



**MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE**

**TUESDAY 18 FEBRUARY 2020
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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Committee Members Present:

Councillor J Henderson (Convener)
Councillor S Currie
Councillor F Dugdale
Councillor C Hoy
Councillor G Mackett
Councillor K Mackie
Councillor K McLeod
Councillor J Williamson

Other Elected Members Present:

Councillor L Bruce
Councillor J Goodfellow
Councillor J McMillan

Council Officials Present:

Ms M Patterson, Chief Executive
Mr T Reid, Head of Infrastructure
Ms A MacDonald, Director of East Lothian Health & Social Care Partnership
Ms L Brown, Chief Operating Officer - Education
Ms S Fortune, Chief Operating Officer - Finance
Ms J Tait, Chief Operating Officer - Children's Services
Mr P Vestri, Service Manager – Corporate Policy & Improvement
Mrs K MacNeill, Service Manager – People & Governance
Mr D Stainbank, Service Manager – Internal Audit
Mr E John, Service Manager – Sport, Countryside & Leisure
Ms A Eperjesy, Commercial Programme Manager
Mr C Redpath, Team Manager – Engineering & Operations
Mr S Allan, Senior Auditor
Mr P Moore, Senior Auditor
Mr R Baty, Business Development Manager
Mr S Kennedy, Emergency Planning, Risk and Resilience Officer

Clerk:

Miss F Currie

Visitors Present:

Ms G Woolman, Audit Scotland
Ms E Scoburgh, Audit Scotland
Mr W Axon, Enjoyleisure
Mr S Birse, Enjoyleisure

Apologies:

None

Declarations of Interest:

Item 7 – Councillor Mackett declared an interest as a Director of Enjoyleisure.

1. MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING ON 26 NOVEMBER 2019

The minutes of the Audit and Governance Committee meeting held on 26 November 2019 were approved as a true record.

2. INTERNAL AUDIT REPORT – FEBRUARY 2020

A report was submitted by the Depute Chief Executive (Resources & People Services) informing the Committee of Internal Audit reports issued and follow-up work completed since the last meeting of the Committee and providing an update on the progress against the 2019/20 annual audit plan.

Duncan Stainbank, Service Manager – Internal Audit, presented the report outlining the purpose of the audits and indicating that as a result of this work an assessment of ‘moderate assurance’ had been given on Procurement, Homecare Services, Records Management and Performance Indicators; and ‘reasonable assurance’ on Roads Contracts. He summarised the main findings of each audit, highlighting areas where controls were met and those with scope for improvement. Officers responded to questions from Members.

Procurement

Mr Stainbank undertook to clarify the arrangements in place within the Council to regularly review procedures to ensure continued compliance with legislation and best practice. Monica Patterson, Chief Executive, added that the Council had well embedded procedures in place across its services which were regularly updated.

Mr Stainbank explained that the audit had identified one instance where there had been a lack of evidence available to show how a preferred contractor had been identified. While Internal Audit have been advised that evidence existed it had not been stored correctly and was not accessible to other staff within the team. This had now been addressed.

Agnes Eperjesy, Commercial Programme Manager, explained that anything above £50,000 was recorded electronically but, until recently, there had been no central storage area for this information. This had now been rectified. She also advised that following a recent service review an additional Senior Procurement Officer post had been created providing better continuity to cover staff absence or departure.

Mr Stainbank said he was not aware of any repercussions from the failure to provide the 2018/19 annual report on procurement to the Scottish Government. He confirmed that it was now too late to submit this information.

Homecare Services

Mr Stainbank advised that, on average, members of staff had 20 unused hours and that arrangements were in place to ensure that these hours were worked. He also clarified that there were 80 staff within the service and that the statement “...not submitting timesheets on a regular basis...” referred to the late submission of timesheets rather than non-completion.

Alison MacDonald, Director of East Lothian Health & Social Care Partnership, informed Members that a new system had been introduced in 2014 to deal with banked hours, however this was now being reviewed. Some of the issues identified in the audit would be addressed through the introduction of a new HR system and others as a result of the review. She also confirmed that the issue of how best to communicate with staff, particularly those who work remotely, had been reviewed. This had resulted in investment in the use of new technology, such as providing staff with better phones, or other devices which allowed them to spend less time in the office and more time in the community delivering services.

Ms MacDonald confirmed that the service review would look at both the Hospital to Home and Home Care services and that it would include consideration of travel issues such as the use of pool cars or electric cars and identifying the most appropriate routes to and from clients. She confirmed that both of these services were rehabilitation services and so did not fall under the remit of the Care Inspectorate.

Mr Stainbank advised that the report summary was designed to present the key findings from the audit; whereas the recommendations in the action plan reflected all areas with scope for improvement.

The Convener said it was an important audit report and it had been reassuring to hear that the service review was ongoing.

Records Management

Mr Stainbank said that efficient records management underpinned General Data Protection Regulation (GDPR) and Freedom of Information (FOI) legislation and these had helped to bring into greater focus the issues highlighted in the audit report.

Kirstie MacNeill, Service Manager – People & Governance, advised that the Councillors' records which related to constituency work did not fall within the scope of the Council's policies, however their records relating to Council committee work were included. The current five year plan would shortly be completed and work would then begin on the next five year plan. It would look at both paper and electronic records and would establish an information asset register to define ownership and responsibility for individual records. Zarya Rathe, Team Manager – Information Governance, was the Council's Data Protection Officer and she would be leading on this work.

Performance Indicators

Mr Stainbank explained that the performance indicators were chosen following an analytical review and were usually those that had changed significantly from previous years or which, from audit team experience, appeared as if they may contain inaccuracies.

Roads Contracts

Calum Redpath, Team Manager – Engineering & Operations, advised that all contracts included an allocated maintenance period during which the contractor was liable for any work. The industry standard was one year and a period of up to three years could be added to cover reinstatement works. He also explained that where a Variation Order was required, it had to be drafted, approved, signed and a copy placed in the appropriate file. The audit had identified one case where there was no signed copy in the file and this had now been rectified.

Mr Stainbank acknowledged that the 'reasonable' assurance rating was accurate, had there been a clearer audit trail in some aspects of the work reviewed, this may have

increased the level of assurance to 'substantial'. The report had identified a number of areas where controls were working effectively.

Mr Stainbank also drew attention to the two follow up reviews for two audits reported in previous years. Following the audit on Business Grants all ten recommendations had been implemented; and in relation to the Contracts audit seven of the ten recommendations had been implemented and three partially implemented with revised completion dates set for the outstanding recommendations.

Lastly, Mr Stainbank highlighted the Internal Audit progress report for 2019/20. He stated that the planned audit on Fleet Management would now be completed as part of the 2020/21 audit plan. Of the remaining audits within the current plan, ten had been completed, two were in progress and two were recently commenced. All of the remaining audit work would be completed by June 2020.

In response to a question on the outstanding recommendations from the Contracts audit, Mr Stainbank explained that a procedure is in place to authorise all invoices that would include verification of contract rates. The recommendation partially outstanding was to implement a formal process to confirm that verification of correct rates were being checked on a regular basis.

Decision

The Committee agreed to note:

- (i) the main findings and recommendations from Internal Audit reports issued during the period from November 2019 to February 2020;
- (ii) the findings from Internal Audit's follow-up work;
- (iii) Internal Audit's progress against the annual audit plan for 2019/20.

3. INTERNAL AUDIT REPORT - NATIONAL FRAUD INITIATIVE

A report was submitted by the Depute Chief Executive (Resources & People Services) informing the Committee of the work undertaken on the 2018/19 National Fraud Initiative (NFI).

Mr Stainbank presented the report outlining the background and purpose of the NFI data matching exercise which involved all local authorities and public sector bodies. He summarised the outcome of investigations undertaken for the data matches identified from information submitted by the Council during the 2018/19 exercise. He outlined some of the results of the investigations, including errors and overpayments, but emphasised that no instances of fraud had been detected. Investigations into the remaining matches would be concluded prior to 31 March 2020.

Stuart Allan, Senior Auditor, responded to questions from Councillor McLeod on Northgate Public Services. He advised that the company operated the 'blue badge' system across the country and had an agreement with the Cabinet Office to provide information to the NFI on behalf of all local authorities. He added that Northgate may also have other roles but, in terms of the NFI, their involvement related only to the 'blue badge' system.

Tom Reid, Head of Infrastructure, offered to report back to Councillor McLeod with details of any other work that Northgate undertook on behalf of East Lothian Council.

Councillor Mackett queried the repayment by contractors of identified overpayments and whether this had any impact on future relationships. Mr Stainbank indicated that this may be taken in to account in future procurement exercises.

Sarah Fortune, Chief Operating Officer – Finance, assured Members that controls were in place to identify irregularities but consideration was being given to improving processes to avoid similar occurrences in future.

Replying to questions from Councillor Williamson and the Convener, Mr Stainbank confirmed that this exercise covered the period going back to the last exercise and that the number of matches identified from data resubmitted in January 2020 had been higher than the previous assessment. However, this had been expected as the Electoral Register was more up-to-date as a result of the recent General Election.

Gillian Woolman, Audit Scotland, welcomed the Council commitment to the pursuit of identified matches arising from the NFI exercise. She said that the Scottish Government held the exercise in high regard and it was important for a number of reasons; not least to provide assurance on where internal controls were working effectively.

Decision

The Committee agreed to note the content of the report.

4. INTERNAL AUDIT PLAN 2020/21

A report was submitted by the Depute Chief Executive (Resources & People Services) informing the Committee of Internal Audit's operational plan for 2020/21.

Mr Stainbank presented the report outlining the factors taken into account when preparing the annual audit plan, Internal Audit's primary role and the range of financial and non-financial audits covered by the plan.

In response to a question from Councillor Dugdale, Mr Stainbank advised that order of the audit work was not based on priority levels but that the timing of each audit would be discussed and agreed with individual service areas.

Ms Woolman welcomed early sight of the plan and confirmed that Audit Scotland would take cognisance of this when drawing up their own audit plan for 2020/21.

Decision

The Committee approved the Audit Plan for 2020/21.

5. CIPFA ROLE OF THE HEAD OF INTERNAL AUDIT

A report was submitted by the Service Manager – Internal Audit informing the Committee of the CIPFA statement on the role of the head of internal audit in Public Service Organisations (2019 edition) and highlighting the key organisational

responsibilities associated with the Audit and Governance Committee within the statement.

Mr Stainbank presented the report summarising the key principles for the Head of Internal Audit (HIA) and the identified areas of interaction between the HIA and the audit committee that support these principles.

Councillor McMillan sought clarification on the role of Elected Members in the appointment of the HIA. Ms Fortune indicated that while Elected Members had not been directly involved in Mr Stainbank's appointment, it had been subject to internal procedures. She added that there may be a role for Elected Members in future appointments but that this would have to be carefully thought through.

At the request of the Convener, Ms Woolman said she could not recollect NHS Board members being involved in their HIA appointment process. However, she undertook to raise the question of Elected Member involvement directly with CIPFA and to report back to the Committee.

In response to a further question from Councillor McMillan, Mr Stainbank confirmed that he and his team continued to maintain their CPD despite the financial challenges faced by the Council, and public sector bodies more generally.

Decision

The Committee agreed to note:

- i. the two key principles through which the head of internal audit (HIA) (for East Lothian Council this is currently the Service Manager – Internal Audit), plays a critical role in delivering strategic objectives;
- ii. the three key principles that the HIA must comply with to perform this role; and
- iii. the identified areas of interaction between the HIA and the audit committee that support these principles.

6. EAST LoTHIAN COUNCIL ANNUAL AUDIT PLAN 2019/20

A report was submitted by Audit Scotland setting out the terms of the 2018/19 Annual Audit Plan.

Ms Woolman presented the report. She provided Members with an overview of the audit plan including the key audit risks, the audit dimensions and planned works. She drew specific attention to timetable, the proposed audit fee, issues of materiality and to the reliance placed on the work of Internal Audit. She also advised that follow-up work would be carried out in relation to the Best Value Assurance report including progress on the Action Plan.

Ms Fortune responded to questions from Councillor McLeod and Councillor Mackie. She outlined the background to the Loans Fund Review and the financial benefit accrued in 2018/19. She explained that while it currently formed part of the Council's agreed financial strategy it would not continue to provide financial benefits in perpetuity. The review undertaken in the current financial year was expected to be identify a further benefit and this would be used to mitigate the Council's projected overspend. She added that this was only one of a range of factors, such as enhanced financial controls and additional funding becoming available in-year, which could be used to bring the Council back into financial balance.

In reply to a question from Councillor Currie, Ms Woolman advised that the audit undertaken for 2018/19 had been rigorous and that officers had advised her team in November 2018 of the Loans Fund Review. A lot of work had been carried out by officers and auditors to ensure that prudence was adhered to with regard to the repayment of these loans. She said that this was not area that would need to be revisited unless the life of an asset were likely to be curtailed. In which case, her team would engage with officers to consider what this might mean for the loan repayment.

Decision

The Committee agreed to note the contents of the audit plan.

7. ENJOYLEISURE REPORT 2018/19

A report was submitted by Enjoyleisure outlining the organisation's activities and financial position during 2018/19.

Bill Axon, General Manager of Enjoyleisure, presented the report. He provided a detailed summary of the salient points of his report. He provided information on the background to Enjoyleisure, its governance arrangements, attendances figures, swimming and other social benefit programmes and staffing. He concluded by observing that Enjoyleisure had faced significant challenges related to a reduction in its contract grant and an increase in costs but that it continued to look for ways to deliver its services in a way that also achieved best value.

Scott Birse of Enjoyleisure outlined the financial statements attached to the report. He stated that the organisation had recorded a deficit for 2018/19, that the income for the year had been flat on 2017/18 but that expenditure (minus the impact of pension changes) had been lower than the previous year. He also confirmed that Enjoyleisure had received an unqualified audit report for 2018/19.

Mr Axon responded to questions from Councillor Currie. He said it was difficult to know if the reduction in contract grant had directly impacted on the withdrawal of the 'free swims' offer during the school summer holidays. It had been only one part of a package of efficiency saving options put forward for consideration by the Board. However, he confirmed that the changes to the 'learn to swim' programme – specifically the withdrawal of free swims – had resulted in 9000 fewer attendances during the summer holiday period.

Regarding the impact of new gym facilities opening in the area, he acknowledged that numbers had reduced as a result but that he expected some recovery in the figures for 2019/20. He pointed out that one of Enjoyleisure's objectives was to maintain facilities in every town in East Lothian and this had been achieved. He added that two of their major income streams were from gym memberships and swimming and they were looking to expand both areas in future.

Mr Axon also reported that the membership scheme had been evaluated and steps taken to encourage uptake in different parts of the community. However, he acknowledged that affordable alternatives to gym membership must also be considered. He reiterated Enjoyleisure's commitment to getting people more physically active to improve their health and wellbeing.

Replying to Councillor Hoy, Mr Axon point out that it was not fair to make a direct comparison between Enjoyleisure and commercial enterprises such as Pure Gym. Enjoyleisure's purpose was social benefit rather than commercial return. While he accepted that it would always be necessary to review and adapt the range of options available to make them as competitive as possible, Enjoyleisure also had to be mindful of its charitable status.

Mr Axon provided further clarification of this point stating that while not mutually exclusive there needed to be a balance between commercial gain and social benefit. Although the Office of the Scottish Charity Regulator (OSCR) accepted a level of commerciality, it was essential to get the balance right.

Eamon John, Service Manager – Sport, Countryside & Leisure, emphasised that despite a reduction in funding and commercial pressures from elsewhere, Enjoyleisure was fulfilling its social benefit objectives and providing support to schools and other community organisations that was not available through organisations such as Pure Gym.

Mr Axon responded to further questions from Councillors McLeod, Mackie and Dugdale. He said that staff training was an important issue and he continued to work with colleagues to enhance the options available. He noted the particular importance of encouraging attendance at workshops to improve staff awareness of mental health issues.

He confirmed that the café facilities had been reviewed and that the Board had agreed to continue these for 12 months and then look again at performance. He also acknowledged that the menus needed to be looked at and alternative, healthier options considered. Although he pointed out that when this had been tried previously, healthier options had not proved popular with everyone.

Mr Axon agreed that previously social benefit had been difficult to quantify, however Enjoyleisure was considering specific tools which would allow them to do assess this and to use the information to improve services in the future. For the meantime, he said their focus remained on raising public awareness of the health and wellbeing benefits of physical exercise.

The Convener concurred with Councillor McMillan's request that the Committee thank the outgoing Chair of Enjoyleisure and welcome the new appointee. She also thanked Mr Axon and Mr Burse for their presentations.

Decision

The Committee agreed to note the contents of the report.

8. EAST LoTHIAN INVESTMENTS LTD 2018/19

A report was submitted by the Fund Manager, East Lothian Investments Ltd (ELI), informing the Committee of the work undertaken by ELI in 2018/19.

Richard Baty, Business Development Manager, presented the report outlining the background and governance arrangements for ELI. He advised that since formation ELI had awarded 338 loans to the value of £2,951,000 which had levered in private investment of £16,730,082. He summarised lending activity in 2018/19 indicating that the loan fund had been exhausted and subsequently suspended in August 2018.

Additional funding was provided by the Council in June 2019 allowing the fund to reopen and a further 15 loans had been awarded since then. Mr Baty also reported on the launch of the East Lothian Gift Card in July 2018; in the first quarter 127 businesses had signed up to accept the card and 235 cards had been purchased to the value of £12,824. East Lothian was currently the only county in Scotland to have a county-wide gift card programme.

Mr Baty responded to questions from Members confirming that consideration was being given to making the gift card available to purchase at council or retail outlets and that while the Council did purchase cards for the Star Awards it was not a significant percentage of the overall card sales. He also confirmed that ELI's level of bad debt was currently 3% but that he expected this to reduce in future years.

The Convener thanked Mr Baty for his clear and concise report adding that the Committee greatly valued the work of ELI.

Decision

The Committee agreed to note the contents of the report.

The Committee agreed to take agenda item 10 next.

10. EDUCATION AND CHILDREN'S SERVICES RISK REGISTER

A report was submitted by the Chief Executive presenting to the Committee the Education and Children's Services Risk Register for discussion, comment, and noting.

Scott Kennedy, Emergency Planning, Risk and Resilience Officer, outlined the salient points in his report. He advised that the Register included 1 Very High risk, 12 High risks, 9 Medium risks and 3 Low risks. In line with the Council's Risk Strategy only 'Very High' and 'High' risks were being reported to the Committee.

Mr Kennedy responded to questions from Councillor Currie and the Convener. He explained that the column in the risk register headed 'Timescale for Completion/ Review Frequency' related to the date for finalising the planned risk control measure and the point at which it should be having an impact on the risk score. He acknowledged that the wording may need to be reviewed to make this clearer. In relation to risk E&CS6, he confirmed that the risk rating had reduced from 12 to 9 as a result of control measures put in place. The information contained in the far right hand column of the register was historical.

Lesley Brown, Chief Operating Officer - Education, acknowledged that the impact of the changing demographic on the school estate was a significant issue. She advised that the Education Authority carried out its own projections based on new housing developments coming forward within the county. Fortnightly meetings were held to review these projections and officers worked closely with other areas of the Council. She was confident that appropriate control measures were in place to manage this risk.

Ms Brown replied to further questions from Councillors Mackie and Goodfellow. She accepted that there had been a lack of communication to parents regarding plans for the new high school at Wallyford and indicated that when the information was available it would be circulated to parents. She clarified the term 'partnership' as referring to the

education partnership with Moray House, and the salary benchmarking arrangements. She also outlined the work underway on innovative approaches to encouraging people into teaching and confirmed that progress would be reported to the Education Committee.

Councillor Dugdale asked about the planned risk control measure for implementation of phase 2 of the vulnerable children's project. Judith Tait, Chief Operating Officer - Children's Services, confirmed that the Council was making progress with the recommendations; some of which were being addressed through improvement plans. She added that while some actions were 'quick fixes' others were longer-term but the Council was committed to maintaining momentum on this project.

Ms Tait also responded to a question about the impact of investment in a new IT system. She said it was a challenge to get quality information and better interaction between existing systems to improve forecasting and that a decision would have to be made shortly on procuring replacements for current systems.

Decision

The Committee agreed to note the Education and Children's Services Risk Register and in doing so, noted that:

- i. the relevant risks had been identified and that the significance of each risk was appropriate to the current nature of the risk;
- ii. the total profile of the Education and Children's Services risk could be borne by the Council at this time in relation to the Council's appetite for risk; and
- iii. although the risks presented were those requiring close monitoring and scrutiny over the next year, many were in fact longer term risks for Education and Children's Services and were likely to be a feature of the risk register over a number of years.

9. 2018-2020 COUNCIL IMPROVEMENT PLAN MONITORING REPORT

A report was submitted by the Chief Executive presenting the 2018-2020 Council Improvement Plan monitoring report to the Committee.

Paolo Vestri, Service Manager – Corporate Policy and Improvement, presented the report reminding Members that the 2018-2020 Plan had been approved by Council in December 2018 and the seven actions in the Plan had been based on the recommendations and actions identified in the Best Value Assurance Report. The Plan was subsequently updated by the Committee in June 2019 with a further seven actions arising from the 2019 Corporate Governance Self-evaluation. He referred Members to the appendix which outlined progress made since last year and confirmed that all actions would be completed by their deadlines.

Responding to questions from the Convener, Mr Vestri advised that the Council would only evaluate those partnerships on which it took the lead, such as the East Lothian Partnership. This self-evaluation would draw on frameworks developed by Audit Scotland, the Improvement Service and EFQM and would also be reviewed by Audit Scotland as part of their follow up to the Best Value Assurance Report.

