaluation	Improvement Action
As A.1 and A.2 above • Statutory Officers job outlines included in Scheme of Administration • Statutory Officers are members of CMT and attend relevant Council, Cabinet and Committee meetings • Internal Audit used to investigate any alleged incidents of breaches of legal and regulatory provisions, corruption or misuse of power • Elected members have received training from the Standards Commission on the Code of Conduct and further 'refresher' training will be provided in 2020/21	5. Very Good	Refresher training on the Code of Conduct will be provided to elected members in 2020/21

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

B.1 Openness
B.1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
B.1.2 Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. It that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
B.1.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
B.1.4 Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Evidence	Evaluation	Improvement Action
- Compliance with the Freedom of Information Act and Data Protection Act - Council, Cabinet and Committee meetings held in public - Agendas for meetings, minutes and reports published on the Council website. By exception, some items are held in private and the reasons for this are documented - Living newspaper, press releases and social media used to inform the public of council policies and decisions - Community Asset Transfer and Participation Request processes in place with open and transparent decision making which can be challenged - Community Participation Opportunities Guide 2018 provides comprehensive list of ways in which the council consults and engages with citizens, communities and service users - The Best Value Assurance Report found: *"Council business and decisions are clearly documented in Council, Cabinet and committee minutes.".* *"Decision-making processes are more clear and open" [than was found in 2007]* *"The council has well-established methods for consulting with the public"* *"The council engages effectively with communities"* - Emergency arrangements for dealing with Council business were put in place in March 2020 as a result of the COVID-19 emergency, including weekly meetings between the Chief Executive and the three Group Leaders, emergency business reporting and special arrangements for Planning and Audit & Governance Committee	5. Very Good	Undertake a review of the arrangements for dealing council business arrangements when the council's Business Continuity Plan has been invoked.

B.2 Engaging comprehensively with institutional stakeholders (including other public and third sector organisations and commercial partners)
B.2.1 Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder are clear so that outcomes are achieved successfully and sustainably
B.2.2 Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
B.2.3 Ensuring that partnerships are based on: - Trust - A shared commitment to change - A culture that promotes and accepts challenge among partners And that the added value of partnership work is explicit

Evidence	Evaluation	Improvement Action
- East Lothian Plan clearly sets out the objectives and outcomes for the East Lothian Partnership and each member; as do the Children and Young People Plan, Community Justice Outcome Improvement Plan and various other joint strategies - The City Region Deal is a clear example of how effectively the council works in partnership with institutional stakeholders requiring trust, a shared commitment to change and a culture that promotes and accepts challenge among partners - The council is an active partner in the education regional collaborative - The Best Value Assurance Report found: *"The council has strong links with its partners and works well with local communities."* *"East Lothian Partnership is working to a shared vision and there are good relations between partners."* *"The health and social care partnership is well established and there is evidence of good cooperation between the council and NHS Board."* - Partnership and collaborative working are integral elements of any options appraisal carried out by the council. Examples of partnership and collaborative working to achieve best value include the proposal to co-locate police in a new collaborative hub in John Muir House; partnering with HubCo South East in various capital projects; the development of the Food and Drink hub in partnership with Queen Margaret University - The self-evaluation of East Lothian Partnership, which was due to form the basis of a formal mechanism for evaluating partnerships was due to be carried out in spring 2020 but has been delayed due to the COVID-19 emergency. It will be carried out after the end of the COVID-19 emergency - The council has had extensive engagement with statutory partners, in particular the NHS and Police Scotland, in responding to the COVID-19 emergency. The council has support and worked very closely with 20 local Resilient Community Groups providing extensive voluntary support to shielded people and other vulnerable people in local communities - The council has a strong and positive working relationship through the COVID-19 emergency with STRIVE, East Lothian's Third Sector Interface - A multi-agency Recovery and Renewal Group is being established to co-ordinate the recovery from the COVID-19 emergency	5. Very Good	The self-evaluation of East Lothian Partnership that was due to take place in Spring 2020 will now take place after the end of the COVID-19 emergency