Decision

The Committee agreed to note the progress in achieving the Council Improvement Plan as detailed in the monitoring report.

11. HEALTH & SOCIAL CARE PARTNERSHIP RISK REGISTER

A report was submitted by the Chief Executive presenting to the Committee the Health & Social Care Partnership Risk Register for discussion, comment, and noting.

Mr Kennedy presented the report noting that the risk register included 7 High risks and 12 Medium risks. In line with the Council's Risk Strategy only risks rated as 'Very High' and 'High' were being reported to the Committee.

Councillor Currie queried the completion dates listed for some of the risks, whether it would be possible to have updates on progress towards completion of individual actions and whether some risks would continue to be scored as 'high' regardless of the control measures put in place.

Ms MacDonald confirmed that several risks would by their nature be continuous rather than time-limited. She advised that the Datix system (which holds the risk register) issued automatic reminders to key officers to review risks and actions and that regular discussions were also taking place to monitor these risks. She drew attention to a new risk that had been added to reflect NHS Lothian recently being placed on escalation measures. The Health & Social Care Partnership would have a role in delivering aspects of the required recovery plans but this work, and the associated risk, would be time-limited.

Ms MacDonald said she would be happy to provide updates on progress in delivering agreed risk control measures and she invited Members to contact her after the meeting. Mr Kennedy added that he would review the register and consider including additional information in future.

In response to a question from Councillor Dugdale, Ms MacDonald advised that two substance misuse workers had been appointed with MELDAP funding to provide the new service for young people based in Musselburgh. Ms Tait added that the new staff had made contact with each of the six secondary schools in the county and would also help to support the new community resource working group.

Decision

The Committee agreed to note the Health & Social Care Partnership Risk Register and in doing so, noted that:

- i. the relevant risks had been identified and that the significance of each risk was appropriate to the current nature of the risk;
- ii. the total profile of the Health & Social Care Partnership risk could be borne by the Council at this time in relation to the Council's appetite for risk; and
- iii. although the risks presented were those requiring close monitoring and scrutiny over the next year, many were in fact longer term risks for the Health & Social Care Partnership and were likely to be a feature of the risk register over a number of years.

**12. LOCAL GOVERNMENT IN SCOTLAND: FINANCIAL OVERVIEW 2018/19
(ACCOUNTS COMMISSION, DECEMBER 2019)**

A report was submitted to the Committee by the Chief Executive reviewing east Lothian Council's position in relation to the findings of the Accounts Commission report, '*Local Government in Scotland: Financial Overview 2018/19*'.

Mr Vestri presented the report drawing Members' attention to a small amendment to paragraph 3.34: the second sentence amended to read "...IJBs that reported a surplus position would have recorded..." He summarised the four key messages contained in the Accounts Commission report, the key findings and the East Lothian position.

In response to questions from Councillors McLeod and Goodfellow, Esther Scoburgh, Audit Scotland, agreed to seek further clarification regarding the content of the report as it related to the use of 'net' debt figures, reporting of HRA income and what was meant by a 'real terms' drop in LA revenue income.

The Convener commented that the report was a useful reference document.

Decision

The Committee agreed to:

- i. Note the position of East Lothian Council in regard to the key messages in the Accounts Commission report, '*Local Government in Scotland: Financial Overview 2018/19*'; and
- ii. Use the recommendations in the Accounts Commission report to identify any further information or scrutiny activity it would wish to have reported back to future meetings of the Audit & Governance Committee.

Signed

Councillor Jane Henderson
Convener of the Audit and Governance Committee

REPORT TO: Audit and Governance Committee
MEETING DATE: 16 June 2020
BY: Depute Chief Executive (Resources & People Services)
SUBJECT: Internal Audit Report – June 2020

2

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit reports issued, and follow-up work completed, since the last meeting of the Committee and to provide an update on progress made against the 2019/20 annual audit plan.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note:
- i. the main findings and recommendations from Internal Audit reports issued during the period from February 2020 to June 2020 as contained in Appendix 1;
 - ii. the findings from Internal Audit's follow-up work;
 - iii. Internal Audit's progress against the annual audit plan for 2019/20 as set out in Appendix 2.

3 BACKGROUND

- 3.1 Since the last meeting of the Committee, final reports have been issued in respect of the following audits: Direct Payments, Musselburgh Grammar School, Fostering & Kinship Care Payments and Treasury Management.
- 3.2 The main objective of the audits was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audits is contained in Appendix 1.

- 3.3 For the audit reviews undertaken, Internal Audit has provided management with the following levels of assurance:
- Direct Payments – Moderate Assurance
 - Musselburgh Grammar School – Moderate Assurance
 - Fostering & Kinship Care Payments – Reasonable Assurance
 - Treasury Management – Reasonable Assurance
- 3.4 Internal Audit follows-up on recommendations made in previously issued audit reports to ensure that they have been implemented as agreed by Management. Detailed spreadsheets are maintained to monitor progress being made and this report provides a summary of the current status for two audits that were reported in previous years. Our findings are detailed below.

Debtors

- 3.5 Internal Audit's report on Debtors was issued in September 2018. Our follow-up review has highlighted that all nineteen recommendations made have been implemented.

Planning Enforcement

- 3.6 Internal Audit's report on Planning Enforcement was issued in June 2019. Our follow-up review has highlighted that that all seven recommendations made have been implemented.

Progress Report 2019/20

- 3.7 The progress report attached as Appendix 2 is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan for 2019/20.
- 3.8 The details of the audits that have been suspended as a result of the Covid-19 pandemic are included in the Annual Internal Audit Report 2019/20. A revised 2020/21 Audit Plan will be presented to the September Audit & Governance Committee to reflect the revised risk and assurance environment.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	01620 827353
DATE	8 June 2020

Appendix 1 Executive Summary: Direct Payments

Conclusion: Moderate Assurance

Controls over Direct Payments are broadly reliable, however there are a number of controls that require to be implemented or improved to provide a fully effective control process, including: the approval of a formal policy for Direct Payments, the introduction of documented procedures for Direct Payments in Children's Wellbeing and the improvement of procedures in both service areas for Letters of Agreement and the monitoring of clients with a separate bank account.

Background

The Social Care (Self-directed Support) (Scotland) Act 2013 places a specific duty on local authorities to allow individuals to choose how their social care is supported by giving them as much control over the individual budget spent on their care. Direct Payments are an integral part of Self-Directed Support (SDS) and local authorities have a duty to offer Direct Payments to people eligible for social care as part of SDS. We reviewed the existing arrangements in place for administering, managing and monitoring Direct Payments in both Adult Social Care and Children's Wellbeing.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- The Council does not have a formal policy in place covering the management and administration of Direct Payments. *Management have agreed to ensure that a formal policy is in place for both service areas by November 2020.*
- There was a lack of effective financial monitoring and review of clients with a separate bank account to ensure that funds were being used to achieve the agreed outcomes as set out in their Support Plan. *New processes are now in place in Adult Social Care and Children's Wellbeing have agreed to cross-skill two staff members to ensure cover is available in the event of future staff absences. Management have agreed to complete by April 2020.*
- The arrangements currently in place for completing Letters of Agreement require review. *Management have agreed to review the controls by August 2020.*
- The existing arrangements in place for recording the authorisation of care packages following a Children's Panel decision require review. *Management have agreed to create a case note on Mosaic with details of meetings held on funding by March 2020.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	20	-	20
Prior report	N/A	N/A	N/A	N/A*

* No prior report exists combining both service areas.

Materiality

East Lothian Council had 110 adults and 70 children in receipt of Direct Payments at the start of our audit. The Council was committed to spend approximately £2m for adults and spent approximately £300k for children on Direct Payments in 2019/20.

Headlines

Objectives	Conclusion	Comment
1. Detailed policies and procedures are in place for administering Direct Payments.	Moderate	The Council does not have a formal policy in place to provide guidance on the management and administration of Direct Payments. We found that documented procedures are in place for staff with responsibility for the administration, management and monitoring of Direct Payments in Adult Social Care. However we are informed that Management in Children's Wellbeing are still in the process of developing procedures for Direct Payments.
2. Appropriate authorisation procedures are in place for Direct Payments.	Reasonable	There are adequate arrangements in place in Adult Social Care to ensure that care packages have been properly authorised on the Mosaic system. We note that all assessments for children are presented to a multi-agency panel (the East Lothian Resource Allocation Panel) for consideration. We are informed that meetings are held between the Panel Chair and the Group Service Manager following the Panel decision to consider each recommendation made and to authorise the funding of care packages, however we found that there was a lack of evidence to confirm that this authorisation had taken place.
3. Adequate arrangements are in place to ensure that clients in receipt of Direct Payments are financially assessed.	Reasonable	We selected a sample of 15 cases in Adult Social Care and checked to ensure that a financial assessment had been carried out for each client in receipt of chargeable care. We found that in 10 cases no financial assessment was required. For the remaining 5 cases where a financial assessment had been carried out, we found one case where the deductions included in the 2018/19 financial assessment for housing rents and Council Tax had been incorrectly calculated. We note that East Lothian Council has a no charging policy in Children's Wellbeing.
4. A formal Letter of Agreement is issued to all clients in receipt of Direct Payments.	Moderate	For the 15 cases selected in Adult Social Care, we found that a Letter of Agreement had been issued to the client. However in a number of instances, the Letter of Agreement had not been fully completed and in some cases anomalies were noted. We examined 5 cases in Children's Wellbeing and we found that in one case no signed letter of Agreement was held on file and for the three cases where there had been subsequent changes to the care package, a revised Letter of Agreement had not been issued to the Direct Payment recipient.
5. Direct Payments are correctly calculated according to the care package.	Reasonable	We note that Direct Payments for both adults and children are processed on the Mosaic system every 4 weeks and are payable in advance into the recipient's bank account. We selected a sample of 20 cases (15 adults and 5 children), where the client was in receipt of Direct Payments to ensure that the payments had been correctly calculated for 2019/20. No errors were found in the sample tested.
6. Adequate monitoring arrangements are in place for Direct Payments.	Moderate	We found that there was a lack of effective financial monitoring and review of clients with a separate bank account in both Adult Social Care and Children's Wellbeing. However we found that adequate monitoring arrangements are in place for clients with prepaid bank cards and a migration of existing clients towards this new process has begun.

Areas where expected controls are met/good practice.

No.	Areas of Positive Assurance
1.	Systems are in place to ensure that all new Direct Payment recipients are issued with a prepaid bank card, which provides the Council with direct online access to the bank account for the monitoring of income and expenditure.
2.	Adequate arrangements are in place to ensure that Direct Payments are correctly calculated in accordance with the care package.

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Moderate Assurance	The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

Executive Summary: Musselburgh Grammar School

Conclusion: Moderate Assurance

The Council has appropriate processes and procedures in place, however this is not being operated fully on a regular basis. More timely and complete compliance with the control processes is required to ensure that a satisfactory control system is being operated. In particular segregation of duties and authorisation controls should be operated effectively and reconciliations and audit trails maintained more effectively. The creation of a School Fund committee would assist in Governance of these processes.

Background

Musselburgh Grammar School is the second largest secondary school in East Lothian with a school roll of 1,109 and serves as the main secondary school for Musselburgh and the surrounding areas with seven feeder primary schools ; Burgh, Campie, Loretto RC, Pinkie St Peter's, Stoneyhill, Wallyford and Whitecraig. This audit covered the arrangements in place for the administration of Devolved School Management (DSM) and school funds as part of regular audit reviews of school financial management.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by The Musselburgh Grammar School Head Teacher**

- Musselburgh Grammar School requires to reduce the high level of petty cash imprest expenditure by utilising available council purchase and reimbursement processes when available. *Management have agreed to reduce this expenditure by utilising appropriate payment processes **by October 2020**.*
- A review of the signatories on the bank accounts is required to ensure appropriate segregation whilst preventing the practice of cheques being pre signed. *Management have agreed to prevent pre signing cheques immediately and will resolve the segregation of duties **by October 2020**.*
- Reconciliations require to have audit trails maintained accurately, completed on a timely basis and ensure that reconciling items are clearly displayed on the reconciliation. *Management have agreed to ensure appropriate reconciliation processes are followed in the new school session when a full compliment of administration staff will be available and these processes will be imbedded **by October 2020**.*
- To ensure appropriate governance and segregation of duties it is recommended that DSM and School funds are administered separately and that a separate School Fund Finance Committee is set up and regularly attended. *Management have agreed to complete this **by October 2020**.*
- In order to have an appropriate system of control in place improvements in the recording of income received from initial receipt through recording in the SchoolPay system and prior to completing the banking. *Management have agreed to implement these improved processes **by September 2020**.*
- Banking also requires to be completed on a more regular basis to both prevent large cash and cheque values remaining on the school premises and also to improve recording and reconciliation processes. *Management have agreed to implement more regular banking and appropriate reconciliation processes **by September 2020**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	28	-	28
Prior report	N/A	N/A	N/A	N/A*

Materiality

The Musselburgh Grammar School 2019/20 budget is £5,397,531.

* This control review is new and no prior report exists for comparison

Headlines

Objectives	Conclusion	Comment
1. To ensure that adequate up to date written school financial procedures are in place and are available to staff responsible for managing school finances.	Reasonable	Detailed School Financial procedures are in place providing adequate guidance to staff with responsibility for the administration and management of the School's finances. These procedures are however not being followed in all aspects on a regular basis.
2. To ensure that Adequate arrangements are in place for operating the School Petty Cash Imprest Account.	Limited	Musselburgh Grammar School has the highest value usage of a petty cash imprest of all East Lothian High Schools. Goods, services and refunds to staff are being made through the petty cash imprest that should be completed using other more appropriate mechanisms to ensure appropriate control. The control processes for operating the imprest account require to be improved to prevent the practice of pre signing cheques by ensuring that bank mandates for signatories are updated.
3.To ensure that adequate arrangements are in place for the administration of School Funds; including reconciliation, audit trails and segregation of duties.	Limited	Reconciliations are being completed, however they require to have audit trails maintained accurately, completed on a timely basis and ensure that reconciling items are clearly displayed on the reconciliation. To ensure appropriate governance and segregation of duties it is recommended that DSM and School Funds are administered separately and that a separate School Fund Finance Committee is set up and regularly attended.
4. To ensure that adequate arrangements are in place for the collection, recording and banking of all income.	Moderate	In order to have an appropriate system of control in place improvements in the recording of income received from initial receipt through recording in the SchoolPay system and prior to completing the banking. Banking also requires to be completed on a more regular basis, it is recommended this task is undertaken at least weekly.

Areas where expected controls are met/good practice.

No.	Areas of Positive Assurance
1.	Detailed School Financial procedures are in place providing adequate guidance to staff with responsibility for the administration and management of the School's finances.
2.	School Fund bank account is no longer in operation and the funds have been transferred under the management of the ELC Client Fund Account.
3.	Kitchen Income is passed to the school office in sealed bank bags and held securely in school safe for which receipts are issued to the Kitchen by the School Administration which record the total amount of banked including the serial numbers of the bank bags.
4.	Electronic Iport returns are submitted for all bankings, appropriately authorised and cross-referenced to bank-giro payins and Security bag serial numbers.

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Moderate Assurance	The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

Executive Summary: Fostering and Kinship Care Payments

Conclusion: Reasonable Assurance

There is a sound system of internal control in place for Fostering and Kinship Care Payments, including the systems for ensuring that fees and allowances are paid at the correct rates, a clear audit trail being maintained of all payments made to carers and a comprehensive Foster Care Guide Book being in place. However some weaknesses were identified, including the existing Kincare Policy requiring review and updating and delays in kinship carers being approved by the Kinship Care Panel and agreements being put in place.

Background

Responsibility for fostering and kinship care lies with the Council's Children's Services section. Foster carers receive a fee and an allowance for each child they foster. The fee is the carer's income for the work they do and their use of skills, while the allowance covers the cost of looking after the child and varies according to the child's age. Kinship care is when a child is looked after by their extended family or close friends, if the child cannot remain with their birth parents. Kinship carers receive an allowance per child (but not a fee) and kinship care payments are made for both:

- Formal kinship care – looked after children who have been placed with kinship carers by the local authority (and Section 11 kinship carers where a residence order is in place).
- Informal kinship care – non-looked after children who live in an informal kinship care arrangement. The allowance paid to informal kinship carers is lower than that paid for formal kinship carers.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- A comprehensive Foster Care Guide Book and a Kincare Policy are in place, however the existing Kincare Policy requires to be reviewed and updated. *Management have agreed to review the policy to ensure that it is up to date and fit for purpose **by December 2020**.*
- In some cases, there had been delays in kinship carers being approved by the Kinship Care Panel and in Kinship Carer Agreements being put in place. *Management have agreed to prioritise assessments and ensure signed agreements are in place **by August 2020**.*
- In two cases, formal agreements were not in place clearly outlining the reasons for payments being made in excess of the standard rates. *Management have agreed to put formal agreements in place **by August 2020**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	6	-	6
Prior report (August 2014)	-	11	1	12

Materiality

In 2019/20, total Children's Services expenditure was approximately £17.7 million, of which foster care fees and allowances were approximately £1.75 million and kinship care allowances approximately £700,000.

Headlines

Objectives	Conclusion	Comment
1. Clear, accessible and appropriate Council policies, procedures and guidance are in place for fostering and kinship care payments.	Reasonable	A comprehensive Foster Care Guide Book is in place which provides key information on foster care, including the legal basis for caring for children, foster carer approval, becoming a foster carer, the carer review process and payments to foster carers. A Kinship Policy 2017 is in place, however the policy requires to be reviewed and updated.
2. Agreements are in place with all foster and kinship carers, clearly outlining the roles and responsibilities of both the carers and the Council.	Moderate	For the sample of 15 foster carers reviewed, we found that Foster Carer Agreements were in place, which had been signed by both the carers and the Council. However for the sample of kinship carers reviewed, we found that in some cases there had been delays in kinship carers being approved by the Kinship Care Panel and in agreements being put in place. In other cases, Kinship Carer Agreements were not held on the Mosaic system.
3. All payments to foster and kinship carers are paid at the appropriate rates and are supported by authorised purchase orders (on Mosaic).	Reasonable	We found that rates for foster care fees and allowances and kinship care allowances had been properly set up on the Mosaic system and payments were being made at the correct rates. All payments were supported by authorised purchase orders. Of the sample of 35 carers reviewed, we found that in two cases no formal agreements were in place for payments being made above the standard rates, however in both cases there was a clear audit trail explaining the reasons for the higher rates and the higher rates had been properly authorised.
4. Appropriate validation and authorisation arrangements are in place for all fostering and kinship care payment runs.	Substantial	Payments to foster and kinship carers are paid in advance as part of a four-weekly payment cycle. We found that appropriate validation and authorisation arrangements are in place for all payment runs and there is a detailed audit trail of all payments made to carers, including the name of the child to whom the payments relate, the type of payment, the weekly amount and the periods for which the payments are made.
5. Appropriate monitoring and review processes are in place to ensure that payments made to foster and kinship carers remain valid.	Reasonable	Monitoring and review arrangements are in place to ensure that all payments to foster and kinship carers remain valid. Reviews are carried out on an annual basis, however the review process for non-Looked After Children, for whom kinship care allowances are being paid, requires review and enhancing.
6. Appropriate budget monitoring arrangements are in place for expenditure on fostering and kinship care.	Reasonable	Appropriate budget monitoring arrangements are in place. The 2019/20 draft year end position for Children's Services indicates a budget underspend of approximately £461,000 in foster care fees and allowances, which is partially offset by budget overspends of approximately £157,000 in kinship care allowances and £252,000 in external foster care. For the 2020/21 budget £150,000 has been moved from foster care to kinship care.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	An up-to-date and comprehensive Foster Care Guide Book is in place which provides key information on foster care, including the legal basis for caring for children, foster carer approval, becoming a foster carer, the carer review process and payments to foster carers.
2.	Rates for foster care fees and allowances and kinship care allowances had been properly set up on the Mosaic system to ensure that payments are being made at the correct rates.
3.	Payments to foster and kinship carers are paid in advance as part of a four-weekly payment cycle and a detailed audit trail is in place of all payments made to carers, including the name of the child to whom the payments relate, the type of payment, the weekly amount and the periods for which the payments are made.
4.	Appropriate validation and authorisation arrangements are in place for all fostering and kinship care payment runs.

A Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Moderate Assurance	The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

Executive Summary: Treasury Management

Conclusion: Reasonable Assurance

The Council has a sound system of internal control in place for Treasury Management with loans being appropriately authorised in accordance with the Council's Treasury Management Strategy and within the Capital Financing Requirement. However the control environment can be improved by the implementation of procedures and the training of an additional member of staff to complete treasury transactions.

Background

The Council is required to operate a balanced budget, which broadly means that cash raised in the year will meet cash expenditure. Treasury Management serves two purposes, firstly to ensure that cash flow is adequately planned, with cash being available when it is needed. Short-term cash surpluses can be invested with low risk counterparties. Secondly Treasury Management funds the Council's capital plans. The Council's capital plan guides its need for long-term borrowing, ensuring that it has sufficient capital to meet its capital obligations. At 31 March 2020 the Balance Sheet showed £383 million of borrowings spread over a combination of PWLB and market loans.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Chief Operating Officer Finance**:

- There is a requirement to clearly document the link between the Council's Treasury Management Strategy and the CIPFA Treasury Management Code of Practice. Management have agreed to create this document when the strategy is next updated **in February 2021**.
- In order to ensure business continuity is in place for treasury management an additional member of staff is to be trained to complete treasury transactions, this will be in place **by September 2020**.
- There is a requirement to document Treasury Management Procedures as a good practice requirement despite all tested transactions being appropriately authorised, this will be completed **by August 2020**.
- The list of authorised signatories should be maintained up to date and this will be in place **by July 2020**.

It is noted that all transactions sample tested were found to be authorised and in accordance with the Treasury Management Strategy. All sample tested loan interest and capital repayments are being made accurately and in accordance with the scheduled repayments.

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	2	3	5
Prior report (May 2015)	-	6	1	7

Materiality

East Lothian Council has approximately £383 million of borrowed funds that are covered by the CIPFA Treasury Management Code of Practice.

Headlines

Objectives	Conclusion	Comment
1. A detailed strategy defining the Council's long-term policy objectives and capital strategy requirements is in place.	Reasonable	The Council has a treasury management strategy in place, the Treasury Management Strategy 2020 – 2025 had been approved by the Council at its meeting on 3 March 2020. However a document is required to clearly link the strategy to the CIPFA Treasury Management Code of Practice.
2. Clear, accessible, relevant, and appropriate Council Treasury Management policies and procedures are in place.	Reasonable	Whilst a treasury management policy is in place through the Treasury Management Strategy there are no treasury management procedures in place. In completing detailed procedures the creation of one further individual with treasury dealing capability would improve the business continuity capability of the team.
3. A complete and accurate record is maintained of all loans held by the Council.	Substantial	All of the 15 loans tested from the master debt schedule to the loan confirmation documentation and the 15 loans tested from the loan documentation to the master debt schedule were found to be accurate and complete.
4. Treasury Management procedures in place and are being followed in a complete, accurate and timely basis.	Reasonable	Whilst all loans transactions tested were found to have been appropriately authorised with low risk counterparties and are in accordance with the Treasury Management Strategy, as there are no procedures we have been unable to test that procedures have been followed.
5. Management have adequate controls in place to ensure the Council does not breach its Capital Financing Requirement.	Substantial	The Council maintains a clear Capital Financing Requirement approved by Council as part of the strategy for 2020-2025. Regular reporting of compliance with this is made to the Audit & Governance Committee and no breaches have occurred.
6. Management have adequate controls in place to ensure that loan capital and interest payments are paid on the due dates.	Substantial	Interest is paid on a six monthly basis and for the sample of 15 loans reviewed, interest payments had been paid on the due date. Loan capital repayments due in the last three years were reviewed and in each case we found that capital was repaid on the due date.
7. Adequate processes are in place to monitor annual borrowing requirements and daily balances.	Substantial	A cashflow forecast is created annually and regularly updated against actuals and any significant variances investigated to establish the reason for the variance. If short term additional funds are available then approval to place funds is sought and authorised for best available interest rates.
8. Risk criteria have been set to restrict the Council's exposure to relevant financial risks.	Reasonable	Whilst the Treasury Management Strategy details a list of risk criteria for appropriate parties and the treasury management advisors provide a list of appropriate counter parties on a risk basis, treasury management procedures would enhance the clarity on ensuring consistency on financial risk undertaken.

Areas where expected controls are met/good practice.

No.	Areas of Positive Assurance
1.	A Treasury Management Strategy 2020 – 2025 is in place and has been approved by the Council.
2.	Staff involved in treasury management have received adequate training.
3.	Treasury Management risks are clearly documented.
4.	A loan register is maintained of all Council borrowings which contains full details of all loans.
5.	Adequate segregation of duties is in place for the authorisation of Council borrowings.
6.	Adequate arrangements are in place for the payment of interest and the repayment of loans.
7.	Adequate arrangements are in place for managing the Council's cash flow.

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Moderate Assurance	The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

INTERNAL AUDIT PROGRESS REPORT 2019/20

APPENDIX 2

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Purchase Cards	We will review the internal controls in place for the use of purchase cards, including the arrangements for monitoring expenditure.	September 2019	Completed
Payroll Deductions	We will review the procedures in place for ensuring the accuracy and completeness of payroll deductions, including Tax, NI and pension contributions.	November 2019	Completed
Home Care Services	We will review the in-house delivery of Home Care services to Adult Services clients.	February 2020	Completed
IR35	We will check to confirm that adequate arrangements are in place for ensuring compliance with IR35 regulations, in respect of workers who supply their services through an intermediary body.	November 2019	Completed
Risk Management	We will select a sample of High risks from both the Council's Corporate Risk Register and service area Risk Registers and will review the adequacy and effectiveness of the risk control measures in place.	November 2019	Completed
Non-Domestic Rates (NDR)	We will continue our audit work on Non-Domestic Rates (NDR) – in 2019/20, we will review the arrangements in place for the recovery of NDR arrears.	June 2020	Suspended
Direct Payments	We will review the arrangements in place for the administration and monitoring of direct payments made to Children's Services and Adult Services clients.	June 2020	Completed

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Records Management	We will review the arrangements operating within service areas for records management including the storage, retention and disposal of records.	February 2020	Completed
Roads Contracts	We will examine the arrangements in place for the procurement, tendering and monitoring of work awarded by Road Services.	February 2020	Completed
Procurement	As part of our annual review of procurement, we will examine work being awarded to suppliers to ensure compliance with the Council's Corporate Procurement Procedures.	February 2020	Completed
Property Maintenance Stores	We will review the arrangements operating at the Property Maintenance stores.	June 2020	Suspended
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	February 2020	Completed
National Fraud Initiative	Time has been allocated for reviewing data matches identified by the 2018/19 National Fraud Initiative (NFI) exercise.	February 2020	Completed
Online Payments	We will review the internal controls surrounding the online payments system (SchoolPay), which was recently introduced in East Lothian schools.	June 2020	Suspended
Schools	We will review the financial arrangements operating within one secondary school to ensure compliance with the financial procedures in place.	June 2020	Completed

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Council Tax	We will continue our audit work on Council Tax – for 2019/20, our review will focus on the procedures in place for Council Tax collection and refunds.	June 2020	Suspended
Transformation Programme	We will examine the implementation of the Council's Transformation Programme to ensure that the financial savings identified have been achieved.	June 2020	Draft Report Awaiting Finalisation
Treasury Management	We will review the Council's approach to Treasury Management to ensure compliance with the CIPFA Code of Practice on Treasury Management.	June 2020	Completed
Fostering and Kinship Care Payments	We will review payments made to foster and kinship carers to ensure compliance with Council policies and procedures.	June 2020	Completed
General Data Protection Regulations (GDPR)	We will review the arrangements in place within the Council for ensuring compliance with the provisions of GDPR.	June 2020	Suspended
Following the Public Pound	As part of our rolling programme of work on Following the Public Pound, in 2019/20 we will review the monitoring arrangements in place for a sample of organisations receiving Council funding.	June 2020	Suspended

REPORT TO: Audit and Governance Committee
MEETING DATE: 16 June 2020
BY: Service Manager – Internal Audit
SUBJECT: COVID-19 Change Control Assurance– June 2020

3

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit Assurance exercises completed since the last meeting of the Committee in relation to processes that have had significant changes in the control environment implemented as a result of the COVID 19 Pandemic.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the findings and recommendations from the reported exercises attached as Appendix 1.

3 BACKGROUND

- 3.1 Since the last meeting of the Committee Internal Audit Assurance exercises have been finalised for Grant Products and Creditors.
- 3.2 The main objective of the Assurance exercises was to establish if the internal controls in place provide an appropriate control environment. A summary of the main findings and recommendations from the Assurance exercises is contained in Appendix 1.
- 3.3 As the Assurance exercises are not a complete audit of these processes they have not been assessed with an assurance level. However a conclusion on how appropriate the internal control processes are has been provided.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	01620 827353
DATE	8 June 2020



Appendix 1

East Lothian Council Internal Audit Memo

From:	Duncan Stainbank, Service Manager – Internal Audit
To:	Head of Council Resources – Jim Lamond Service Manager –Revenues and Welfare Support – Kenny Christie Service Manager – Economic Development – Susan Smith
Date:	8 th June 2020

Grant Products – COVID-19

1. Background

Since March 2020 East Lothian Council have been requested to administer a number of new grant products for Businesses and individuals. In order to provide some assurance over the grant products initial reviews of the control processes have been undertaken for two of the grant products. These products are the Business Support Grants and the Newly Self Employed Grants.

The Business Support Grants are available to the ratepayers of businesses located in a non-domestic property that is on 17 March;

- 1) in receipt of the Small Business Bonus Scheme (SBBS);
- 2) in receipt of Rural Relief; or
- 3) eligible for SBBS but in receipt of Nursery Relief, Disabled Relief Fresh Start or Business Growth Accelerator Relief;

Such businesses can apply to access a support fund and receive a one-off small business support grant of £10,000. This is only available if they were the ratepayer for a premises occupied for that business use on 17 March 2020. A separate one-off grant of £25,000 is available to the ratepayers of businesses in the Retail, Hospitality, Leisure sectors operating in a premises with a rateable value of £18,001 or up to £51,000. A second phase of grants for businesses occupying more than one qualifying non-domestic property has provided different levels of grant funding.

Newly Self Employed Grants provide hardship relief to newly self-employed individuals who have not been able to access support through other schemes. Successful applicants will receive a one-off payment of £2,000. Individuals may only apply once and only in one Local Authority area.

2. Findings

We found that procedures had been put in place providing appropriate segregation of duties between initial assessment and approval for payment. All applications are being reviewed by a senior authorising member of staff prior to payment. Further controls are being implemented within Finance to provide further assurance that duplicate payments are not being made for these grants.

All staff assessing grants have been provided with the guidance documents from the Scottish Government on how the grants should be assessed. Further information has been sought by management where this guidance has not provided clarity in individual circumstances.

Internal Audit has offered guidance on individual applications from a counter fraud perspective when escalated. Advice on eligibility and evidence requirements has been provided and accepted by management as a result of this process.

In addition in order to assess the accuracy of the grant award processes a sample of grants has been selected for both grant products, with the following results:

- A sample of 15 Business Grants awarded, covering both the 1st and 2nd phase of grants were reviewed and in all cases appropriate assessments have been made with the required evidence provided.
- A sample of 5 Business Grants that have been rejected have been reviewed and in each case the rejection was due to the applicant being ineligible for the grant, under the guidance in place at the time of the assessment.
- A sample of 5 awarded newly self-employed grant applicants were reviewed and in all cases appropriate assessments have been made with the required evidence provided.
- A sample of 5 rejected newly self-employed grant applicants have been reviewed and in each case the rejection was due to the applicant being ineligible for the grant, under the guidance in place at the time of the assessment or that there was a missing item of required evidence.

Whilst assessment and payment control processes are considered adequate there remains a risk of fraud for both of these grant processes. Internal Audit have reviewed two fraud detection systems to establish if they could assist with the risk for these products. Both systems were found not to contain the information required to provide useful fraud detection for the current grant processes at the time of review. However staff members completing grant assessments have been advised to be vigilant for any potentially fraudulent applications and refer to Internal Audit for further review.

Inclusion of the Business Grants into the NFI data matching is being pursued and East Lothian Council will participate in this matching exercise later in the 2020/21 financial year.

3. Conclusions

Based on our review and limited testing of grants at this point in time, controls are operating in an appropriate manner for both Grant products reviewed. Further review of grants processes will be considered as part of our revised audit plan to be presented to the September Audit & Governance Committee. Grants guidance and eligibility criteria are continuing to change and evolve and further grants will be paid during the 2020/21 financial year.

In order to further examine the fraud risk in these products Internal Audit will assist with the inclusion of the Grant products in the NFI data matching and report on the progress of these matches when they are available.



East Lothian Council Internal Audit Memo

From:	Duncan Stainbank, Service Manager – Internal Audit Peter Moore, Senior Auditor
To:	Sarah Fortune, Chief Operating Officer Finance
Date:	8 th June 2020

Creditors – COVID-19

1. Background

Internal Audit were asked to review the processes being put in place to allow payments to continue being made with staff working from home during the COVID-19 pandemic. As part of this exercise a review was undertaken of the implementation of recommendations made as part of the Creditors audit carried out as part of the 2018/19 audit plan.

2. Findings

We found that procedures had been put in place across services to allow the authorisation of invoices to take place without the need for staff to be in the office. Arrangements have been put in place to enable invoices received in the office to be scanned onto a shared area which allows staff processing the invoices to access them remotely. Managers are supplied with an electronic batch header and a smart list report for authorisation. Once authorised the electronic authorisation together with either the 'smartlist' report for batches or the electronic invoice for manual payments should be sent to the Creditors team for payment. Where possible suppliers are being requested to supply invoices electronically. We were informed that a number of suppliers and areas within the Council continue to provide the Creditors with manual records rather than electronic.

We selected a sample of invoice batches and manual payments that had been processed before and after the revised procedures were introduced and we found that in all cases the appropriate procedures had been followed. In all cases we found that an appropriate member of staff had authorised the payment and the required documentation was sent to the Creditors Team.

From a sample of 53 invoices selected we found a number of cases where the date of payment did not agree with the date of the invoice. We sought to confirm why these discrepancies had arisen:

- in 24 cases we were informed that the supplier had not submitted the invoice at the time the goods and services were received;
- in 13 cases the wrong year had been input, we were informed that Great Plains retains the invoice date and staff had not amended this to the actual invoice date;
- in 8 cases the date input resulted in the invoice appearing to have been paid in advance;
- in 7 cases the invoice had been mislaid by the service resulting in late payment;
- 1 invoice that had previously been in dispute for a period of time.

We carried out an analytical exercise to identify potential duplicate payments and from this five duplicate payments were identified:

- in three cases the duplicate payment was identified and a refund has been received;
- in the other two cases we were informed that a refund was still to be sought.

The 2018/19 audit report contained 11 recommendations and of these four had been implemented before the final report had been issued and of the remainder four had been fully implemented. In one case consideration is being given to having Great Plains adapted to ensure the creditor reference is not retained. We have been informed that a duplicate checking report has now been put in place but this has yet to be run. We were also informed that batch checking report is still being developed.

3. Conclusions

Based on our review, we found that the procedures implemented as part of the Covid 19 working from home preparation have been working satisfactorily in ensuring that payments continue to be made to suppliers. Cases were identified where the quality of data entered by services was not accurate which would impact on the Creditor Team KPI for payment of invoices. Internally there are a few cases where hard copy payment requests are being sent to Finance rather than being submitted electronically.

Progress with implementing the recommendations from the previous audit report has been good however, mechanisms to identify potential duplicate payments are still being developed and require finalisation.

4. Recommendations

Recommendation 1: Management should ensure that all invoices and requests for payment are received electronically.

Management Response:

Agreed – A reminder will be issued to all services involved to utilise the electronic processes that have been put in place during June 2020.

Recommendation 2: Management should remind services that the accuracy of data input is required in all creditor fields entered and can have an impact on monitoring the payment of invoices.

Management Response:

Agreed – A reminder of the importance of correct data input across all creditor data will be issued during June 2020.

Recommendation 3: Management should work towards the implementation of the final three Internal Audit Recommendations previously made in September 2019.

Management Response:

Agreed – Progress on these recommendations is already being made and they will be completed by September 2020.

REPORT TO: Audit and Governance Committee
MEETING DATE: 16 June 2020
BY: Service Manager – Internal Audit
SUBJECT: Annual Internal Audit Report 2019/20

4

1 PURPOSE

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit prepares an annual internal audit opinion and report to support the Council's Annual Governance Statement.
- 1.2 This report provides a summary of the work undertaken by East Lothian Council's Internal Audit Unit in 2019/20 and supports both the Council's Annual Governance Statement and the Internal Audit Controls Assurance Statement.

2 RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to note the contents of the Annual Internal Audit Report 2019/20.

3 BACKGROUND

- 3.1 Internal Audit is an independent appraisal function established by the Council to review its governance, risk management and control systems. East Lothian Council's Internal Audit Unit seeks to operate in accordance with the Public Sector Internal Audit Standards (PSIAS).
- 3.2 Internal Audit reports administratively to the Depute Chief Executive – Resources and People Services, functionally to the Audit and Governance Committee and has direct access to the Chief Executive, the Section 95 Officer and the Monitoring Officer.
- 3.3 The Public Sector Internal Audit Standards (PSIAS) require that the annual report must incorporate a statement on Internal Audit's conformance with the PSIAS and Local Government Application Note and the results of the Quality Assurance and Improvement Programme (QAIP) that covers all

aspects of the internal audit activity. Internal Audit is continuously seeking to improve its service and aims to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. This was achieved in 2019/20 through the following processes:

- Compliance with PSIAS.
- A tailored audit approach using a defined methodology for financial audits.
- A programme of quality control measures, which include the supervision of staff conducting audit reviews and the detailed review of working paper files and audit reports.
- The development of personal and training plans – Internal Audit staff members are required to undertake a programme of Continuous Professional Development (CPD).

- 3.4 The PSIAS require the development of a Quality Assurance and Improvement Programme (QAIP). The QAIP is designed to enable evaluation of Internal Audit's conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. The QAIP must include both internal and external assessments. An internal assessment of internal audit practices was carried out against the PSIAS to ensure conformance to the Standards in February 2020. An External Quality Assessment of the Council's Internal Audit service was undertaken in May 2018 by the Chief Internal Auditor of Argyll and Bute Council, providing a high level of assurance on internal audit's compliance with PSIAS.

Delivery of the Internal Audit Service

- 3.5 In February 2019, the Audit and Governance Committee approved the Internal Audit Plan for 2019/20. The plan was scoped to address the Council's key risks and strategic objectives.
- 3.6 Resources within the Internal Audit team have been constrained during the year as a result of the Service Manager – Internal Audit retiring from their post in January 2019 and a new Service Manager – Internal Audit not being appointed until late October 2019. In addition due to a change in weekly hours worked by one member of audit staff there has been a reduction of 10 weeks of audit resource available for the 2019/20 Audit Plan.
- 3.7 As reported to the February 2020 Audit & Governance Committee, the intention was to complete all planned audit reviews, apart from the Fleet Management review, that formed part of the 2020/21 Audit Plan, for the scheduled June 2020 Audit & Governance Committee. However, due to the significant changes in the operating situation in March 2020 caused by the COVID-19 pandemic, completion of all the planned audit reviews has not been possible.
- 3.8 Reviews of Non Domestic Rates, Council Tax, Online Payments (School Pay) and Following the Public Pound (Partnership Funding) have been halted as service areas have faced unprecedented speed of change and

substantially increased volume of queries and transactions, limiting capability to engage in non-critical activity. The General Data Protection Regulation (GDPR) audit was halted as rapid changes in the use of data required for the support of communities have been required to support critical activity. The audit of Property Maintenance Stores was also halted as the working environment required to complete the audit would not be achievable with appropriate social distancing and could have impacted on the service's ability to complete critical activities.

3.9 There is an intention to recommence audits in all the areas above when it is appropriate to do so, however developed terms of reference and scopes of the reviews will require to be amended to be relevant to any change in circumstances. Further revisions to the 2020/21 Audit Plan are anticipated and will be presented to the September 2020 Audit & Governance Committee.

3.10 In 2019/20, Internal Audit completed 16 audit reviews and one further review, Transformation Programme, is in final draft awaiting full agreement of recommendations. Table A (see section 3.12 below) outlines the audit work undertaken in 2019/20. For each audit, Internal Audit has provided Management with an assessment of the adequacy and effectiveness of their systems of internal control. Of the 16 audit reviews undertaken in 2019/20:

- In 5 cases, Internal Audit provided Reasonable assurance.
- In 10 cases, Internal Audit provided Moderate assurance.
- In 1 case, Internal Audit provided Limited assurance.

3.11 For the 16 audit assignments finalised, a total of 172 recommendations were made – 12 recommendations were graded as high (i.e. recommendations which are fundamental to the system and upon which Management should take immediate action); 154 recommendations were graded as medium (i.e. recommendations which will improve the efficiency and effectiveness of the existing controls) and 6 recommendations were graded as low (recommendations concerning minor issues that are not critical, but which may prevent the attainment of best practice). Our recommendations sought to address the weaknesses identified in the design of controls and/or their operational effectiveness.

3.12 We have completed the following reviews in 2019/20:

Table A

Audit Assignment	Level of Assurance
Area Partnerships	Moderate
Creditors	Moderate
Purchase Cards	Moderate
Fixed Assets	Limited
IR35 (Off Payroll Workers in the Public Sector)	Moderate
Payroll Deductions	Reasonable

Risk Management	Reasonable
Procurement	Moderate
Homecare Services	Moderate
Records Management	Moderate
Performance Indicators	Moderate
Roads Contracts	Reasonable
Direct Payments	Moderate
Musselburgh Grammar School	Moderate
Fostering and Kinship Care Payments	Reasonable
Treasury Management	Reasonable

3.13 In addition to the reviews listed in Table A, Internal Audit has undertaken 5 Whistleblowing/Fraud and Irregularity reports in 2019/20.

3.14 Internal Audit has also undertaken follow-up reviews of previous years' work to ensure that recommendations have been implemented by Management and have prepared reports for the East Lothian Integration Joint Board (IJB) Audit and Risk Committee.