B.3 Engaging with individual citizens and service users effectively
B.3.1 Ensuring a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other provision) is contributing towards the achievement of intended outcome
B.3.2 Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
B.3.3 Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
B.3.4 Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
B.3.5 Balancing feedback with more active stakeholder groups with other stakeholder groups to ensure inclusivity
B.3.6 Taking account of the impact of decisions on future generations of tax payers and service users

Evidence	Evaluation	Improvement Action
- Community Participation Opportunities Guide 2018 provides comprehensive list of ways in which the council consults and engages with citizens, communities and service users - Communications Strategy - Community Planning Community Engagement Strategy - Citizens' Panel - Consultation and Engagement Strategy - Complaints procedures and monitoring reports - The Council Improvement Plan 2018-2020 included an action to review the Consultation and Engagement Strategy. A revised strategy has been developed and the Community Participation Opportunities Guide 2018 providing information on the ways in which council consults and engages with citizens, communities and service users has been published on the council website - The Best Value Assurance Report found: *"The council has well-established methods for consulting with the public"* *"The council engages effectively with communities"* - The Council received a Recognised for Excellence Good Practice Award: *"This organisation clearly has a culture of working in partnership that is deployed right across the organisation. Reviews take place to assess the approaches taken both by the organisation and their strategic partners and staff are encouraged through workshops to look at how they can better work with others both inside and outside the organisation.* *"Following on from the Community Empowerment act of 2015 and to meet its strategic goal of 'Growing Communities', this organisation has set up six Area Partnerships which involve significant parties in the locality to oversee the development and delivery of area plans which contribute to the delivery of the organisational plan. As part of a review undertaken these partnerships were deemed to be meeting their aims and objectives, are society driven and focus on the benefits to the community and towns that this organisation works in."* - The council will build on the very positive experience of community resilience and engagement during the COVID-19 emergency to develop its proposal for Community Charter as part of the new approach based on the council moving away from doing things, for or to, communities and individuals, to the council and its communities and citizens working together to identify and then meet their needs in partnership and co-operation - The Council has provided regular communications with the general public and briefings for elected members and staff on its response to the COVID-19 emergency	5. Very Good	The council will develop a Community Charter in partnership with civic society and the communities and citizens of East Lothian

PRINCIPLE C: Defining outcomes in terms of sustainable economic, social and environmental benefits

C.1 Defining outcomes
C.1.1 Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
C.1.2 Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year of longer
C.1.3 Delivering defined outcomes on a sustainable basis within the resources that will be available
C.1.4 Identifying and managing risks to achievement or outcomes
C.1.5 Managing service users' expectations effectively with regard to determining priorities and making the best use of resources available

Evidence	Evaluation	Improvement Action
- Council has a clear vision - Council Plan 2017-2022 and East Lothian Plan 2017-27 set out clear objectives, strategic goals and outcomes that are clearly linked to the vision and form the basis of overall strategy, other strategic plans and Service Plans - The council has identified Top 50 Council Plan indicators to map out progress against the Council Plan objective, strategic goals and outcomes - The Best Value Assurance Report concluded: *"The Council has a clear vision (of inclusive economic growth) which is based on a good understanding of local communities and partners and is understood by employees."* *"The council has an ambitious vision of inclusive economic growth that is linked to council objectives and strategic goals, and is understood throughout the organisation."* - The council's financial strategy and revenue and capital budgets are based on delivering the Council Plan's outcomes on a sustainable basis within the resources that will be available - Corporate and service Risk Registers identify the risks and mitigating actions - The City Region Deal provides significant inward investment in East Lothian's infrastructure that will support the achievement of the Economic Development Strategy and Local Development Plan - The Connected Economy Group will lead the economic recovery following the COVID-19 emergency	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