Conflicts of Interest

3.15 There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

Performance Indicators

3.16 We have undertaken our audit work in accordance with the agreed plan and each of our final reports has been reported to the Audit and Governance Committee. Performance information for 2019/20 covers:

- Completion of the annual Audit Plan – 70%
- % of recommendations accepted by Management – 100%
- % of staff with CCAB accounting qualifications – 80%

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	01620 827353
DATE	08 June 2020

REPORT TO: Audit and Governance Committee
MEETING DATE: 16 June 2020
BY: Service Manager – Internal Audit
SUBJECT: Controls Assurance Statement 2019/20

5

1 PURPOSE

- 1.1 Internal Audit has the responsibility to independently review the internal control systems within East Lothian Council, make an assessment of the control environment and report annually on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

2 RECOMMENDATION

- 2.1 The Committee is asked to note that the Controls Assurance Statement is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2020.

3 BACKGROUND

Sound Internal Controls

- 3.1 The Council's senior management has responsibility for establishing a sound system of internal control and for monitoring the continuing effectiveness of these controls. The main objectives of the Council's internal control systems are:
- Achievement of the Council's strategic objectives;
 - Reliability and integrity of financial and operational information;
 - Effectiveness and efficiency of operations and programmes;
 - Safeguarding of assets and
 - Compliance with laws, regulations, policies, procedures and contracts.
- 3.2 A sound system of internal control reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls or the occurrence of unforeseen

circumstances. The Council is continually seeking to improve the effectiveness of its system of internal control.

The Work of Internal Audit

- 3.3 Internal Audit is an independent appraisal function established by the Council to review its internal control systems. Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.
- 3.4 In 2019/20, the Internal Audit Unit operated in accordance with the Public Sector Internal Audit Standards (PSIAS). All internal audit reports identifying system weaknesses or non-compliance with expected controls were brought to the attention of the Chief Executive, Depute Chief Executives, the Council's External Auditor and the Audit and Governance Committee.
- 3.5 The weaknesses outlined in our audit reports are those that have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist. It is the responsibility of Management to ensure an appropriate system of internal control operates and ensure that proper consideration is given to internal audit reports with appropriate action taken on audit recommendations.

Basis of Opinion

- 3.6 Our evaluation of the control environment is informed by a number of sources:
1. The policies and procedures of the Council, including:
 - Standing Orders and Financial Regulations;
 - Strategy for the Prevention and Detection of Fraud and Corruption;
 - Information Security Policy;
 - IT Acceptable Use Policy;
 - Code of Conduct;
 - Disciplinary Code;
 - Disciplinary Procedure;
 - Gifts and Hospitality Policy (included in revised Code of Conduct from March 2020);
 - Whistleblowing Policy.
 2. The planning, monitoring, review and reporting arrangements within the Council, including:
 - The Budget Setting Process;
 - Monthly Budget Monitoring Statements;
 - Policy and Performance Review Committee;
 - Performance Management Framework;
 - The work of the Council Management Team.

3. The work undertaken by Internal Audit during 2019/20 including planned audits, investigations, follow-up reviews and one-off exercises.
- 3.7 Internal Audit's opinion does not cover the internal control systems of other organisations that are included in East Lothian Council's 2019/20 Statement of Accounts under the Group Accounts section.

Assessment of Controls and Governance

- 3.8 The Annual Internal Audit Report 2019/20 presented to the Audit and Governance Committee summarises the work of Internal Audit during the year. For all areas reviewed, an Executive Summary is submitted to the Audit and Governance Committee summarising the work completed assurance provided and the agreed actions to be undertaken by management.
- 3.9 The majority of Internal Audit recommendations made in 2019/20 were categorised as medium risk (i.e. recommendations which will improve the efficiency and effectiveness of the existing controls) with a number of high risk recommendations (i.e. recommendations which are fundamental to the system and upon which Management should take immediate action). A summary of all recommendations made during 2019/20 is outlined below:

Recommendations Priority Level	Number of Recommendations	Recommendations %
High	12	7
Medium	154	90
Low	6	3
Total	172	100

- 3.10 During 2019/20, areas identified with scope for improvement included the following:
- The controls in place for the prevention and detection of duplicate payments.
 - Completeness and accuracy of the underlying records within services to allow for appropriate accounting for fixed assets.
 - Maintenance of appropriate audit trails for authorisation and completion of procurement processes, and a need for formal contract management processes.
 - Implementation of a clear framework across services for the maintenance of digital records.
 - Continued formal review and approval of policies, procedures and plans, and maintenance of training processes for all procedures.

- 3.11 The implementation by Management of agreed actions to address the weaknesses identified should provide assurance that the system of internal control is operating as intended. The follow up work completed during 2019/20 identified that at least 89% of the 156 recommendations made during 2018/19 have been fully implemented, including all High priority recommendations.
- 3.12 In March 2020 the COVID-19 pandemic provided a test for the risk management and business continuity framework of the Council. There have been many examples of technology being rapidly embraced to deliver critical services to the community. This was achieved using amended governance arrangements, 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.
- 3.13 Whilst it is important to recognise the altered working arrangements during March 2020 and ongoing, this only impacts the final month of the financial year and the opinion provided is based on the substantial majority of the work completed prior to these altered arrangements. The opinion is restricted by the assurance work that has not yet been completed, however a 70% audit plan full completion allows a formal assessment to be made on substantial evidence. The assurance work completed by Internal Audit will be adjusted to take account of the altered working arrangements through a revised 2020/21 Audit Plan.

Opinion

- 3.14 It is Internal Audit's opinion, subject to the weaknesses outlined in section 3.10 above, that reasonable assurance can be placed on the overall adequacy and effectiveness of East Lothian Council's framework of governance, risk management and control for the year ended 31 March 2020.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	01620 827353
DATE	08 June 2020

8 June 2020

Jim Lamond
Head of Council Resources
East Lothian Council
John Muir House
Haddington
EH41 3HA

Dear Jim

6

**East Lothian Council
Management Letter 2019/20**

Audit Scotland's Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that East Lothian Council:

- has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
- complies with established policies, procedures, laws and regulation.

COVID-19

We were not able to fully complete our planned programme of audit work to assess the key controls of the main financial systems due to the exceptional circumstances resulting from the COVID-19 global pandemic.

Planned system coverage

The following table summarises the key systems that we planned to test during our interim audit for financial year 2019/20.

Key System	Planned External Audit Coverage
Payroll	√
General Ledger	√
Trade Payables	√
Trade Receivables	√
Cash Receipting and Banking	√
Council Tax	√
Non-Domestic Rates	√
Housing Rents	√

Extent and limitations of testing

Auditing standards require us to confirm and evidence that the key controls in the key financial systems are operating effectively.

Prior to the COVID-19 global pandemic, we were able to meet with Finance and Payroll officers to discuss some of the key financial systems, update and document our understanding of the systems and, identify the key controls in place.

Council officers were proactive and helpful in progressing the areas of work which could be advanced remotely. Together with the work carried out before COVID-19, we were able to test and confirm that some of the key controls were in place and were operating effectively.

Unfortunately, for a number of key controls, we could not fully test their operation as some of the required evidence was held in the council's offices. Due to these circumstances we cannot take assurance that certain key controls were operating effectively. As a result, we plan to carry out additional substantive procedures during our financial statements audit, to enable us to gain the required assurances on the following areas:

- Trade Receivables
- Trade Payables
- Grant Payments

Prior year controls testing

A full programme of controls testing was carried out as part of our 2018/19 audit. This included a full initial system review of the following systems:

- General Ledger
- Cash Receipting and Banking
- Council Tax
- Non-Domestic Rates (NDR).

Our 2018/19 audit testing did not identify any significant control weaknesses. We did identify some less significant issues in relation to changes to supplier bank details and quality checks for NDR and Council Tax. These were discussed with management so that appropriate actions could be taken. Progress against these actions are considered below, together with our audit findings for 2019/20.

2019/20 Key findings

Changes to supplier bank details - We reported in our 2018/19 Management Letter that supporting documentation provided for a sample of changes to supplier bank details during the year did not evidence that the Council's checks had always been carried out. We planned to follow up and test this key control in 2019/20 however this was not possible as we were unable to access the evidence held by the Council. We will work with management to determine how they can demonstrate to us that this control has operated in 2019/20.

Employee validation - We reported in our 2017/18 Management Report that the effectiveness of controls over employee validation could be improved by requiring budget holders to formally confirm the accuracy of the staffing lists provided to them as part of the monthly budget financial monitoring process. Officers agreed that budget holders will be required to confirm the accuracy of the staffing lists provided to them as part of the budget monitoring process on an annual basis. We noted in our 2018/19 Management Letter that some progress had been made for 2018/19. This control has now been fully implemented.

Payroll standing data - We reported in our 2018/19 Management Letter that evidence of the checking of changes to payroll standing data was not retained meaning it was not possible to confirm that the checks had been completed for the 2018/19 financial year. The standing data checks were retained for 2019/20 and this control is now in place.

NDR and Council Tax relief quality checks - We reported in our 2018/19 Management Letter that the quality checking of processed applications for NDR and Council Tax relief was carried out sporadically, was not applied to the entire population of processed applications and a record of checks was not maintained. This control would be improved if checks were carried out on a stipulated percentage of all processed applications (hard copy and electronic), including those completed by Team Leaders, at a prescribed frequency. A record of all quality checks carried out and any subsequent action taken should be retained until completion of the annual audit process. Our 2019/20 audit work found that the quality checking of NDR

and Council Tax reliefs was evidenced but was not carried out consistently during the year, nor were any checks carried out on claims processed by the Team Leader.

Management Resolution: The Revenues and Benefits service has been undertaking a significant service review to combine all business functions within one integrated service, the implementation of which is still at an early stage. The requirement to undertake quality checks is being formally considered as part of the implementation of the wider service review. **Responsible Officers:** Revenues & Benefits Service Managers

Council Tax reduction and Housing Benefit quality checks – Our 2019/20 audit work found that the processing of Council Tax reduction claims and Housing Benefit reductions is not subject to an approval process and, there is no longer a control in operation to quality-check the accuracy of the input. Quality checking has not been in operation since the Training and Development Officer role ceased in March 2019.

Management Resolution: The Revenues and Benefits service has been undertaking a significant service review to combine all business functions within one integrated service, the implementation of which is still at an early stage. The requirement to undertake quality checks is being formally considered as part of the implementation of the wider service review. **Responsible Officers:** Revenues & Benefits Service Managers

National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise co-ordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity.

East Lothian Council demonstrated a good level of engagement with the most recent NFI exercise. 3,640 individual matches were identified, of which 578 were high risk matches. Internal Audit have reviewed all 578 high risk matches and have also reviewed other matches that were selected using a risk based approach.

Overpayments of £115,719.62 were identified, which have been fully recovered by the Council. The results of this exercise contribute to the provision of assurance that the Council's anti-fraud controls are working effectively.

Conclusion

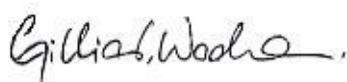
On the basis of audit work undertaken and for those key controls tested, we were able to conclude that appropriate and effective internal controls, with the exception of those noted above, were in place for the General Ledger, Cash Receipting and Banking, Payroll, Council Tax, Non-Domestic Rates and Housing Rents. For those areas where we are unable to conclude, or take controls assurance, we plan to carry out additional substantive procedures during our financial statements audit, to enable us to gain the required assurances.

The issues identified in preparing this management letter are only those which have come to our attention during the course of our normal work and are not necessarily, therefore, all the risk areas that may exist. It remains the responsibility of management to determine the extent of the internal control system appropriate to East Lothian Council. We would stress, however, that an effective system of internal control is an essential part of the efficient management of any organisation.

Acknowledgement

The contents of this letter have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit from East Lothian Council is gratefully acknowledged.

Yours sincerely



Gillian Woolman, Audit Director

Cc (email):
Sarah Fortune, Chief Operating Officer Finance
Ann-Marie Glancy, Finance Manager Corporate Accounting
Fiona Currie, Committees Officer - Democratic Services

REPORT TO: Audit and Governance Committee

MEETING DATE: 16 June 2020

BY: Depute Chief Executive – Resources and Peoples Services

SUBJECT: Annual Treasury Management Review 2019-20

7

1 PURPOSE

- 1.1 To update the Committee on Treasury Management Activity during 2019-20.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to note the report.

3 BACKGROUND

- 3.1 The Council is required by regulations issued under the Local Government Scotland Act 2003 to produce an Annual Treasury Management Review, in accordance with the CIPFA Treasury Management Code of Practice and Prudential Code.
- 3.2 The review set out in Appendix 1 updates members on the Treasury Management activity during 2019-20, and reported relative to the indicators set out in the Treasury Management Strategy approved in February 2019. The figures contained within the report are based on the draft unaudited accounts at the time of finalising this report, and should there be any significant changes to these figures arising prior to the finalisation of the 2019-20 financial accounts, members will be kept informed.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report; however the council's treasury management activity is determined by the policy framework set out in the approved Treasury Management Strategy.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – There are no direct financial implications associated with this report however the Council's Treasury Management activity clearly has a significant impact on the management of the Council's financial resources.
- 6.2 Personnel - none
- 6.3 Other - none

7 BACKGROUND PAPERS

- 7.1 Treasury Management Strategy 2019-20 to 2023-24 – East Lothian Council 26 February 2019.
- 7.2 Treasury Management Mid-Year Review 2019-20 – Audit & Governance 26 November 2019.

AUTHOR'S NAME	Sarah Fortune
DESIGNATION	Chief Operating Officer - Finance
CONTACT INFO	sfortune@eastlothian.gov.uk
DATE	8 June 2020



Annual Treasury Management Review 2019-20

Annual Treasury Management Review 2019-20

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019-20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code). The review is based on figures contained within the draft unaudited accounts, and should any significant and material changes arise during the course of the audit, updated information will be made available and communicated to members.

During 2019-20 the minimum reporting requirements were that members of the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26/02/2019)
- a mid-year (minimum) treasury update report (Audit and Governance 26/11/2019)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit and Governance Committee with the annual strategy approved by Council.

2. The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.) with expenditure in excess of these resources giving rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2018/19 Actual £m	2019/20 Budget £m	2019/20 Actual £m
General Services			
Capital expenditure	37.519	52.074	42.260
Financed in year	(16.243)	(36.816)	(37.528)
Net borrowing need in year	21.276	15.258	4.732
HRA			
Capital expenditure	22.410	32.890	29.929
Financed in year	(10.926)	(12.922)	(15.134)
Net borrowing need in year	11.484	19.968	14.795
Total Net Borrowing need in year	32.760	35.226	19.527

3. The Council's Overall Borrowing Need

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and deemed only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2018-19) plus the estimates of any additional capital financing requirement for the current (2019-20) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure but allows the Council some flexibility to borrow in advance of its immediate capital needs if required.

The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2019 Actual £m	31 March 2020 Budget £m	31 March 2020 Actual £m
General Services			
CFR	264.048	260.417	258.767
External borrowing position	235.153	242.672	238.944
(Under) / over funding of CFR	(28,895)	(17.745)	(19.823)
HRA			
CFR	187.528	207.504	198.521
External borrowing position	163.531	191.031	180.784
(Under) / over funding of CFR	(23.997)	(16.473)	(17.737)
Total			
(Under) / over funding of CFR	(52.892)	(34.218)	(37.560)

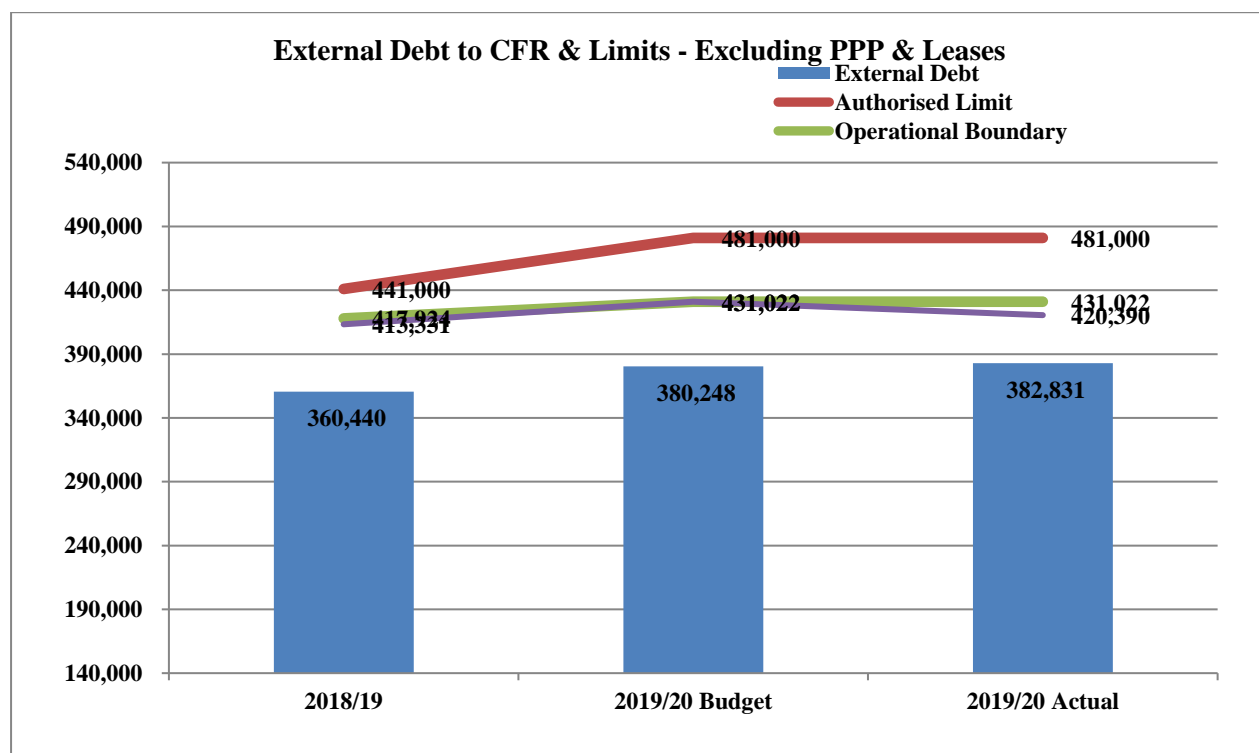
4. Treasury Position as at 31 March 2020

At the beginning and the end of 2019-20 the Council's treasury, (excluding borrowing by PPP and finance leases), position was as follows:

	31 March 2019 Principal £m	31 March 2020 Principal £m
CFR	413	420
Over / (under) borrowing	(53)	(38)
Total external debt	360	382
Total investments	(9)	(9)
Net debt	351	373

The graph below highlights the level of External Debt against approved boundary limits set out within the approved Treasury Strategy.

- **The authorised limit** - the Council has kept within its authorised external borrowing limit as shown by Table 2 in Appendix 1.
- **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.



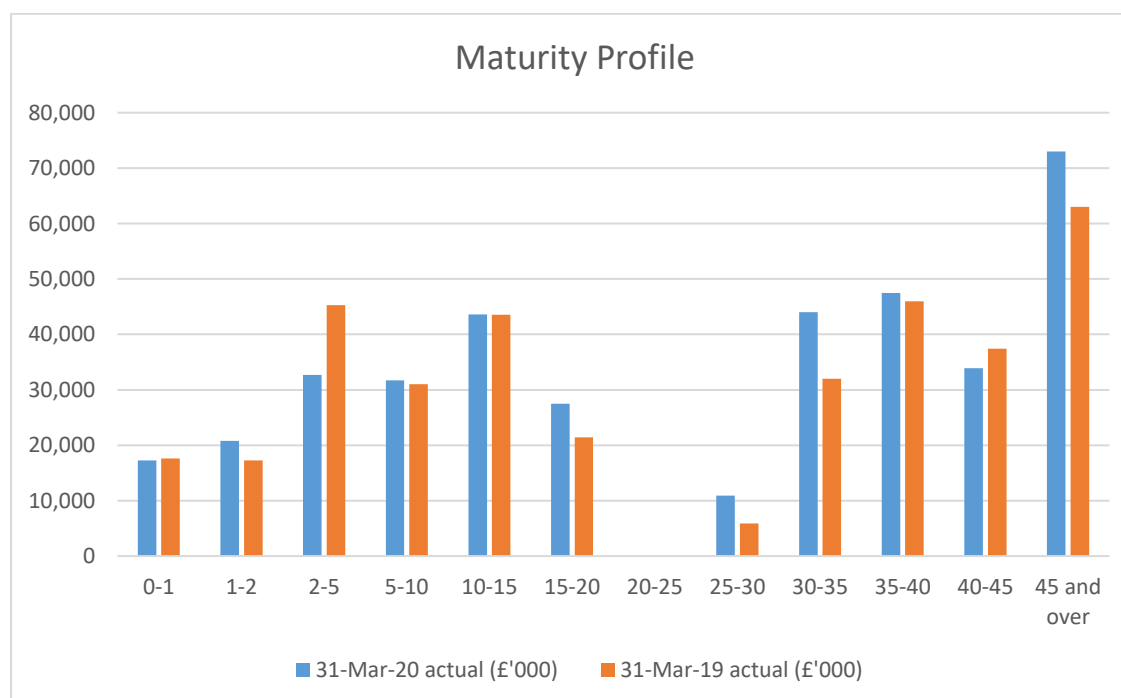
As at 31 March 2020 the average interest rate for all external debt was 3.52% (4% 2019) and the average life across all loans was 26 years (25 years 2019)

The maturity structure and profile of the debt portfolio is set out in the tables below:

	31 March 2019 Actual £m	(Paid) or New Loan* 2019-20 £m	31 March 2020 Actual £m	Net movement* 2019-20 £m
Under 12 months	17.60	(17.60)	17.27	17.27
12 months and within 24 months	17.27		20.77	3.50
24 months and within 5 years	45.30		32.68	(12.62)
5 years and within 10 years	31.00		31.69	0.69
10 years and within 15 years	43.54		43.61	0.07
15 years and within 20 years	21.43	10.00	27.50	(3.93)
20 years and within 25 years	-		-	-
25 years and within 30 years	5.90	5.00	10.90	-
30 years and within 35 years	32.00		44.00	12.00
35 years and within 40 years	46.00	10.00	47.50	(8.50)
40 years and within 45 years	37.40		33.90	(3.50)
45 years and over	63.00	15.00	73.00	(5.00)
Total	360.44	22.40	382.82	(0.02)

* More detail on this is set out in Section 6 below

** Net movement shows the change between the maturity bands for existing loans



5. The strategy for 2019-20

5.1 Investment strategy and control of interest rate risk

The Council's approved investment strategy by priority is; security, liquidity and then return. The Council adopts a prudent approach to managing risk and followed the approved 2019-20 Strategy where investments were only considered where the type of investment and exposure to risk was low or very low. Limits were set for fixed and variable interest rate exposure which were not exceeded during the year.

Investment returns remained low during 2019-20. The treasury management strategy for 2019-20 estimated that bank rate interest would stay at 0.75% as it was not expected that the MPC would increase the Bank Rate until Brexit was settled, and expectation that this would then rise but only to 1.0% during 2020. During this period, our investments were short term. Shorter term investment interest rates were fairly flat during most of the year until the two cuts in Bank Rate in March 2020 down to 0.1% caused investment rates to fall sharply.

5.2 Borrowing strategy and control of interest rate risk

During 2019-20 the Council continued to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) was not fully funded by external borrowing as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This was a prudent strategy as investment returns were low and minimising of counterparty risk on investments must be considered.

The policy of avoiding new borrowing where possible by close monitoring of cash balances is kept under continual review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

The interest rate forecasts during 2019-20 predicted gradual rises in medium and longer term fixed borrowing rates and the two subsequent financial years. Interest rates did fluctuate during the year and decisions on our borrowing methods and terms were made following careful consideration of the borrowing rate projections, our current external debt maturity profile and in discussion with our Treasury advisors.

The table below shows the interest rate forecasts from our Treasury advisors. As of 31 March 2020 the bank interest rate is forecast to remain at 0.10% and PWLB rates may gradually increase over the next 2 years.

Link Asset Services Interest Rate View 31.3.20								
	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

HM Treasury imposed a significant change in PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, an additional 1% to all PWLB rates. That increase

was then reviewed for some areas of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. The table below shows the PWLB rates at the start and end of the year, highs and lows during 2019-20 with dates and the average rate during the year.

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2019	1.46%	1.52%	1.84%	2.41%	2.24%
31/03/2020	1.90%	1.95%	2.14%	2.65%	2.39%
Low	1.17%	1.00%	1.13%	1.73%	1.57%
Date	03/09/2019	08/10/2019	03/09/2019	03/09/2019	03/09/2019
High	2.47%	2.45%	2.76%	3.25%	3.05%
Date	21/10/2019	19/03/2020	19/03/2020	19/03/2020	31/12/2019
Average	1.83%	1.77%	2.00%	2.56%	2.40%

6. Borrowing Activity during 2019-20

Borrowing – the following loans were taken during the year:-

Lender	Principal	Type	Interest Rate	Maturity	Date
PWLB	£ 5m	Fixed interest rate	1.82%	20 years	16/08/2019
PWLB	£ 5m	Fixed interest rate	1.91%	30 years	16/08/2019
PWLB	£ 5m	Fixed interest rate	1.81%	50 years	16/08/2019
PWLB	£ 5m	Fixed interest rate	1.67%	16 years	19/03/2020
PWLB	£ 5m	Fixed interest rate	1.71%	17 years	19/03/2020
PWLB	£ 5m	Fixed interest rate	1.68%	38 years	19/03/2020
PWLB	£ 5m	Fixed interest rate	1.63%	48 years	19/03/2020
PWLB	£ 5m	Fixed interest rate	1.63%	49 years	19/03/2020
Total	£40m				

This compares with a budget assumption of borrowing at an interest rate of 3.40%.

Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Repayments

The following loans were repaid in full during the year:-

Lender	Principal	Type	Interest Rate	Maturity	Date
PWLB	£ 5m	Fixed interest rate	4.04%	9 years	24/09/2019
PWLB	£10m	Fixed interest rate	4.06%	9 years	24/09/2019
Total	£15m				

Instalments of £2.6m were also paid on 11 loans which are payable as an Annuity or EIP (equal instalments of principal) basis rather than on maturity.

7. Investment Activity for 2019-20

Investment Policy

The Council's investment policy is governed by Scottish Government investment regulations which have been implemented in the annual investment strategy approved by the Council on 26 February 2019. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council

During the first 6 months of 2019-20 and in accordance with the approved strategy 4 short term investments were made and repaid. During this period and during the remaining 6 months any surplus cash balances were held in the Council's bank account, which is an interest bearing account.

Date of Lending	Borrower	Amount	Interest rate	Date repaid
07/06/19	Nottingham City Council	£ 5m	0.75%	23/09/19
20/06/19	Central Bedfordshire Council	£ 5m	0.75%	20/09/19
28/08/19	Goldman Sachs	£ 5m	0.82%	28/11/19
28/08/19	Lloyds 95 day notice	£ 5m	1.10%	17/03/20
	Total	£20m		

The Council also has the following loans to third parties which fall under the scope of the Council's approved Investment Strategy

	Loan balance at 31 March 2019 £m	Loan balance at 31 March 2020 £m
East Lothian Housing Association	9.198	8.959
East Lothian Investments	0	0.228

Under accounting standard IFRS9 effective from 1 April 2018, an expected credit loss for all loans to third parties must be obtained and recognised in the Council's Income and Expenditure account within Surplus/Deficit on Provision of Services. This was £72k for 2018-19 and reduced to £36k for 2019-20.

Investments held by fund managers

The Council uses Investec as external fund managers to invest cash balances on behalf of the 4 Common Good Funds and the ELC Charitable Trusts. The performance of the managers against the benchmark return was:

	Investments held 31 March 2019 £m	Investments held 31 March 2020 £m	Return	Benchmark
Charitable Trusts	3.393	2.294	-9.07%	-9.06%
Common Good Funds	3.459	3.012	-9.76%	-9.06%
Total	6.852	5.306	-£1.546m	

The principal reason for the reduction in value is the significant negative impact of Covid-19 on the financial markets. The return was in line with the benchmark for Charitable Funds. Common Good Funds underperformed compared to the benchmark due to falls in property investments but this is expected to be relatively short term.

Appendix 1: Prudential and treasury indicators

1. PRUDENTIAL INDICATORS	2018/19	2019/20	2019/20
	Actual £m	Budget £m	Actual £m
Capital Expenditure			
General Services	37.519	52.074	42.260
HRA	22.410	32.890	29.929
TOTAL	59.928	84.964	72.189
Ratio of financing costs to net revenue stream			
General Services	6.94%	8.29%	6.55%
HRA	29.84%	33.78%	32.23%
Gross borrowing requirement - General Services			
brought forward 1 April	212.918	220.644	225.804
carried forward 31 March	225.804	223.519	221.870
in year borrowing requirement	12.886	2.875	(3.934)
Gross borrowing requirement - HRA			
brought forward 1 April	178.877	191.264	187.528
carried forward 31 March	187.528	207.504	198.521
in year borrowing requirement	8.651	16.240	10.993
CFR			
General Services	225.804	223.519	221.870
HRA	187.528	207.504	198.521
TOTAL	413.332	431.023	420.391
Annual Change in Capital Financing Requirement			
General Services	12.886	4.985	(3.934)
HRA	8.651	13.039	10.993
TOTAL	21.537	18.024	7.059
Annual Impact of Capital Investment Decisions			
General Services – Debt per Band D Equivalent	£4,700	£4,609	£4,522
HRA – Debt per dwelling	£21,456	£23,487	£22,457

	2018/19	2019/20	2019/20
2. TREASURY MANAGEMENT INDICATORS	Actual	Budget	Actual
	£m	£m	£m
Authorised Limit for External Debt -			
Borrowing	441	481	481
Other long term liabilities	39	37	37
Total	480	518	518
Operational Boundary for External Debt -			
Borrowing	413.332	431.022	420.391
Other long term liabilities	38.244	36.899	36.897
Total	451.576	467.921	457.288
Actual External Debt			
Borrowing	360.440	396.805	382.831
Other long term liabilities	38.244	36.899	36.897
Total	398.684	433.704	419.728
3. LOANS FUND			
General Services			
Opening balance	213	221	226
Add advances	21	15	5
Less repayments	(8)	(12)	(9)
Closing balance	226	224	222
HRA			
Opening balance	179	191	187
Add advances	11	20	15
Less repayments	(3)	(4)	(4)
Closing balance	187	207	198
Total			
Opening balance	392	412	413
Add advances	33	35	19
Less repayments	(11)	(16)	(12)
Closing balance	413	431	420

ABBREVIATIONS USED IN THIS REPORT

CFR: capital financing requirement - the council's annual underlying borrowing need to finance capital expenditure and a measure of the council's total outstanding indebtedness.

CIPFA: Chartered Institute of Public Finance and Accountancy – the professional accounting body that oversees and sets standards in local authority finance and treasury management.

GDP: gross domestic product – a measure of the growth and total size of the economy.

HRA: housing revenue account.

LIBID: the London Interbank Bid Rate is the rate bid by banks on deposits i.e., the rate at which a bank is willing to borrow from other banks. It is the "other end" of the LIBOR (an offered, hence "ask" rate, the rate at which a bank will lend).

MPC: the Monetary Policy Committee is a committee of the Bank of England, which meets for one and a half days, eight times a year, to determine monetary policy by setting the official interest rate in the United Kingdom, (the Bank of England Base Rate, commonly called Bank Rate), and by making decisions on quantitative easing.

PPP: Private Public Partnership – capital expenditure financed by the private sector i.e. not by direct borrowing by a local authority.

PWLB: Public Works Loan Board – this is the part of H.M. Treasury which provides loans to local authorities to finance capital expenditure.

RPI: the Retail Price Index is a measure of inflation that measures the change in the cost of a representative sample of retail goods and services. It was the UK standard for measurement of inflation until the UK changed to using the EU standard measure of inflation – CPI. The main differences between RPI and CPI is in the way that housing costs are treated and that the former is an arithmetical mean whereas the latter is a geometric mean. RPI is often higher than CPI for these reasons.

TMSS: the annual treasury management strategy statement reports that all local authorities are required to submit for approval by the full council before the start of each financial year.

REPORT TO: Audit and Governance Committee

MEETING DATE: 16 June 2020

BY: Chief Executive

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

8

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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DATE	4 th June 2020

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
<ul style="list-style-type: none"> • 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: <i>"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."</i> <i>"The council has a clear vision which is based on a good understanding of local communities and partners and is understood by employees."</i> <i>"Council business and decisions are clearly documented in the Council, Cabinet and committee minutes."</i> • 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	<p>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.</p> <p>New completion date – December 2020</p>
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 <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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. If 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
<ul style="list-style-type: none"> • 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: <i>"Council business and decisions are clearly documented in Council, Cabinet and committee minutes."</i> <i>"Decision-making processes are more clear and open" [than was found in 2007]</i> <i>"The council has well-established methods for consulting with the public"</i> <i>"The council engages effectively with communities"</i> • 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
<ul style="list-style-type: none"> • 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: <i>“The council has strong links with its partners and works well with local communities.”</i> <i>“East Lothian Partnership is working to a shared vision and there are good relations between partners.”</i> <i>“The health and social care partnership is well established and there is evidence of good cooperation between the council and NHS Board.”</i> • 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 	<p>5. Very Good</p>	<p>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</p>

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
<ul style="list-style-type: none"> • 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: <i>"The council has well-established methods for consulting with the public"</i> <i>"The council engages effectively with communities"</i> • The Council received a Recognised for Excellence Good Practice Award: <i>"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."</i> <i>"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."</i> • 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 	<p>5. Very Good</p>	<p>The council will develop a Community Charter in partnership with civic society and the communities and citizens of East Lothian</p>

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 or 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
<ul style="list-style-type: none"> • 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: <i>“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.”</i> <i>“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.”</i> • 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
<ul style="list-style-type: none"> • 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 and five-year capital budget are based on a longer-term view and balance wider public interest with conflicting interests • Best Value Assurance Report stated: <i>“Financial management is effective with a budget setting process focused on the council’s priorities.”</i> • 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
<p>See B.1 above</p> <ul style="list-style-type: none"> 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 to 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
<p>See C1 and C2 above</p> <ul style="list-style-type: none"> • The Best Value Assurance Report concluded: <i>“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.”</i> • 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
<p>See D2 above</p> <ul style="list-style-type: none"> Quarterly financial reports are presented to Council highlighting variations between expenditure and budget 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
<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> - 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
<ul style="list-style-type: none"> • 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	<p>See E.1</p> <p>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</p>

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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • 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 to 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: <i>“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.”</i> <i>“Performance management is thorough and elected members and officers make 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.”</i> <i>“The PPR Co scrutinises performance effectively.”</i> 	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
<p>See F.1</p> <ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> Financial Management Strategy No significant recommendations arising from external audit The Best Value Assurance Report concluded: <i>"The council has well-established processes for setting and monitoring budgets."</i> 	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
<p>See B.1 above</p> <ul style="list-style-type: none"> The Best Value Assurance Report concluded: <i>"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."</i> <i>"Council business and decision are clearly documented."</i> <i>The standard of scrutiny by members of the two main scrutiny committees is good."</i> <i>"The council's decision-making processes are clear and open."</i> <i>"Performance management is thorough, and elected members and officers make 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."</i> 	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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • 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: <i>“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.</i> • 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	<p>Implement the Council Workforce Plan. The implementation plan has 48 actions within 7 workstreams:</p> <ul style="list-style-type: none"> 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	<p>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.</p> <p>The Plan will need to be revised to take account of the impact of the COVID-19 emergency</p>
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	<p>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.</p> <p>The East Lothian Partnership Governance Group has adopted a set of 34 Key Performance</p>

				Indicators for the East Lothian Plan.
3	Review the format of the Council's Annual Report/ Annual Public 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 (28 th 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 (12 th 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

				<p>in Spring 2020.</p> <p>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</p>
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	<p>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</p> <p>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</p>
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	<p>Respond to next phase of consultation; review outcome of the Review and report on implications for East Lothian Council</p> <p>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</p>

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

REPORT TO: Audit and Governance Committee

MEETING DATE: 16 June 2020

BY: Chief Executive

SUBJECT: Corporate Risk Register

9

1 PURPOSE

- 1.1 To present to the Audit and Governance Committee the Corporate Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Corporate Risk Register has been developed in keeping with the Council's Risk Management Strategy and is a live document which is reviewed and refreshed on a regular basis, led by the Corporate Risk Working Group (RWG).

2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit and Governance Committee notes the Corporate Risk Register and in doing so, is asked to note that:
 - the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
 - the total profile of the Corporate risk can be borne by the Council at this time in relation to the Council's appetite for risk.
 - although the risks presented are those requiring close monitoring and scrutiny over the next year, many are in fact longer term risks for Corporate and are likely to be a feature of the risk register over a number of years.
 - note that the Council Management Team will review all risks in the Corporate Risk Register on a regular basis.

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Corporate RWG on behalf of and in consultation with Council Management Team. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) which involves multiplying the likelihood of occurrence of a risk (scored 1-5) by its potential impact (scored 1-5). This produces an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).

- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:
- Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position;
 - High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place;
 - Medium risk is tolerable with control measures that are cost effective;
 - Low risk is broadly acceptable without any further action to prevent or mitigate risk.
- 3.3 The Corporate Risk Register includes 1 Very High, 9 High, 9 Medium and 1 Low Risks.

4 POLICY IMPLICATIONS

- 4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy

6 RESOURCE IMPLICATIONS

- 6.1 Financial - It is the consideration of the Corporate Risk Management Group that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.
- 6.2 Personnel - There are no immediate implications.
- 6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

- 7.1 None.

- Appendix 1 – Corporate Risk Register 2020
 Appendix 2 – COVID 19 Corporate Risk
 Appendix 3 – Risk Matrix

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DESIGNATION	Emergency Planning, Risk and Resilience Officer	
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DATE	04 June 2020	

Risk Ref.	Risk Description	Existing Risk Control Measures	Assessment of Current Residual Risk			Planned Risk Control Measures	Assessment of Predictive Risk			Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
ELC CR 2	<p>Brexit</p> <p>The uncertainty around Brexit (and the resulting 'deal' or 'no deal' by the end of 2020) will have an impact on the local economy, local funding and the delivery and funding of council services. With a fast-changing political environment, the wider ramifications of the decision to leave the European Union are yet to be fully identified although will become clearer during 2020. Whilst there may be some opportunities, there is also considerable uncertainty that affects areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, Investment and other non-financial aspects.</p> <p>We may see a gradual slow down during period of uncertainty. A potential council impact (+/-) on:</p> <ul style="list-style-type: none"> Inward investment and positive awareness of the UK; EU funding for council-led business and training projects is known with the timescale permitted for delivery, however the university, farm businesses and other players will be accessing funding from EU sources which will be stopped at some point. While the replacement funding model is not yet clear there is ongoing consultation. Increased input and export costs for local businesses; Council and local business workforce pressures Procurement Potential Supply Issues for IT Hardware Inflationary pressures. Which could reduce and could in turn impact on the council, the university, housing market, capital costs resulting from increased cost of labour which could slow business rates growth (Inflation risk based on latest OBR predictions), workforce pressures e.g. regulatory services, social care providers, procurement costs, inflationary pressures caused by fluctuations in sterling value and potentially a loss of EU grants funding. <p>Key potential causes are:</p> <ul style="list-style-type: none"> Gradual slow down during period of uncertainty. Workforce pressures e.g. regulatory (food imports/export), social care providers. Inflationary pressures caused by fluctuations in sterling value. Loss of EU grant funding <p>EU National Staff do not apply for Settled or Pre-settled status and have no right to remain in the UK. This may result in staffing issues in a number of roles e.g. teachers, social care workers, social workers.</p> <p>From January 2021 job offers to workers from the EU will become based on satisfying a skill level.</p>	<p>The wider ramifications of the decision to leave the European Union are yet to be fully realised and felt in national and local economy. Whilst there will be some opportunities there is also uncertainty that may affect areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, Investment and other non-financial aspects.</p> <p>The CMT has appointed a strategic and tactical level Lead Officer for "no-deal readiness".</p> <p>"No-deal and EU-exit" has been acknowledged as a Corporate Risk.</p> <p>"No-deal and EU-exit" contingency planning is a standing item on the CMT agendas.</p> <p>CMT has established an appropriately represented corporate level "no-deal exit and EU-exit preparedness group" (Brexit Working Group) chaired by the appointed Strategic Lead Officer.</p> <p>The "no-deal exit and EU-exit preparedness group" is appropriately engaged with internal subject matter experts on sectoral vulnerabilities and have a mechanism in place to rapidly assess and escalate these risks where appropriate.</p> <p>CMT has considered a detailed Brexit Preparedness Report: Position Statement, presented on 7th March 2019. The Position Statement was reviewed on a fortnightly basis to 24th April, at which point the Brexit Working Group agreed to reconvene as directed and determined by local and national requirements leading to 31st October EU-Exit.</p> <p>The Lead Officer has contributed to Resilience Partnership Planning for Reasonable Worst-Case outcomes and the layering of multiple scenarios and outcomes.</p> <p>The Council has contributed to a national call for information through COSLA seeking input on likely impact of Brexit in different regions and participate in frequent teleconferences.</p> <p>Home Office facilitated an event providing information and guidance to employers in Haddington in February 2019.</p> <p>The Council has renewed and increased its Certificate of Sponsorship allocation</p> <p>Specific HR Actions for EU National Employees:</p> <ul style="list-style-type: none"> Project plan created to capture major milestones and actions from November 2018 to June 2021 Identified EU nationals through use of equalities information and manual checks of employee records to obtain right to work information and issued letter to impacted employees 	4	4	16	<p>We continue to seek clarity over how the Government plans to address the potential EU funding gap, retain highly skilled migrants and support trade.</p> <p>Key milestones include supporting and attending COSLA, RRP and national Brexit preparedness sessions. Sharing best practice with other local authorities.</p> <p>Seeking guidance at early stage from COSLA, SG and other sources around emerging thinking on Shared Prosperity Fund and Rural Development Fund as replacement support for ESF/ERDF and LEADER/Fisheries</p> <p>The Lothian & Borders Local Resilience Forum will engage and work with the East Regional Resilience Partnership (RRP) and Lothian & Borders Local Resilience Partnership (LRP), when invoked, to ensure strong partnership work is completed for a variety of reasons including mutual aid and communications.</p> <p>ELC have been successful in Scottish Government operational contingency funding to establish certification hub at Cockenzie site (including TOSCC) and as well as re-establishing utilities to TOSCC, there is significant money reserved for our own Council services to undertake property maintenance, refurbishment etc in terms of recharging.</p>	4	4	16	Council Management Team	All actions ongoing and dependant on decisions taken by UK Government	New risk created and evolved by CMT and Brexit Working Group during 2019/20.
			107									

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	<p>Overall national and local economic impact in relation to:</p> <ul style="list-style-type: none"> RPI, cost of goods, services, supplies Overall employment Cost of borrowing Availability of goods on import and cost if available General value of our currency <p>Certification Hub The £92,600 funding that has already been received from Scottish Government was part of a £1.2m bid which Protective Services applied for. This bid was mainly in relation to staffing costs for this 5 year bid. Depending upon local demand for the provision of Export Health Certificates in this facility, and also whether Scottish Government may wish to use this facility as a Border Control Post (both imports and exports of food/feed), this facility may have to be enlarged depending upon available finance. If the facility does become a BCP, there are risks as the Authority may then become a Port Health Authority and will have to examine food/feed coming into the country, from both EC and other third countries. Given that the current pandemic has resulted in the stockpiling of food, a Day One No Deal Brexit may have similar consequences for the availability of Food and other similar items within the Country. As people may then be unwilling to donate food to the local Food Banks, this may have consequences for various vulnerable groups within our County.</p>	<ul style="list-style-type: none"> Presented paper to CMT : EU Settlement Scheme overview and recommended actions Joint Trade Union engaged, advised of actions and provided all communication materials Create and issued LM pack, providing overview and copy of letter for information with Home Office posters for display Provided overview of EU Settlement scheme and project plan to JCC Included relevant information in Inform articles 1:1 meetings with Health & Social care staff to advise that there is a pilot available and NHS staff are being encouraged to join. <p>A Lothian & Borders Local Resilience Forum was in place, including the ELC EP, Risk & Resilience Manager, engaging and liaising with partner agencies through the East Regional Resilience Partnership (RRP) and Lothian & Borders Local Resilience Partnership (LRP). This ensures partnership working processes are in place and understood, should such processes be invoked.</p> <p>Environmental Health and Trading Standards have engaged with the business community to ensure preparedness for EU-Exit in terms of imports and exports.</p> <p>Economic Development has signposted all businesses to the Scottish Enterprise website (prepareforbrexit.scot) and continues to liaise with businesses as to their concerns and issues. Ongoing intelligence gathering through other local authorities and national agencies.</p> <p>Through the Brexit Working Group, the Council has engaged in internal and external communications, multi-agency decision-making and response arrangements.</p> <p>Through the Brexit Working Group, the Council has engaged in business continuity collaboration arrangements with local partners and neighbouring Local Authorities: via LRP/RRP.</p> <p>The Council has assessed internal essential services business continuity arrangements.</p> <p>Through the Brexit Working Group, the Council has operated a horizon-scanning and assessment system to identify, assess and respond to emerging risks.</p> <p>EU Settlement Scheme – UK/Scottish Government paying fee for this – will set up local centres to help people who are affected.</p> <p>Planned actions for EU National Employees:</p> <ul style="list-style-type: none"> Direct Mail to introduce, remind and highlight key messages throughout Monthly inform article which counts down until the full scheme is live in March 2019 and quarterly Inform articles reminding of the deadline to apply. 										