C.2 Sustainable economic, social and environmental benefits
C.2.1 Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
C.2.2 Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
C.2.3 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
C.2.4 Ensuring fair access to services

Evidence	Evaluation	Improvement Action
• The Council Plan and East Lothian Plan are set within the context of the social, economic and environmental challenges faced by East Lothian and the council • Integrated Impact Assessment covers protected characteristics, Human Rights, sustainability, corporate parenting and the Fairer Scotland Duty • Poverty Commission report led to the adoption of a 50 point Poverty Action Plan • Reducing inequalities is the overarching objective of the Council and East Lothian Plans • Five-year financial strategy, three-year revenue budget ad five-year capital budget are based on a longer-term view and balance wider public interest with conflicting interests • Best Value Assurance Report stated: *"Financial management is effective with a budget setting process focused on the council's priorities."* • The council has undertaken budget consultation exercises to gauge public opinion on the 'hard choices' and 'trade-offs' it needs to make to balance budgets when resources are constrained and demand for service is rising • Corporate and Service Risk Registers • The council has adopted an ambitious Climate Change strategy with a detailed action plan	4. Good	Monitor the implementation of the Climate Change Strategy Action Plan

PRINCIPLE D: Determining the interventions necessary to optimize the achievement of the intended outcomes

D.1 Determining interventions
D.1.1 Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided

D.1.2 Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts		
Evidence	**Evaluation**	**Improvement Action**
See B.1 above • Capital projects, new income charge proposals and transformation change projects are accompanied by business cases which include options appraisal, outcome or benefits projection and risk assessment • Customer feedback, users surveys, Citizens Panel and Residents Survey are all used tgo inform decisions about services • Council has undertaken budget consultation exercises to gauge public opinion on the 'hard choices' and 'trade-offs' it needs to make to balance budgets when resources are constrained and demand for service is rising	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement
D.2 Planning interventions		
D.2.1 Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets		
D.2.2 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered		
D.2.3 Considering and monitoring risks facing each partner when working collaboratively, including shared risks		
D.2.4 Ensuring arrangements are flexible and agile so that mechanisms for delivering goods and services can be adapted to changing circumstances		
D.2.5 Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is measured		
D.2.6 Ensuring capacity exists to generate the information required to review service quality regularly		
D.2.7 Preparing budgets in accordance with objectives, strategies and the medium term financial plan		
D.2.8 Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy		

Evidence	Evaluation	Improvement Action
See C1 and C2 above • The Best Value Assurance Report concluded: "*Financial management is effective with a budget-setting process focused on the council's priorities. The council has a good track record of delivering services within its overall budget. A five-year financial strategy was approved in December 2017. [and subsequently in December 2018]. The council has developed proposals to address its projected funding gap of £12.5m for the next three years and has presented a three-year balanced budget.*" • In addition, the external auditors' reports provide assurance that the council has a sustainable financial strategy • As well as the Top 50 Council Plan indicators the council has an extensive and comprehensive set of key performance indicators covering all services • The Council invoked its Business Continuity Plans as soon as the COVID-19 emergency had been declared by the Government. The Plans have been implemented effectively and have ensured that critical services have been delivered, supporting the national effort to control the virus and protect vulnerable people • A Recovery and Renewal Framework has been put in place to support the preparations for recovery and renewal from the COVID-19 emergency	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement
D.3 Optimising achievement of intended outcomes		
D.3.1 Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints		
D.3.2 Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term		
D.3.3 Ensuring the medium term financial strategy sets the context for ingoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage		
D.3.4 Ensuring the achievement of 'social value' through service planning and commissioning		