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ELC CR 3	<p>Climate Emergency</p> <p>The Council declared a Climate Emergency in August 2019, resolving to take urgent action to make all our Council Services Net Zero Carbon as soon as reasonably practicable or in any case by 2045, and to work with our communities and partners towards a Carbon Neutral East Lothian, enabling the county to deliver its part of wider national and international commitments. The Climate Emergency motion also recognised that the impacts of climate change are having a serious effect on our communities.</p> <p>The Council has statutory duties under the Climate Change (Scotland) Act 2009 to reduce its carbon emissions, adapt to climate change and endeavour to act sustainably.</p> <p>The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 set a target for Scotland of Net Zero greenhouse gas emissions by 2045, with the expectation that public bodies will lead by example to reach Net Zero.</p> <p>The risks are:</p> <ul style="list-style-type: none"> Failure to meet the Net Zero target of 2045 at the latest; Failure to mainstream and embed action to tackle climate change may harm the Council's reputation (in terms of corporate social responsibility); Failure to meet our public bodies duties under the Climate Change (Scotland) Act 2009; Increased potential for unbudgeted costs; Unknown costs of transformational change and implementing measures to reduce emissions and reduce climate change impacts; Potentially there might be financial penalties for non-compliance although this is not yet known; Lack of resources (both financial and staff capacity) to deliver a Carbon Neutral and sustainable East Lothian. 	<p>The Council approved its Climate Change Strategy in January 2020, setting out its commitment to tackling the Climate Emergency at a local level; the vision and overall aims for a 'Net Zero Council' and a 'Carbon Neutral East Lothian', and ensuring preparedness for the impacts of climate change; and the specific outcomes, key priority areas and actions over the next five years towards achieving these overall aims.</p> <p>Since 2014/15, the Council has reported annually to the Scottish Government on its carbon footprint and progress with delivering its statutory Public Bodies Climate Change Duties under the Climate Change (Scotland) Act 2009. These reports are publicly available.</p> <p>A Climate Change Planning and Monitoring Group is established, which is responsible for overseeing, developing and monitoring progress with delivering the actions in the Climate Change Strategy, and has a critical role in driving and coordinating the work of the Council to meet its climate change obligations and commitments. Heads of Service, Service Managers and Officers from across the Council are represented on the Group, tasked with implementing the actions and plans identified in the Climate Change Strategy relevant to their Service Areas.</p> <p>Ongoing liaison is underway with the Scottish Government as it develops its Climate Change Plan Update, setting out its policies and procedures for Scotland to reach Net Zero by 2045</p> <p>The Sustainable Energy and Climate Change Officer leads on driving and coordinating the work of the Council to meet its climate change obligations and commitments.</p> <p>An Energy Transformation Board has been formed, which has been tasked to look at generating income from installing low carbon technologies across the Council's estate and improving energy efficiency and energy supply from renewable sources.</p> <p>The Sustainable Transport Officers Group coordinates multi-departmental responses to transformational change and modal shift in transport towards active and sustainable travel.</p> <p>Preparing for the impacts of climate change, including an increase in the frequency and severity of severe weather events, sea level change, and preparation of business continuity plans, are covered by other Risks identified within this Corporate Risk Register and Service Level Risk Registers.</p> <p>The Resilient Communities initiative is already underway across East Lothian to prepare our communities for emergencies and severe weather events.</p>	4	4	16	<p>Implementation and delivery of the actions set out in the Climate Change Strategy over the five years of the strategy, with ongoing review of the strategy in line with the changing policy and legislative context, and annual reporting to Cabinet of progress with the delivery of actions.</p> <p>The Scottish Government is anticipated to publish its Climate Change Plan Update. Work with the Scottish Government to secure the tools, powers and resources to enable the Council to deliver Net Zero.</p> <p>Ongoing liaison with other public bodies and key partners via organisations such as the Sustainable Scotland Network to ensure consistency of Climate Emergency response, to share best practice, and to drive forward innovation and transformative change.</p> <p>Work to identify interim emission reduction targets across Council Services, including implementation of a monitoring and evaluation framework.</p> <p>Production of a Climate Change Communications and Engagement Plan.</p> <p>Engagement is underway with external partners, including: the East Lothian Partnership, which is currently reviewing the East Lothian Plan to include emissions reduction and tackling climate change; the Area Partnerships, several of which now have 'Sustainability' sub-groups; young people via the East Lothian Youth Council and schools' Eco Groups; local groups and organisations; and local businesses.</p> <p>Work is underway with external partners to deliver transformational change in transport, waste & recycling, planning, housing, energy efficiency and renewable energy supply across the county.</p> <p>Development of a 'Climate Resilient Communities' network and the setting up of a Citizens Assembly or Climate Change Forum to work in partnership with our communities, local businesses, organisations and national agencies to develop our county-wide Climate Emergency response.</p>	4	4	16	<p>Chief Executive</p> <p>Head of Development</p> <p>Sustainable Energy and Climate Change Officer</p>	<p>2025 / reviewed annually</p> <p>We anticipate SG's Climate Change Plan Update to be published early in 2021</p> <p>Ongoing / reviewed annually</p> <p>Ongoing / reviewed annually</p> <p>December 2020</p> <p>Already in progress / Reviewed annually</p> <p>Review Annually</p> <p>June 2021</p>	<p>'Carbon Management' Risk refreshed revised and renamed Climate Emergency Risk in relation to the Council's Climate Emergency Response.</p> <p>Current and Predictive Risk scores increased from 9 and 6 to 16 due to the declaration of a Climate Emergency.</p> <p>The Council has made a lot of progress recently as noted within the risk, however, until The Scottish Government publishes its Climate Change Plan Update and the Council can work with the Government to secure the tools, powers and resources to enable the Council to deliver Net Zero there is an uncertainty as to whether the Council will be able to reduce the risk.</p>

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ELC CR 4	<p>Managing the Financial Environment</p> <p>The Council may not be able to manage its obligations within the resources available.</p> <p>Reducing general funding levels, increasing ring fenced and short term funding, and increasing demand for services, means that the Council is having to ensure that it remains financially resilient and services can be delivered sustainably.</p> <p>The Council is managing a multitude of pressures, and if these are not successfully planned for and managed effectively over the medium to longer term there would be a serious risk of unplanned / reactive budget realignments with significant adverse impact on availability and quality of both front-line services and required investment in the Council's infrastructure and asset base. This includes the requirement to successfully plan and deliver recurrently identified savings proposals.</p> <p>Over the medium term it is highly likely that the Council's income will, at best, remain static and may even reduce. At the same time it will have specific cost and demand pressures to deal with. These include:</p> <ol style="list-style-type: none"> (1) Supporting the resource requirements associated with the delivery of the growth agenda resulting from the Local Development Plan; (2) Associated demographic change and social-economic pressures; (3) Growing inflationary pressures and contractual commitments including pay and pensions; (4) Potential financial costs associated with a wide range of new obligations or legislative changes. 	<p>The Council has well developed medium term financial planning arrangements. These include:</p> <ul style="list-style-type: none"> • Five year financial strategy; • Three year General Services revenue budgets; • Five year General Services capital plan budgets; • Five year Housing Revenue Account revenue and capital budgets. <p>The Financial Strategy contains an enhanced reserves strategy which sets out the current level of reserves and associated commitments, including a requirement to maintain a minimum level of uncommitted reserves to support any unforeseen event.</p> <p>The Council has an enhanced range of cost control and financial management arrangements to manage in year budget performance and delivery of planned efficiencies. This includes monthly management information to CMT and wider Council management, and quarterly financial information to Council. This provides mitigating controls in terms of the immediate financial risk and pressures the Council is faced with.</p> <p>A Transformation Programme is in place which is monitored monthly by the Council Executive Team, and mitigating actions taken on projects as required to bring them to successful conclusion</p> <p>A Financial Monitoring Risk Assessment is in place where services are assessed and provided within a risk rating. Any service areas which are classified as High Risk are asked to prepare financial recovery plans, and enhanced financial controls are in place.</p> <p>Continue to closely monitor information arising from both UK and Scottish Financial settlements through intelligence gathered from COSLA, professional bodies such as CIPFA Directors of Finance and also credible professional commentators.</p>	4	4	16	<p>Enhanced in year monitoring and review of expenditure commitments against approved budgets.</p> <p>Continued development of budget proposals to ensure that the Council can continue to deliver its obligations within financial resources.</p> <p>Continued development of longer term scenario based financial planning to inform future decisions and longer term financial strategies and financial plans.</p> <p>Continued scrutiny and challenge of planned efficiency measures to ensure they can be delivered and achieved within agreed timescales.</p> <p>Development of annual Capital Strategy supporting the future capital programme.</p> <p>Explore new options for enhanced commercial opportunities within the organisation to maximise income generation for the Council.</p> <p>Ensure the financial strategy sets a clear financial framework for the Council to operate within and that it is appropriately implemented and monitored.</p> <p>The Chief Executive along with the Depute Chief Executives has established a transformation board to oversee delivery of a transformational programme of strategic change projects to improve services and secure planned efficiencies.</p> <p>Establishment of a Budget Review Group chaired by the Chief Executive which will provide enhanced budget scrutiny on the financial performance of the Council.</p>	3	4	12	<p>Chief Executive</p> <p>Depute Chief Executive – Resources and People Services</p> <p>Depute Chief Executive – Partnerships and Community Services</p> <p>Head of Council Resources</p> <p>Chief Operating Officer Finance</p> <p>Council Management Team</p>	<p>Actions ongoing and under continuous review while monitoring arrangements will continue to be applied.</p>	<p>Risk reviewed by Head of Council Resources and Chief Operating Officer Finance May 2020 with no change to assessment of scores.</p> <p>Risk reviewed by Head of Council Resources and Service Managers - Finance May 2017 with Current Score reduced from 20 to 16.</p>
ELC CR 5	<p>Welfare Reform</p> <p>The rollout of Universal Credit, (UC) in East Lothian started in April 2015. Whilst initially involving only a small number of cases the subsequent rollout of the Universal Credit Full (Digital) Service in East Lothian on 23rd March 2016 has seen a significant number of households migrate from legacy benefits to UC. Since the COVID-19 lockdown began on 24 March 2020 there has been an increase in UC decisions, (with a consequential impact on HB/CTR assessment.</p> <p>Main risks associated with the UC rollout include:</p> <ul style="list-style-type: none"> • A wider range of people in scope for claiming UC & higher volume of cases as a consequence • Additional demand for (SWF) Crisis Grants. (Risk of overspend)% increase in UC related current tenant rent arrears 	<p>The Benefits Service is continuing to make full use of additional Discretionary Housing Payment (DHP) and continues to monitor its SWF & DHP expenditure.</p> <p>Council has actively lobbied in various relevant arenas – UK and Scottish Governments both directly and via COSLA. This has resulted in senior DWP Officers attending PPRC Committee meeting to account for UCFS impact on Council performance.</p> <p>Revenues & Benefits Services engage with colleagues in other LAs/RSLs, CoSLA and DWP UC/Job Centre Plus officers to ensure a managed transition to Universal Credit is achieved.</p> <p>DWP funding has been utilised to appoint a Welfare Development Officer. This post is temporary, subject to continuation of funding</p> <p>Council Officers continue to engage with the new Scottish Social Security Agency in relation to</p>	4	4	16	<p>Council services will continue to work with the UC Project Team in respect of timescales for the Managed Migration phase rollout of UCFS.</p> <p>Council services will continue to explore the potential for further increasing automation of UC Change of Circumstances notifications (LCTRs).</p> <p>The Benefit Service reserves the option to implement 'high and most compelling' (priority level) in order to keep SWF & DHP expenditure within budget.</p> <p>The Benefits Service will disburse any additional COVID related SWF funding (allocated by the Scottish Government). Service review to integrate the Revenues & Welfare Support and Benefits &</p>	3	4	12	<p>Depute Chief Executive – Resources and People Services</p> <p>Service Managers – Benefits & Financial Assessments and Revenues & Welfare Support</p> <p>Heads of Council Resources and Communities & Partnerships</p>	<p>December 2020</p> <p>December 2020</p> <p>March 2020</p> <p>September 2020</p> <p>31 July 2020</p>	<p>Risks refreshed by Service Managers May 2020 with no change to assessment of current scores.</p> <p>Risk reviewed by Board of Directors August 2018 and Assessment of Current and Residual Scores reduced from 20 and 16 to 16 and 12.</p> <p>Risk refreshed by Service Manager</p>

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			L	I	L x I		L	I	L x I			
	<ul style="list-style-type: none"> An increased risk of reduced take up of Council Tax Reduction and increased arrears Overall reduction in HB caseload brings the size & scope of Benefits Administration into question. DWP Housing Benefit Admin Subsidy distribution methodology changed from 2019/20 onwards. In spite of 'transitional protection' being applied by the DWP this will still result in 'significant' ongoing reductions in ELC's HB Admin' subsidy grant every year until the end of 2021/22 The return of Temporary Accommodation cases from UC Housing Costs to HB has been broadly welcomed, (in respect of claimant's interests). However, contrary to previous service planning expectations this is now expected to increase the number of residual HB cases to be administered by what may soon be a reduced ELC Benefits Service. Reduced HB processing performance below DWP performance expectations is likely to induce more intensive engagements with the DWP Housing Delivery Performance Team and/or Audit Scotland Performance Audit. Increased demand for Discretionary Housing Payments, (DHP) risk of funding gap. Managed migration dates (for remaining HB to UC claims) still to be announced but this represents further financial risk and gives rise to capacity issues. <p>A reduction in DWP (UC related) funding which has been supporting, the Welfare Development Officer and an additional Personal Budgeting Support post along with and Digital Assistance for UC claimants could jeopardise these elements of service delivery.</p> <p>The secondment of experienced Benefits Officers to newly established, temporary Financial Inclusion posts risks further depletion of HB/SWF decision making/processing capacity.</p> <p>As a consequence of reduced grant funding and decisions already taken as part of the Council's budget setting process, staffing structures will be required to change and additional financial savings will need to be delivered.</p> <p>This presents additional risks and challenges:</p> <p>A reduction in the number of management posts may reduce command & control capacity and ability to train and develop staff. These changes will also result in increased work pressures for some staff.</p> <p>Risk that reducing income posts would give rise to false economy whereby collection rates (Council Tax/Housing Rent/Business Rates/Sundry Accounts) would reduce by more than the cost of funding deleted posts.</p> <ul style="list-style-type: none"> Risk that reducing welfare/benefit support posts would significantly weaken the Council's ability to improve the life chances of the most vulnerable in our society and reduce poverty and inequality. 	<p>development of devolved and 'localised' welfare provision/administration.</p> <p>ELC Management & staff continue to engage with other LAs, JCP/DWP, CoSLA and Scottish Government at a range of levels.</p> <p>An additional £100k was allocated in the Administration budget 2017/18 to help mitigate the impact of UC on rent arrears.</p> <p>Council officers have provided reports/briefings to the Council's PPRC Committee, (Universal Credit/Rent Collection).</p> <p>DWP Universal Support funding has been used to fund a Financial Inclusion post within the Welfare Rights team to provide a Personal Budgeting Support capability for new/recent UC claimants. This post is temporary, subject to continuation of funding.</p> <p>An additional 1.6 FTE Financial Inclusion positions have been funded within the Welfare Rights team to carry out campaign work to help Council tenants prepare for UC managed migration (existing HB claimants). This work will help safeguard the Council's rental income.</p> <p>The Council's Welfare Rights team helps to secure unclaimed welfare benefit money for people who cannot do this themselves and who are often in desperate need of help (£3.5m in 2018/19). The team also works in partnership with Macmillan Cancer Support to provide welfare advice and support to people and families affected by cancer (this project alone secured income gains of over £1.36m for clients in 2018/19). The Council also provides funding to the East Lothian Advice Consortium (Haddington and Musselburgh CAB and Carers of East Lothian) to provide free, impartial, confidential advice (including advocacy and representation) to all residents of East Lothian. Both the Council's Welfare Rights team and the partners in the Consortium are involved in delivering the Council recommendations within the Poverty Commission Action Plan.</p> <p>East Lothian Advice Services review completed.</p>				Financial Assessments services on a phased basis						<p>– Benefits, November 2016 with Current Risk Score increased from 16 to 20 due to the introduction of the Universal Credit "Full Service" since March 2016.</p>

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			L	I	L x I		L	I	L x I			
ELC CR 6	<p>Information Security and Data Protection</p> <p>Information Security Failure to have comprehensive council wide Information Security Management (ISM) measures in place will put at risk the availability, integrity and confidentiality of the councils information and may cause a Council wide failure of central I.T. systems (incl. Telephony) caused by a malicious attack by hackers, virus, trojan, disclosure of information or Fire/Flood event.</p> <p>Attacks via spam emails containing infected ransomware attachments are on the increase amongst local authorities and should these emails manage to break through Firewalls and Intrusion Detection Systems there is a high possibility of file encryption at both a local and network wide levels.</p> <p>The Cabinet Office has introduced zero tolerance for all LA's connected to the Public Sector Network (PSN). All Scottish LA's use the PSN to register Births, Marriages & Deaths and connection to DWP for benefit provision. We have to re-accredit to this network every year and must meet stringent requirements. Failure to do so would mean disconnection from the PSN.</p> <p>In 2017 the Scottish Government introduced the Cyber - Public Sector Action Plan which sets out the minimum security standards for all public bodies</p> <p>IS&DP New ways of working and shared buildings including the proposed Collaborative Hib between the Council, Police and other parties present new risks and challenges to maintaining IT Security and Data Privacy. New procedures, appropriate design of workspaces and staff training will be needed to mitigate risks.</p> <p>Data Protection In May 2018 the UK Government introduced the Data Protection (DP) Act 2018.</p> <p>Breach of the Data Protection Act, other confidentiality requirements, any relevant laws or duty of care through the loss or wrongful transmission of information (including information stored electronically) could result in - harm to individuals; - legal action; - fines of up to 20 million euros; - requirement to pay compensation; - adverse publicity; - damage to reputation</p> <p>The Act introduced a mandatory 72 hour window in which to report relevant breaches to the Information Commissioners Office.</p> <p>Limited security, procedural and environmental controls at the Dunbar Road records store mean that</p>	<p>Information Security The Council uses the international standard ISO 27001:2017 as the framework for its ISM system.</p> <p>As part ISO27001:2017 a number of control areas are set out : IS policy; IS organisation; Human resources security; Asset management; Access controls and managing user access; Physical & Environmental security of all sites/equipment, Secure communications, Data handling and Data Protection (including paper documents); Secure acquisition, development, and support of information systems; Security for suppliers and third parties; Information Security Incident management; Business continuity/disaster recovery (to the extent that it affects information security);</p> <p>Annual IT health checks on the existing infrastructure.</p> <p>New systems introduced are risk assessed and security checked to ensure they meet the criteria.</p> <p>Council Information Governance and Security (IGS) Forum co-hosted by the IT Team Manager – Infrastructure and Security and the Team Manager – Information Governance / Data Protection Officer.</p> <p>ISO27001 covers all areas detailed in this plan</p> <p>Info Sec & DP specialists are included during requirements/design and build phases on shared buildings.</p> <p>Data Protection Compliance – The Council takes measures to avoid breaches of law, statutory, regulatory or contractual obligations (including the DP Act 2018, GDPR and Public Records (Scotland) Act 2011).</p> <p>The Council has reviewed and updated its Data Protection Policy</p> <p>The role of Data Protection Officer is a statutory role filled in March 2018. The Council has a dedicated Data Protection inbox.</p> <p>IS, DP and Records Management Awareness training forms part of our induction process. This incorporates a mandatory GDPR module supplemented by paper and person-to-person training. Data Protection and IS awareness training is mandatory for all employees and must be renewed every two years. The Data Protection Officer developed a GDPR toolkit including templates, guidance and information to support Corporate GDPR compliance. The Toolkit is updated and maintained on a continuous basis.</p> <p>The Council's Records Management Plan covers how the Council manages its records and includes links to our IS, DP policies and retention schedule. There is</p>	4	4	16	<p>Information Security Upgrade of external facing systems taking place to increase security of our internet facing gateways.</p> <p>The Cyber Essentials + accreditation will be introduced across our corporate and education networks to ensure we meet the Scottish Government Cyber Action Plan in 2020/21.</p> <p>Acceptable use policy for all ELC employees is to be refreshed during 2020 with all employees expected to sign.</p> <p>Setup visits to all Education facilities to do refresher awareness sessions on Info Sec & DP</p> <p>The DPO/Team Manager-Information Governance is a member of the Collaborative Hub Working Group and the JMH User Group and provides advice and support re: compliance.</p> <p>Info Sec/DP are working together on an information asset register</p> <p>Data Protection The Data Protection Officer will continue to oversee a series of "health checks"/audits in various Council departments to ensure compliance and to improve practice.</p> <p>Work will continue to complete and publish a Corporate Information Asset Register which identifies all Council Information Assets and Data Flows.</p> <p>The Council will continue to ensure that all data subjects are informed through Privacy Notices how we use, share and retain personal information.</p> <p>The DPO will review the Council's Retention Schedule and will ensure that all staff are aware of and complying with it.</p> <p>Annual reports on records management compliance will be submitted to PPRC.</p> <p>The Council needs to review information sharing agreements and contracts to ensure they are fit for purpose. As part of this review the Council will also need to introduce agreements where they are not in place.</p> <p>The DPO will maintain a centralised register of all information sharing and information processing agreements.</p>	3	4	12	Depute Chief Executive – Resources and People Services Head of Council Resources Depute Chief Executive – Partnerships and Community Services	April 2021 January 2021 August 2020 December 2021 August 2020 August 2020 March 2021 March 2021 March 2021 March 2021 December 2020 March 2021 March 2021	Risk updated May 2020 by Team Managers – IT Security and Information Governance with on change to scores.