Evidence	Evaluation	Improvement Action
See D2 above • Quarterly financial reports are presented to Council highlighting variations between expenditure and budge and associated risks • Annual Audit Report presented by the council's auditors • Recovery plans are put in place to address areas of significant overspend and these are monitored by chief officers • The council has closely monitored the financial implications of the COVID-19 emergency and has worked to maximise the allocation of additional resources from the Scottish Government • It is anticipated that the council will review and amend its Financial Strategy in light of the COVID-19 emergency	5. Very Good	Review and take action to minimise any negative impact of the COVID19 emergency on the council's revenue and capital budgets

PRINCIPLE E: Developing the council's capacity, including the capability of its leadership and the individuals within it

E.1 Developing the council's capacity
E.1.1 Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
E.1.2 Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
E.1.3 Recognising the benefits of partnerships and collaborative working where added value can be achieved
E.1.4 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Evidence	Evaluation	Improvement Action
• Performance indicators are reviewed quarterly or annually • The council uses the Local Government Benchmarking Framework and takes part in relevant benchmarking exercises run by the Improvement Service, APSE and other networks • All services undertake a How Good is our Service self-evaluation exercise and annual reviews of three-year Service Plans • Workforce Plan adopted in 2018	5. Very Good	Review the Workforce Plan to take account of and mitigate the impact of the COVID-19 emergency

E.2 Developing the capability of the council's leadership and other individuals
E.2.1 Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding on roles and objective is maintained
E.2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
E.2.3 Ensuring the leader and chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority
E.2.4 Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successively to changing legal and policy demands as well as economic, political and environmental changes and risks by: - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
E.2.5 Ensuring that there are structures in place to encourage public participation
E.2.6 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
E.2.7 Holding staff to account through regular performance reviews which take account of training or development needs
E.2.8 Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

Evidence	Evaluation	Improvement Action
• Council Standing Orders, Officers and Councillors Codes of Conduct set out the roles and responsibilities of elected members and senior officers • The Scheme of Delegation clearly specifies remit of Council, Cabinet and Committees and specifies what is delegated to officers • The Management and Leadership Development programmes for Managers and the CMT is reviewing its development needs following a development session facilitated by Re:Markable (formerly Investor in People) • All staff including managers have an annual Performance Review and Development session which takes account of training or development needs • Community Participation Opportunities Guide 2018 provides comprehensive list of ways in which the council consults and engages with citizens, communities and service users • Healthy Working Lives activities and renewed emphasis on initiatives aimed at improving the mental wellbeing and resilience of staff • The council has developed a Staff Charter setting out its commitments to all staff and the behaviours that staff are expected to follow • The response of council staff to the COVID-19 emergency has exemplified the East Lothian Way behaviours – Working Together, Be the Best We Can Be, Initiate and Embrace Change, Make Things Happen, Customer Focused. Over 2,000 staff have adapted to and been supported to work from home, staff have continued to provide critical services or have voluntarily deployed into providing new critical and redesigned services	5. Very Good	See E.1 The council's Leadership and Management Development Programme will be revised to take account of the impact of the COVID-19 emergency and to support Recovery and Renewal

PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

F.1 Managing risk
F.1.1 Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
F.1.2 Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
F.1.3 Ensuring that responsibilities for managing individual risks are clearly allocated

Evidence	Evaluation	Improvement Action
• Risk Strategy • Corporate and Service Risk Registers – reviewed and revised regularly • Responsibilities for risks are set out in the registers • The Corporate Risk Register was reviewed to take account of and reflect the risks arising from the COVID-19 emergency	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

F.2 Managing performance

F.2.1 Monitoring service delivery effectively including planning, specification, execution and independent post implementation review

F.2.2 Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risk inherent in the organisation's financial, social and environmental position and outlook

F.2.3 Ensuring an effective scrutiny and oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
(Or for a committee system)
Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making

F.2.4 Providing members and senior management with regular reports on service delivery plans and progress towards outcome achievement

F.2.5 Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)

Evidence	Evaluation	Improvement Action
- How Good is our Service provides the framework for self-evaluation carried out by each service - Service Plans take account of improvement actions arising from the self-evaluation - Performance against service Key Performance Indicators are taken into account in the self-evaluation - The council's three scrutiny committees – Police Performance and Review; Audit & Governance; and Police, Fire and Community Safety – operate effectively and provide challenge to senior officers and the Administration - The Guide to Scrutiny encourages constructive challenge and debate - A revised Improvement to Excellence framework has been developed t take account of recommendations from the Best Value Assurance Report and Recognised for Excellence assessment - Quarterly and Annual Performance Reporting - The Top 50 Council Plan Indicators will be reported on for the first time in June 2019 - Quarterly financial statements detail the variances against the budget - The Best Value Assurance Report concluded: *"The council has a well-established improvement framework and extensively reviewed a range of its services. Streamlining performance reporting would provide a better basis for prioritising improvement activity and demonstrating achievement of outcomes."* *"Performance management if thorough and elected members and officers kame good use of reports to evaluate performance. It could be improved by linking the various reports and explaining more clearly whether performance is on track against target."* *"The PPR Co scrutinises performance effectively."*	4. Good	The Council will review how the Improvement to Excellence framework and new Council Plan performance reporting is operating in Autumn 2020

F.3 Robust internal control

F.3.1 Aligning the risk management strategy and policies on internal control with achieving objectives

F.3.2 Evaluating and monitoring risk management and internal control on a regular basis

F.3.3 Ensuring effective counter fraud and anti-corruption arrangements are in place

F.3.4 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor

F.3.5 Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; and that its recommendations are listened to and acted upon

Evidence	Evaluation	Improvement Action
See F.1 • Counter fraud and anti-corruption arrangements are in place and audited by external and internal Auditors • External and Internal auditors provide assurance on the adequacy and effectiveness of all control measures • The Audit & Governance committee is independent of the Executive. It is chaired by a member of the Opposition, has a majority of opposition members and no Cabinet members • Internal Audit has worked with services to ensure that internal control arrangements are reviewed and adapted to take account of the impact of COVID-19	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

F.4 Managing data

F.4.1 Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data

F.4.2 Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies

F.4.3 Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Evidence	Evaluation	Improvement Action
• GDPR policy and processes • Records Management Policy • Data sharing protocols are in place • Performance Data is audited by Internal Audit • Data sharing agreements and arrangements have had to be reviewed / put in place as a result of the COVID-19 emergency, in particular around managing the personal data of over 3,400 Shielded People	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

F.5 Strong public financial management

F.5.1 Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance

F.5.2 Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

Evidence	Evaluation	Improvement Action
• Financial Management Strategy • No significant recommendations arising from external audit • The Best Value Assurance Report concluded: *"The council has well-established processes for setting and monitoring budgets."*	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

PRINCIPLE G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

G.1 Implementing good practice in transparency
G.1.1 Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate
G.1.2 Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

Evidence	Evaluation	Improvement Action
See B.1 above • The Best Value Assurance Report concluded: *"In 2007, we reported that there was an informal approach to conducting business and many meetings were held in private. Council business is now conducted in public and in a formal manner. Agendas, minutes and reports are available on the council website. By exception, some items are held in private and the reasons for this are documented. Working relationships between officers and councillors are professional and constructive."* *"Council business and decision are clearly documented."* *The standard of scrutiny by members of the two main scrutiny committees is good."* *"The council's decision-making processes are clear and open."* *"Performance management is thorough, and elected members and officers make good use of reports to evaluate performance. If could be improved by linking the various reports and explaining more clearly whether performance is on track against target."*	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

G.2 Implementing good practice in reporting
G.2.1 Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
G.2.2 Ensuring members and senior management own the results reported
G.2.3 Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
G.2.4 Ensuring this Framework is applied to jointly managed or shared service organisations as appropriate
G.2.5 Ensuring the performance information that accompanies the financial statement is prepared in a consistent and timely basis and the statements allow for comparison with other similar organisations