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	<p>records and personal data are at risk of security breach and/or accidental loss or destruction.</p> <p>DP compliance is dependent on good records management. The Council's Records Management Plan 2014-2019 needs to be formally updated to account for GDPR/DPA18 as well as changes to recordkeeping practice across the Council.</p>	<p>an annual approval of Progress of Records Management Plan by The Keeper.</p> <p>CMT and SMT continue to receive briefings from the DP Officer and any other relevant staff.</p> <p>The Council website includes a revised privacy statement and cookie policy.</p> <p>Templates for Information Sharing Agreements and Data Processing Agreements have been produced and a joint strategy with Procurement, Legal and People and Governance is in place to roll out updates to all new and existing contracts.</p> <p>The Council implements DP Impact Assessments (DPIA) for all new business processes which are incorporated into the Council's Integrated Impact Assessment Process. A standalone template has been produced to enable staff to complete DPIAs for individual processes/projects.</p> <p>DPIA is also embedded in the Transformation teams' project methodology.</p> <p>The DP Officer and the Communications team created a Communications Plan including Inform briefings, e-mail updates and other training and briefings.</p> <p>The Council has a close working relationship with SOLAR (Society of Local Authority Lawyers and Administrators) and attends meetings regularly. These meetings are also attended by the Information Commissioners office. The Council also attends and currently chairs ASLAWG (Archivists of Scottish Local Authorities Working Group) to share best practice with other record keeping professionals.</p> <p>Data Breaches</p> <p>A Data Breach Procedure has been approved by CMT including a mandatory reporting form for completion by staff upon discovering a breach. All breaches are reported to the Data Breach Team by phone or email within 24 hours of discovery.</p>				<p>The DPO/Team Manager-Information Governance is a member of the Collaborative Hub Working Group and the JMH User Group and provides advice and support re: compliance.</p> <p>A 2019-20 internal audit of records management compliance across the Council recommended that the existing Records Management e-learning module be made mandatory for all staff. The Team Manager-Information Governance and Service Manager-People and Governance will submit this recommendation to CMT.</p> <p>The Council's Records Management Plan will be updated and formally re-submitted to the Keeper of the Records of Scotland for assessment under the terms of the Public Records (Scotland) Act 2011.</p> <p>Improvements to technical and procedural arrangements at Dunbar Road store will be included in RMP re-submission and reported to PPRC.</p>				<p>December 2020</p> <p>August 2020</p> <p>August 2020</p> <p>August 2020</p>		
ELC CR 7	<p>Limitation (Childhood Abuse) (Scotland) Bill</p> <p>On 16 November 2016 Scottish Government introduced the Limitation (Childhood Abuse) (Scotland) Bill to remove the three year limitation period for civil actions arising out of childhood abuse (defined to include sexual abuse, physical abuse, and emotional abuse) relating to children who have been in the care system. This means survivors no longer have to persuade a court to exercise its power to allow an action to proceed notwithstanding the three year limitation period and may raise action relating to the predecessors Councils responsibilities.</p> <p>In conjunction with the Scottish Child Abuse Inquiry there is an increased likelihood of claimants coming forward potentially resulting in financial implications if historic allegations of child abuse are made and</p>	<p>Child Abuse Claims Group and SCAI Overview Group – East Lothian co-ordination of responses, reported strategically, managed flow and collaboration.</p> <p>Close monitoring of the work of the Scottish CAI itself and review of any published materials.</p> <p>Records Management Expertise allows us to respond effectively to SAR requests and information requests / provide evidence.</p> <p>Cross Lothian collaboration on Lothian Region period 1975 to 1996 (and predecessor authorities) re-records management etc.</p> <p>Accurate records post 1996 relating to East Lothian Council clients.</p>	4	4	16	<p>CACG and SCAIOG reports to CMT – to sustain level of awareness of risk.</p> <p>Monitor and build a timeline showing the Councils control of the schools from 1975 onwards.</p> <p>Monitor to ensure that there is sufficient staffing resource available to deal with claims, court actions and recovery of documentation and to preserve the Council's position.</p> <p>Make budgetary provision for any additional costs/claims that may not be covered by insurance.</p>	3	3	9	East Lothian Council	Continue to progress all and report quarterly to CMT.	Risk reviewed May 2020 with no change to assessment of current scores.

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	<p>upheld against East Lothian Council as the statutory successor.</p> <p>There is no way of knowing how many claims may be made (i.e. all 'living' potential claimants). The Council has received intimation of 18 claims for compensation of which 8 are live claims which are progressing through process. It is anticipated this number will rise following conclusion of the Child Abuse Inquiry. The Council's insurers have indicated that they will cover appropriate external legal costs and compensation payments but the cases will place considerable strain on internal resources within the legal, social work and records management teams for which there is no additional budget.</p>	<p>Scotland-wide networking and information sharing on SCAI between authorities.</p> <p>Council Financial Reserve – may reduce the impact to service provision if claims extend beyond budget.</p> <p>Continue current working practices with care experienced young people in accord with national legislation and care standards, reducing likelihood of any 'new' claims arising.</p>										
ELC CR 8	<p>Flooding and Coastal Erosion</p> <p>As the incidence of flooding and coastal erosion increases as an impact of Climate Change, there is an increased risk of disruption to road and path networks, impact on public safety, damage to roads, property, harbours and natural heritage sites and an associated increase in claims against the Council.</p>	<p>Flooding and drainage issues are considered when processing planning applications. Inspection regimes and good housekeeping measures in place.</p> <p>The Severe Weather Response Plan has been developed and ensures a co-ordinated and consistent multi-agency response across the county. Emergency surface water, coastal and river flood procedures in place and have proven effective.</p> <p>Shoreline Management Plan has been produced. A National Flood Risk Management Strategy has been produced and a Local Flood Risk Management Plan for the Forth Area has also been published to meet the requirements of the Flood Risk Management (Scotland) Act 2009 which includes specific actions to be discharged by the Council.</p> <p>Flooding advice is on the Council website and directs people to the relevant pages on the SEPA website.</p> <p>The Council is working with various organisations to promote and progress "Resilient Communities" as per the Scottish Government initiative "Ready Scotland".</p> <p>Communication with vulnerable groups regarding access and assistance during severe weather events.</p>	4	4	16	<p>ELC have commissioned Flood Studies for Haddington and Musselburgh and are progressing a Flood Protection Scheme on the River Esk through Musselburgh.</p> <p>Flood Protection Schemes for Musselburgh and Haddington have been included in the List of Prioritised Actions in the Local Flood Risk Management Plan for the Forth Estuary Local Plan District. Implementation of Flood Protection Works is reliant on available funding. These two schemes are being funded 80% by Scottish Government and 20% by East Lothian Council.</p> <p>The Musselburgh Flood Protection Scheme is a fully established project. It has completed three of its nine stages, and is currently processing Stage 4 (Outline Design) of the Scheme Design in accordance with the project's PRINCE2 Project Management System. It is currently proposed that the scheme will start construction and have scheme in place by October 2024. (Subject to change as we move to next stage).</p> <p>Include potential Testing of Severe Weather Response to incorporate Flooding in 2022 per CRMG 2/6 – speak to SB</p>	3	3	9	<p>Depute Chief Executive – Partnerships and Community Services</p> <p>Depute Chief Executive – Resources and People Services</p>	<p>2024</p> <p>2016-2022</p> <p>2024</p>	<p>Risk further reviewed and updated April 2020 with no change to assessment of current scores.</p>
ELC CR 9	<p>Expansion of Early Learning and Childcare (ELCC) to 1140 hours.</p> <p>Scottish Government are implementing plans to expand ELCC to 1140 hours by 2020. As a result of the impact of COVID 19 the implementation has been delayed, although no new date has been determined.</p> <p>The uncertainty of COVID 19 impacts on several areas within this risk.</p> <p>Risk that this cannot be delivered within the timescale due to challenges of expanding within existing resource, available funds and staffing.</p> <p>Risks that there are insufficient funds available to fully cover all capital and revenue costs.</p>	<p>The Council continues to develop detailed plans and work with Scottish Government to take forward the expansion. Project board and associated working groups are already in place. Regular meetings in place with SG officials / SFT and the Improvement service to review our plan and provide advice on any changes required.</p> <p>There is clear governance of the project through the 1140 hours project board to ensure careful planning, communication and monitoring of progress.</p> <p>Work underway to establish baseline of quality across all provision and ELCC across all settings will be supported and monitored by the early years team</p>	3	4	12	<p>Continue to review the planning and preparation for full implementation by 2020. Continue to engage with officials from SG / SFT and the IS in rolling out our plan.</p> <p>Ongoing work with council departments to ensure key priorities are met.</p> <p>Liaison with SG to ensure that risks are flagged and that the service is aware of expectations and demands.</p>	2	4	8	<p>Head of Education</p> <p>Head of Council Resources</p> <p>Head of Finance</p> <p>Chief Operating Officer (Education)</p>	<p>TBC per Scottish Government</p> <p>TBC per Scottish Government</p> <p>TBC per Scottish Government</p>	<p>Risk reviewed and updated April 2020 with no change to assessment of scores.</p> <p>Current risk score reduced by Chief Operating Officer (Education) from 16 to 12 in November 2018 due to ongoing work with stakeholders and</p>

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	<p>Risk that expansion cannot be delivered due to pressures on other council departments.</p> <p>Risk that expansion cannot be delivered due to pressures placed on Construction Industry due to COVID 19.</p> <p>Risk that quality in existing early years provision deteriorates because the focus is on the expansion.</p> <p>Reputational risk to the Council from Scottish Government reporting on progress in relation to the delivery of 1140hrs ELCC. Parents not able to access 1140hrs of ELCC.</p> <p>There is a risk to the Council that a significant increase in workload reduces the availability of other Council service areas to ensure delivery to timescale.</p> <p>Reputational risk to the Council from Partnership centres who regard the offered hourly rate as non-sustainable and decline to be in partnership.</p>	<p>Scottish Government National Standard and associated guidance followed.</p> <p>Relationships have been well established with neighbouring authorities and learning from other approaches ensures that progress is on track.</p> <p>Strong focus on the quality of existing provision alongside the expansion and enhancement of the number of staff focussed on both areas.</p> <p>Positive engagement with partner nursery providers of early learning and childcare to ensure planning meets the Scottish Government brief regarding parental choice, flexibility, quality and accessibility.</p> <p>Work stream groups established, including cross sector representation, and network meetings that feed in to the project board to ensure collective detailed planning across service areas and consider risks associated with delay.</p> <p>Regular planned governance meetings with focussed actions and reporting on key priorities take place.</p>										a continued focus on quality. Residual score also reduced from 12 to 8.
ELC CR 10	<p>Duty of Care to Public and Public Protection</p> <p>The Council has a responsibility to provide care and support for the people of East Lothian and East Lothian's environment. Any breach of this duty of care may compromise legislative duties, health, safety and wellbeing, impacting on, for example, the protection of children and adults.</p> <p>Failure to fulfil the duty of care could also result in serious harm/death to an individual/s, prosecution, having to pay compensation and have a negative impact on the reputation of the Council.</p> <p>A failure to secure efficient and effective Public Protection arrangements, covering Child Protection, Adult Support and Protection, Offender Management, Violence against Women and Girls (VAWG) and Substance Misuse services, may see the Council being unable to fulfil its statutory duties/duty of care which could contribute to a service user suffering harm/death or detriment. This would in turn result in reputational damage to and increased scrutiny of the Social Work services.</p> <p>The duty of care is at the heart of the Council's approach to risk management. The likelihood of this risk occurring is influenced by a range of factors including:</p> <p>1) The impact of the Covid-19 pandemic. Those at risk of different forms of harm and abuse are overall less visible within our communities, including children who are experience neglect, women and children at risk of domestic violence, and those at risk of or affected by drug and/or alcohol use.</p> <p>(2) Complexity of service delivery, infrastructure, environment and partnership arrangements across the Council services;</p>	<p>The East and Midlothian Public Protection Committee (EMPPC) incorporates the Adult Protection Committee, Child Protection Committee, Offender Management Committee and Violence Against Women Partnership and ensures robust links with Midlothian and East Lothian Drug and Alcohol Partnership (MELDAP). EMPPC has oversight of Public Protection work and performance across East Lothian and Midlothian councils and Partnerships.</p> <p>The East Lothian and Midlothian Public Protection Office coordinated the joint involvement of East Lothian and Midlothian as pilot areas in the national minimum dataset for Child Protection, which is now being fully implemented to supplement the existing performance framework</p> <p>Revisions to the East Lothian and Midlothian Public Protection Office and model for Domestic Abuse service delivery. Continued investment in the office's frontline domestic abuse support service.</p> <p>Following a case file audit of core Adult Support and Protection processes, aligned with the Care Inspectorate quality improvement framework, has identified areas for improvement which are being progressed through ELHSCP.</p> <p>The East Lothian and Midlothian Public Protection Office have drafted a communications strategy for key areas of Public Protection, with the support of the Midlothian and East Lothian local authority communications teams, with input from Police Scotland and NHS Lothian. This will involve internal audiences and the broader public, through a range of media channels. The strategy will be take forward through the Communications and engagement sub-group of the East Lothian and Midlothian Public Protection Committee, which meets quarterly.</p>	3	4	12	<p>A single agency self-evaluation exercise for Child Protection, aligned with the Care Inspectorate quality improvement framework, is to be reinstated.</p> <p>Following the pilot of the Minimum National dataset for Child Protection, we are scheduled to fully implement in 2020/21 and will report to EMPPC during this period.</p> <p>The Public Protection senior business administrator will lead on further work to review the East Lothian and Midlothian Public Protection Office satellite website during 2020/21, to ensure it is accessible, purposeful and user-friendly.</p> <p>A Joint Strategic Needs Assessment for Public Protection, will be led by the Public Protection Manager and Detective Chief Inspector of the J Division Public Protection Unit. This will report to CSOG by the end of the 2020 calendar year.</p>	2	4	8	<p>Chief Executive</p> <p>Critical Service Oversight Group</p> <p>Depute Chief Executives</p> <p>Director of East Lothian Health and Social Care Partnership</p> <p>Heads of Service</p> <p>Chief Social Work Officer</p> <p>Public Protection Team Manager</p> <p>Health and Safety Team</p> <p>Emergency Planning and Risk Management Team</p>	<p>September 2020</p> <p>April 2021</p> <p>April 2021</p> <p>December 2020</p>	<p>Risk reviewed May 2020 by former PPO manager (seconded during COVID) with no change to assessment of current scores.</p> <p>Former Public Protection and Duty of Care to Public Risks combined and reviewed May 2016. Current risk score reduced from 16 to 12 and Predictive Risk score reduced from 12 to 8 as likelihood reduced.</p>

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	<p>(3) Increasing population and the number of vulnerable people in East Lothian;</p> <p>(4) Increased population and more complex service demands presented by an increasing number of service users whilst resources have reduced</p> <p>(5) Levels of deprivation in East Lothian;</p> <p>(6) Capacity in partnership and purchased services.</p> <p>The Public Protection manager post has been vacant since October 2019, with no candidate being appointed from previous recruitment campaigns. Due to the vacancy of the Public Protection Team manager post the Public Protection Office Business Plan has not been reviewed since January 2019.</p> <p>As of June 2019 the full time Public Protection Learning and Development coordinator post was reduced to 12hrs per week, this post is now vacant.</p>	<p>Governance and scrutiny arrangements through Critical Services Oversight Group (CSOG), including Self Evaluation.</p> <p>Policies, Protocols, Procedures and Guidance are in place, subject to ongoing review and update and available on Public Protection website: www.emppc.org.uk.</p> <p>Chief Social Work Officer (CSWO) fulfils statutory role and responsibilities, overseeing and reporting on Public Protection issues to Chief Executive and Elected Members, reporting annually to Council giving oversight of Public Protection performance including assessment of risks and pressures.</p> <p>The Council continues to work towards delivering the UK Governments Counter Terrorism strategy, known as CONTEST, of which Prevent is a key element. The EMPPO has led on revisions to our Prevent referral pathway.</p> <p>The EMPPO will continue to coordinate Prevent Professional Concerns Case Conferences, where an individual has been identified at risk of being drawn into terrorism.</p> <p>The inter-agency learning and development strategy for public protection has been reviewed, with e learning becoming more accessible, courses becoming more targeted to workforce need and areas of local and national priority. Learning and Development responsibilities are now undertaken by the lead Officers for Child Protection, Adult Support and Protection, VAWG coordinator, MARAC coordinator and agency learning and development officers. All employees can access appropriate training or e-learning, free of charge.</p> <p>All Regulated Services e.g. Care homes for older people, residential units for young people, Schools are inspected by Care Inspectorate and Education Scotland. Improvement plans are implemented following on from all Regulated Services inspections.</p> <p>The Lead Officers for Child Protection and for Adult Support and Protection chair inter-agency meetings to review decisions taken at Inter-agency Referral Discussion where significant risk is identified.</p>										
ELC CR 11	<p>Failure to maintain a Highly Skilled Workforce</p> <p>The Council's salary and grading structure may not be competitive compared to other employers making it more difficult to recruit qualified staff to certain posts.</p> <p>The high number of specialist roles/skills within the Council means that service reviews, budget restrictions, long-term absence, cessation of contract etc. could compromise service delivery.</p> <p>Reduction in skilled, qualified and experienced workforce would result in an inability to provide good</p>	<p>The Council has an approved Workforce Plan 2018-2022 which addresses the issues relating to this risk.</p> <p>The Plan contains 38 actions which are being brought together into a detailed Implementation Plan seven workstreams which are being taken forward by lead officers.</p> <p>Actions, such as developing a Management and Leadership Programme, reviewing the Managing Attendance Policy, renewed focus on Healthy Working Lives and implementing the Early Learning and Childcare Workforce Plan are already underway.</p>	3	3	9	Keep the implementation of the Workforce Plan under review.	3	3	9	Service Manager Corporate Policy & Improvement Service manager – People and Governance	Ongoing through to 2022	<p>Risk reviewed February 2020 with no change to assessment of current scores.</p> <p>Risk reviewed and refreshed July 2018 with Current Risk Score reduced from 12 to 9.</p>

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			L	I	L x I		L	I	L x I			
	<p>quality services, increased pressure on existing staff and increased likelihood of poor operational performance.</p> <p>The Council recognises that a large proportion of the workforce is aged over 55 years and many staff with significant knowledge and experience could leave the Council leaving the Council at risk in key areas.</p>											
ELC CR 12	<p>Severe Weather</p> <p>There is a risk that severe winter weather will lead to an increase in demand for gritting and snow clearing of roads/footpaths which exceeds normal capacity and supplies of salt.</p> <p>This could result in travel disruption, difficulties for people in accessing services, failure to maintain refuse collection timetable and school closures at short notice as well as a possible increase in insurance claims related to pothole damage.</p> <p>Communities may become isolated, particularly in rural areas, due to heavy and prolonged snow. In such cases communication with residents within these isolated areas may become difficult as they become cut off, possibly aligned to power failure caused by strong winds and/or the weight of snow on the lines.</p>	<p>East Lothian Councils Winter Maintenance Plan has been in place for some time and ensures that the main transport routes are treated as priority.</p> <p>The ELC Severe Weather Response Plan has been developed over many years and ensures a co-ordinated and consistent multi-agency response across the county. This plan is reviewed annually in conjunction with support from partner agencies.</p> <p>The ELC Severe Weather Response plan includes reference to and improvements learned from the 'Beast from the East' incident in 2018 when many parts of East Lothian become isolated because of the heavy and prolonged snow falls.</p> <p>The Council's Salt Barn has a capacity of 8,000 tonnes to meet demand arising from severe cold weather. Snow clearing equipment has been supplied to Primary Schools and offered to Community Councils with some taking up this offer. A number of grit bins are provided to enable self-help gritting of adopted roads and footways.</p> <p>Winter Maintenance operatives are trained to SVQ or equivalent in winter gritting and snow clearing. Winter Maintenance Duty officers trained as Winter Service Supervisors to City and Guilds level.</p> <p>The majority of Community Councils have Resilient Community Groups who have created their own emergency response plans or asset registers of volunteers/skills available at a time of crises. Each Resilient Community has its own Single Point of Contact (SPOC) and deputy. Communication is maintained with these SPoCs/deputies throughout the year. Good working relationships have been created and are maintained with each group by ELC Emergency Planning staff.</p> <p>ELC finances all 20 Community Councils annual insurance premiums ensuring that Insurance is not perceived as a barrier to invoking such plans.</p> <p>Community Councils and TRAs have been asked to appoint SPoC and deputies for resilient matters including severe weather. During such an incident ELC will communicate directly with these persons.</p> <p>Work continues with the Resilient Communities and also involves other voluntary groups such as Tenants and Residents Groups. ELC organises an annual workshop for Resilient Communities. Opened by the Chief Executive this workshop allows lessons learned and best practice to be discussed and progressed. It</p>	3	3	9				Depute Chief Executive – Partnerships and Community Services		Risk refreshed April 2020 with no change to assessment of current scores.	