Evidence	Evaluation	Improvement Action
• The council produces quarterly performance reports and an Annual Public Performance Report which are reported to PPR Committee • The Council Management Team (CMT) reviews performance reports • The CMT reviews the Corporate Governance Framework and self-evaluation before it is reported to Audit & Governance Committee • The council participates fully in the Local Government Benchmarking Framework and the annual LGBF report which includes a wide range of performance benchmarking data is considered by CMT and then members	4. Good	The council will continue to review its policies and processes to support its continuous improvement

G.3 Assurance and effective accountability
G.3.1 Ensuring that recommendations for corrective action made by external audit are acted upon
G.3.2 Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
G.3.3 Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
G.3.4 Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
G.3.5 Ensuring that when working in partnership arrangements for accountability are clear and the need for wider public accountability has been recognised and met

Evidence	Evaluation	Improvement Action
• Actions identified by external audit are reported to members via the Audit & Governance Committee and are acted on • All internal audit reports are reported to members via the Audit & Governance Committee and all recommendations are acted on • The Best Value Assurance Report stated: *"The council considers a wide range of scrutiny and inspection reports at Council, Committee and senior management level. This includes Audit Scotland and inspectorate reports. The council is pro-active in this area ensuring national reports are presented to relevant committees. Elected members use these reports to discuss and challenge officers about the implications of the report findings for the council, what actions are required and how services are performing.* • The council has actively sought external peer review and challenge by applying for Investors in People and Investors in Young People and then Recognised for Excellence accreditation.	5. Very Good	The council will continue to review its policies and processes to support its continuous improvement

APPENDIX 2: Council Improvement Plan 2018-2020 – Update (May 2020)

	Council Improvement Plan (Dec 2018 – June 2020) Update: May 2020			

	ACTION	**LEAD OFFICER(S)**	**DEADLINE**	**UPDATE May 2019**
1	Implement the Council Workforce Plan. The implementation plan has 48 actions within 7 workstreams: a) Workforce planning, including service workforce plans where relevant b) Employer of choice, including consideration of adopting a 'Staff Deal' c) PRD, performance and development d) Leadership and management development e) Wellbeing f) Recruitment, selection and retention g) Rewards and recognition	Service Manager Corporate Policy & Improvement	The Plan is a four year plan and each action in the Plan has been allocated a deadline within for completion within the timespan of the Plan	Over half of the actions in the plan have been completed and progress has been made on the remaining actions. The timescales for completion of several actions have been extended but all uncompleted actions are still on schedule for being completed before March 2022. The Plan will need to be revised to take account of the impact of the COVID-19 emergency
2	Review all performance indicators and adopt a small set of key indicators that measure progress in achieving the Council Plan outcomes and strategic goals and work with the East Lothian Partnership to agree outcome measures and report on progress in reducing inequalities and growing the economy	Service Manager Corporate Policy & Improvement	Completed	A Continuous Improvement Framework (*i2e*) with Top 10 and Top 50 Council Plan indicators was agreed by Cabinet (12th March 2019). The first annual report of these indicators was presented to the October 2019 PPR Committee and formed the basis of the Council's Annual Performance Report. The East Lothian Partnership Governance Group has adopted a set of 34 Key Performance

				Indicators for the East Lothian Plan.
3	Review the format of the Council's Annual Report/ Annual Pubic Performance Report and how performance is reported to elected members	Service Manager Corporate Policy & Improvement	Completed	Revised formats for the Council Annual Report and Annual Public Performance Report, including the Top 50 Council Plan indicators formed the basis of the 2019 Annual Performance and 'State of the Council' report that was presented to Council (28th October 2019).
4	Revise and then implement the Council's Continuous Improvement Framework to take on board improvements identified through the Recognised for Excellence Assessment	Service Manager Corporate Policy & Improvement	Completed	A revised Continuous Improvement Framework (i2e) was approved by Cabinet (12th March 2019)
5	Revise and then implement the Council's Consultation and Engagement Strategy ensuring community and third sector organisations have opportunities to inform council policies, strategic plans and service improvement	Service Manager Corporate Policy & Improvement	Completed	The Consultation and Engagement Strategy has been revised and a new Guide to Community Participation Opportunities is available on the Council website
6	Continue to embed transformational change across the Council and ensure it delivers expected improvement and benefits within planned timeframes, prioritising projects that are most likely to lead to major change and significant benefits	Chief Executive	Ongoing to June 2020	Transformation principles are being embedded across all services Training in change management and innovation is being rolled out for managers Key Transformation projects (including the On-line HR/Payroll system and On-line Customer

				Portal) are being completed and capacity has been created to support the delivery of major change with significant benefits.
7	Continue to focus on improving education performance for all children and young people in East Lothian	Head of Education	Ongoing to June 2020	The council has adopted the Education Service Improvement Plan and all schools continue to focus on improving attainment and on School Improvement Plans
Actions added in June 2019 following Corporate Governance Self-evaluation				
8	In order to ensure the council continues to have relevant governance policies, guidance, regulations and internal controls that are reviewed and kept up-to-date, a register of such documentation will be prepared and reviewed annually	Service Manager Corporate Policy & Improvement and Service Manager People and Governance	April 2020 – extended to June 2020	A Working Group with staff from relevant services is to be established to establish the register of documentation This project was put on hold as this area of work is not deemed critical within Business Continuity Plans. It will recommence after recovery from the COVID-19 emergency
9	Establish formal mechanism for evaluating partnership working and the effectiveness of partnerships based on an agreed partnership self-evaluation framework	Service Manager Corporate Policy & Improvement	April 2020 – extended to June 2020	The Community Justice Partnership carried out a self-evaluation as a key component of a recent inspection from the Care Inspectorate The East Lothian Partnership was to undertake a self-evaluation exercise drawing on frameworks developed by Audit Scotland, the Improvement Service and EFQM

				in Spring 2020. This project was put on hold as this area of work is not deemed critical within Business Continuity Plans. It will recommence after recovery from the COVID-19 emergency
10	The council will explore the development of a Community Charter in partnership with civic society and the communities and citizens of East Lothian	Chief Executive	December 2019 – extended to June 2020	Work commenced on developing the Community Charter but was delayed in order to reflect the development of the Climate Change Charter following the adoption of the Climate Change Strategy Further work is required on the Charter to reflect the extensive community engagement of our local resilient community groups in responding to the COVID-19 emergency
11	The Council will need to ensure it meets any additional requirements to further develop community participation in decision-making arising from the Local Governance Review	Chief Executive	June 2020	Respond to next phase of consultation; review outcome of the Review and report on implications for East Lothian Council This was put on hold as this area of work is not deemed critical within Business Continuity Plans. It will recommence after recovery from the COVID-19 emergency

12	Continue to review reporting and monitoring of expenditure against budgets and recovery plans in order to deliver outcomes within agreed budgets	Chief Operating Officer Finance	June 2020	Quarterly budget monitoring reports including updates on expenditure against budgets and recovery plans are presented to Council
13	The roll out and adoption of the Staff Charter will be monitored and the Charter will be reviewed	Service Manager Corporate Policy & Improvement	April 2020 – extended to June 2020	Roll out of publicity material around the East Lothian Way and the Charter is ongoing. The Employee Engagement Survey (Nov 2019) showed that 83.2% of staff 'are aware of the East Lothian Way' compared to 78.4% in 2018 and 76.6% in 2017. The review of the Charter will take place in spring 2020
14	The Council should review how the Improvement to Excellence framework and new Council Plan performance reporting is operating in Autumn 2020.	Service Manager Corporate Policy & Improvement	October 2020	A review of the Continuous Improvement Framework (*i2e*) will be carried out in summer 2020