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		<p>also allows for the public to meet responder agency staff such as the 'blue lights', SEPA and the utility companies.</p> <p>Training and awareness sessions, related to the activation of the ELC Severe Weather response plan, are completed on a regular basis. Partner agencies are often involved.</p>										
ELC CR 13	<p>Contest</p> <p>Deliver the UK Governments Counter Terrorism (CT) strategy, known as CONTEST.</p> <p>All Local Authorities in Scotland are required to comply with the statutory legislation issued under section 24 of the Counter Terrorism and Security Act 2015 that relates to Prevent.</p> <p>Failure to discharge this duty could mean sufficient steps are not taken to prevent an incident taking place, under Prevent, and could result in the Secretary of State issuing a direction to the Council via the powers within the act and would also result in a loss of reputation and negative publicity.</p> <p>Our capacity to monitor and respond if we are concerned about children with these lines of thinking is severely compromised as schools are closed and older teenagers are less likely to engage.</p>	<p>Multi agency 'J' Division CONTEST Meeting attended by East Lothian Council representatives.</p> <p>ELC has established a CT WG chaired by the Deputy Chief Executive with members consisting of the CMT and Police Scotland.</p> <p>ELC has appointed senior members of staff as SPoC and Deputy for Prevent as per statutory guidelines. A SPoC for Prepare and Protect, although not a statutory requirement, has also been appointed.</p> <p>A performance review report was completed for PREVENT and submitted to the East Prevent Group and Scottish Government as part of ongoing monitoring of implementing PREVENT plan.</p> <p>Under Protect the CMT are prepared for the Government to raise the Security Level to Critical. This includes ensuring BC plans are fit for purpose, particularly if staff have to work from home as a result of council facilities being closed.</p> <p>ELC follows and contributes towards the 'J' Division Contest group implementation plan.</p> <p>Prevent Professional Concerns Conference Chair identified to chair multi-agency meetings established to discuss any referrals.</p> <p>Prevent training gap analysis completed.</p> <p>Education personnel are fully engaged with Prevent and appropriate filters have been installed on the Education infrastructure.</p> <p>ELC Managers have received Prevent training.</p> <p>A mandatory e-learning (level 1) training package available to all staff.</p> <p>A good level of engagement will be maintained with Community Planning Partners.</p> <p>A Prevent Plan sub-group has been established and meets regularly and a Prevent reporting process has been established.</p>	3	3	9	<p>Programme of awareness training and delivery of packages such as WRAP/ACT Now training to be followed in ELC. Reports prepared for internal ELC Prevent meetings as requirement to continue to deliver updates and ensure new staff undertake training.</p> <p>The SPoC will continue to ensure Prevent associated training for staff and pupils. Raising awareness events and training ongoing for staff and pupils. New resources developed by Education Scotland being shared with PT Guidance staff 31 May 2019.</p> <p>A register and/or system of recording the names and positions of those having completed Prevent training will be established.</p> <p>Access to Prevent training and particularly the mandatory e-learning package, through the ELC IT, is to be established for staff who are unable to access a computer. Ongoing exploration of other arrangements including toolbox sessions.</p>	2	3	6	Chief Executive Depute Chief Executives Council Management Team	<p>November 2020</p> <p>November 2020</p> <p>November 2020</p>	<p>Risk refreshed April 2020 with no change to assessment of scores.</p> <p>Risk reviewed August 2018 by Board of Directors with Current Score reduced from 12 to 9.</p>

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			L	I	L x I		L	I	L x I			
ELC CR 14	<p>Duty of Care to Council Staff (Health & Safety)</p> <p>East Lothian Council has a duty of care and has existing Health and Safety Policies to look after the care of staff to all its employees across the full range of services and those who can be affected by the Council's activities.</p> <p>Any breach of this duty of care may affect the health, safety and wellbeing of the Council's employees leading to increased sickness absence, pressures on service delivery with the added potential for claims against the Council for incidents involving employees or non-employees.</p> <p>Areas which have been identified as posing a particularly high level of risk are</p> <ul style="list-style-type: none"> Manual Handling, Stress, Lone Working Unacceptable Behaviour, Risks from Public Monuments, Safe Driving at work, School Trips 	<p>Health, Safety and Wellbeing Strategy 2018 – 2021 in place.</p> <p>All employees receive an induction including Health & Safety information, have job outlines and follow the PRD process ensuring all are capable and trained to perform safely in their roles.</p> <p>Consultation with employees and Unions in place with Joint Health & Safety Committee and Joint Consultative Committee</p> <p>Management Arrangements in place for a range of topics outlining the responsibilities of each level of management and employees</p> <p>Risk assessments carried out to identify significant workplace hazards and to establish suitable workplace controls e.g. safe systems of work.</p> <p>Health Surveillance is carried out on employees where they are exposed to specific hazards.</p> <p>Safety Management System supported by audit and inspection programme across the Council.</p> <p>Health and Safety Training needs are identified from project plans and Risk Assessment findings. An annual programme of training is developed including a number of Institute of Occupational Health accredited courses.</p> <p>For all of the risks identified as high risk</p> <ul style="list-style-type: none"> Management Arrangement or guidance is in place Training is available Risk Assessments are undertaken <p>Manual Handling Manual Handling is avoided where possible.</p> <p>Stress As part of the sickness absence policy employees off work with Stress are referred to Occupational Health. Initiatives are in place to help employees manage their own stress, including Employee Assistance Programme, Listening Ears, Healthy Working Lives</p> <p>Lone Working Specific procedures are in place in services with a high level of lone working where required lone workers have access to lone worker devices</p> <p>A 'Potentially Violent Client' Register is in place to ensure information is shared between services</p> <p>Safe Driving at Work Council vehicles used in the course of Council activities are properly maintained and fit-for-purpose. All Council vehicles over 3.5t are maintained in accordance with VOSA publication "Guide to Maintaining Roadworthiness".</p> <p>The E Davis system used by East Lothian Council records and monitors grey fleet users driver details</p>	2	4	8	<p>Service review underway to address the short staffing. This will allow the full programme of inspections and audits to be undertaken.</p> <p>Unacceptable Behaviour - Update to the PVC register Management Arrangements awaiting CMT approval to go for consultation.</p> <p>Risks from Public Monuments - Management Arrangements awaiting CMT approval to go for consultation</p> <p>Safe Driving at work - Updated Management Arrangements awaiting CMT approval to go for consultation.</p>	2	4	8	<p>Depute Chief Executive – Partnerships and Community Services</p> <p>SDAW Group</p> <p>Health and Safety Team</p> <p>Human Resources</p>	<p>August 2020</p> <p>June 2020</p> <p>June 2020</p> <p>June 2020</p>	<p>Risk reviewed and updated March 2020 with Current score reduced from 12 to 8.</p> <p>Risk refreshed December 2015 by CMT with current residual score reduced from 15 to 12 and planned score reduced from 10 to 8.</p> <p>Risks on Lone Working, Safe Driving at Work and Duty of Care amalgamated into one Duty of Care (H&S of employees) Risk in May 2014 at the request of CMT.</p>

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		<p>including insurance, RFL and driving licence. This ensures that the registered drivers have the correct credentials to drive on behalf on the Council.</p> <p>Fire Safety Fire Safety Risk Assessments are carried out on our operational buildings where employees work with a process in place to ensure prioritisation of any remedial actions.</p> <p>School Trips All trips must be approved by HT or Delegate and Residential Trips and Adventurous Activities must also be approved by LA.</p>										

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ELC CR 15	<p>Business Continuity</p> <p>Failure to ensure currency of Business Continuity Plans could lead to services not having a robust response to an incident affecting their service area or critical services may not be maintained, while critical services for the public could be affected and statutory requirements not completed.</p> <p>Non availability of:</p> <ul style="list-style-type: none"> premises, through fire, flood or other unexpected incident; key staff or significant numbers of front-line staff for any reason e.g. a Pandemic; systems (IT, telephony, power failure etc.); any form of transportation due to a fuel shortage. <p>The occurrence of any of these may have an adverse effect on the Council to function fully and to complete critical services and statutory requirements.</p>	<p>Business Continuity Framework Plan in place and regularly reviewed.</p> <p>Business Continuity Plans are maintained for all service areas, giving details of minimum levels of staff, alternate locations, exercise and review dates and version control.</p> <p>The Chief Executive has a statutory responsibility for the ELC BC process. The Heads of Service remain responsible for ensuring the BC process is completed within their area of work.</p> <p>Each service area now has a Single Point of Contact (SPoC) and deputy who are responsible for, their services BC Plan, exercising this plan and ensuring it is maintained. All BC Plans are managed through Continuity² Software.</p> <p>The Council carried out a Council Wide Business Continuity Exercise in November 2019 which successfully tested the BC capabilities of the Council.</p> <p>ELC staff have access to an e-learning package on Business Continuity.</p> <p>IT –specific disaster recovery arrangements in place for the critical systems – telephony, e-mail and social care. These have duplicate servers in place off site which can be brought into action if ELC lost its main data centre at JMH.</p> <p>An IT Disaster Recovery Plan is in place and will be regularly updated when any changes take place in the main data centres. For single server failure - there are over 100 systems now running on virtual servers which automatically fall over to another server if there are hardware issues.</p> <p>Controls that are in place to prevent and limit the effects of IT system unavailability including firewalls, anti-virus software, system/ data backup routines, and resilience in the form of a back-up generator for the main data centre at JMH.</p> <p>The Council will be advised by Scottish Government whenever there are Fuel Shortages on the horizon. Fuel supply is held at our depots and can be sourced externally from local fuel service stations and through shared services with other Local Authorities. Regular monitoring of current fuel stock and assessment of any weather predictions, political developments or industrial action etc. that may affect fuel availability.</p>	2	4	8	<p>Continue to progress BC with Education and Care Homes.</p> <p>Review the ELC BC e-learning package to ensure it is current and makes reference to the new Continuity² software.</p>	2	3	6	<p>Emergency Planning, Risk and Resilience Manager</p> <p>Emergency Planning, Risk and Resilience Officer</p>	<p>December 2020</p> <p>November 2020</p>	<p>Risk refreshed April 2020 with no change to assessment of current scores.</p>

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			L	I	L x I		L	I	L x I			
ELC CR 16	<p>Development Plan</p> <p>Failure to maintain an up-to-date Development Plan could result in an out of date planning strategy and policy context for planning decisions in East Lothian and lead to a shortfall in the effective 5 year housing land supply. This could prevent us from meeting the needs of our growing population and undermine our ability to defend local planning decisions due to planning by appeal. This could lead to unplanned development at odds with the Council's planning strategy for East Lothian, and consequent reputational damage. It could also contribute towards the Council not being able to achieve its Council Plan objectives – Growing our Economy and Growing our Communities – and related Single Outcome Agreement objectives.</p> <p>The Local Development Plan is also required to support and guide the provision of infrastructure required to meet the needs of our growing population and growing economy.</p>	<p>Details are set out in the Local Development Plan Scheme with timescales (reviewed December 2019 then annually).</p> <p>LDP adopted September 2018 following approval by Scottish Ministers.</p> <p>ELC and SESplan Development Plan Schemes commit to a programme of Development Plan Scheme review (reviewed annually).</p> <p>SESplan Joint Committee, Project Board and Steering Group guide joint authority preparation of Strategic Development Plan for Edinburgh and SE Scotland; this is being replaced through the 2019 Planning Act by a power to pursue a Regional Spatial Strategy either as a single authority or jointly with others and this will be considered along with Regional Growth Framework from City Region Deal.</p> <p>Community Planning Partnership liaison and involvement through East Lothian Strategic Land Use Planning Group.</p> <p>Impact of SDP2 rejection is mitigated for ELC by having an up to date LDP and a greater than 5 years effective housing land supply.</p> <p>2019 Housing Land Audit in place following consultation with Homes for Scotland with a 6 year housing land supply, backing up plan process.</p> <p>Preliminary work for LDP2 being prepared at present. Public engagement being planned.</p>	4	2	8	<p>SDP2 has been rejected by Scottish Ministers. SESplan Board and Joint Committee are currently appraising options in response to those, including liaising with Scottish Government over timescales for transitional arrangements and secondary legislation/guidance. Minister has indicated any new LDPs should be considered in relation to SDP1, though as it is over five years old this may be open to challenge.</p> <p>There is currently consultation on NPF4, which when approved will be a material consideration in planning decisions. The Council will be submitting a response to the Scottish Government's call for ideas.</p> <p>SG and SPG mostly approved/adopted, including Developer Contributions Framework. Remaining item to go to May Council.</p>	1	2	2	Head of Development	<p>March 2021</p> <p>April 2020</p> <p>May 2020</p>	<p>Risk Refreshed by Service Manager April 2020 with no change to scores.</p> <p>Risk Refreshed by Service Manager August 2019 with Current and risk score increased from 2 to 8.</p> <p>Risk Refreshed by Service Manager – Planning April 2019 with Current and predictive risk scores reduced from 4 to 2.</p>

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			L	I	L x I		L	I	L x I			
ELC CR 17	<p>Public Sector Reform</p> <p>Major elements of public sector reform have been or are being implemented including:</p> <ul style="list-style-type: none"> Integration of Health and Social Care and creation of a new H&SC Partnership; Implementation of the Community Empowerment (Scotland) Act 2015; New legislative duties in procurement, regulation, and children and young people; Reform of Education <p>Following the Scotland Act 2016 there is continuing uncertainty about the future governance of Scotland, the future structure and governance of local government and the public sector and continuing pressure on public finances.</p> <p>The Scottish Government is carrying out a Review of Local Governance which may result in further public sector reform with impact on local government.</p> <p>The cost of implementing changes arising from legislation is not always fully reflected in Scottish Government funding. In addition, the Scottish Government's commitment to protect and increase funding in priorities such as health and education run the risk of further eroding Scottish Government funding for other local government services.</p> <p>Existing public sector reforms and new reforms create uncertainty, additional workload, requirement to restructure services and new accountability, governance, scrutiny and partnership arrangements.</p>	<p>CMT and elected members work together to ensure that the Council is prepared for future public sector reform and differing scenarios for future governance, financial, operational and performance management arrangements are explored in order to minimise risk.</p> <p>Responses to the Scottish Government on consultations around public sector reform are prepared and submitted as required. Financial and resource scoping is carried out as required.</p> <p>The Integration Joint Board has been established along with appropriate governance and scrutiny arrangements.</p> <p>East Lothian Partnership has a new East Lothian Plan that will meet the requirements set out in the Community Empowerment (Scotland) Act 2015 to have a Local Outcome Improvement Plan. The structure of the Partnership has been revised to provide a more focused approach to implementation of the Plan and addressing issues arising from the public sector reform agenda.</p> <p>Effective working relations with key partners including Police Scotland, Scottish Fire and Rescue Service, NHS Lothian and the voluntary sector are being further developed through East Lothian Partnership and bi-lateral meetings and arrangements to prepare for public sector reform.</p> <p>Area Partnerships now established and will be supported to enhance local service delivery.</p> <p>The Council has put in place processes to deal with its new duties and responsibilities arising from the Community Empowerment (Scotland) Act 2015 such as responding to Participation Requests and Community Asset Transfer requests.</p> <p>Maintain regular communication with employees to manage any uncertainty in times of change.</p> <p>The Council's Transformation Programme will provide resilience to assist to respond to public sector reform.</p>	2	3	6	<p>Continue to monitor developments in the Public Sector Reform agenda and Scottish Government's legislative programme and develop responses to exploit potential benefits from, or mitigate potential negative impacts of, different future scenarios.</p> <p>Reports will be submitted to Council on the implications of the reform proposals and on the Council's preparations, as appropriate which are led by the Chief Executive and senior officers.</p>	2	3	6	Chief Executive	Ongoing	<p>Risk reviewed February 2020 with no change to assessment of current scores.</p> <p>Risk reviewed by Board of Directors August 2018 and Assessment of Current and Residual Scores reduced from 12 and 9 to 6 and 6.</p> <p>Risk reviewed and refreshed July 2018 with Current Risk Score reduced from 16 to 12 and residual score from 12 to 9.</p>

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			L	I	L x I		L	I	L x I			
ELC CR 18	<p>Corporate Events Management</p> <p>Effective preparation and co-ordination across a number of services, for all events held in East Lothian, is essential and failure to achieve this could result in a risk of adverse reputational impact for the Council on a national/international level as well as possible legal procedures at fatal accident enquiries accounting for our action or non-action.</p> <p>COSLA, Police Scotland and the Health & Safety Executive (HSE) recommend that Local Authorities form a core group, led by a senior officer, who will meet to discuss all events taking place within their area over a pre-determined period of time. This group includes category 1 responders and other appropriate organisations and decide if each individual event should be organised through a separate, specific Safety Advisory Group (SAG) or if the event can carry on without interference, other than appropriate safety advice.</p> <p>The following criteria would be considered by the SAG:</p> <ul style="list-style-type: none"> • Status of the principal e.g. HM Queen • Status of the event organiser e.g. Scottish Defence League • The size of the crowd or the number of spectators • The profile of the event e.g. North Berwick Highland games. • The requirement for a TTRO • At the request of one of the partner agencies • At the request of an event organiser <p>The council is involved in events as they tend to take place in Council parks or on our roads and the Council issues licenses and permits for events. The Council also has a statutory role in enforcement /inspection (building control, food hygiene etc.) and will help the organisers with traffic management.</p> <p>If the event organisers fail to have the correct licences or safety processes in place then it is the organisers, not the Council, who face the risk of possible criminal prosecution.</p> <p>East Lothian Council is itself responsible for organising several events on an annual basis. For each event an event organiser will be identified. Each event organiser will attend a SAG meeting if required to do so.</p>	<p>The Council now has a SAG policy and a Senior Officer – Events Co-ordination in place who is now the Single Point of Contact (SPOC) to overview events and event notifications, awareness and assessment to support overarching SAG meetings and Corporate Events Management Group meetings and the actions that flow from these.</p> <p>Events that require to be put through the SAG are managed through a risk profile process which grades each event as having a Red, Amber or Yellow risk. Events graded as Yellow are not required to attend a SAG meeting. Those graded Red and Amber are required to attend a SAG meeting.</p> <p>The Corporate Events Management Group will hold SAG process overview meetings (at least annually) to confirm which events require to attend SAG, based on the risk profile.</p> <p>The SAG process co-ordinates preparation for various events as per the risk profile, with representation from relevant Services areas and Multi-Agency Partners.</p> <p>Event guidance for organisers of events is published on the Council website.</p> <p>Where the SAG group is set up, for a specific event, it has no statutory power to stop it taking place; however, the SAG group can withdraw its support and co-operation which means that the event cannot proceed. In these circumstances the event organiser will be required to notify their insurance provider. Police Scotland will always provide the final advice on public safety.</p> <p>Events information and documentation accessed through the ELC website will be reviewed by the ELC Event Safety & Resilience Officer. This staff member will also review all processes linked with the SAG process, through his line manager, to continually improve the overall system.</p>	2	3	6				Depute Chief Executive - Partnerships & Community Services	September 2019	<p>Risk reviewed February 2020 with no changes to assessment of risk scores.</p> <p>New risk created May 2016 and updated April 2017 with current score reduced from 12 to 6 and residual score from 8 to 6 due to implemented measures, chiefly new Senior Officer – Events Co-ordination and SAG process in place.</p>	

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ELC CR 19	<p>Equality</p> <p>Failure to meet duties and legislative requirements of the Single Equality Act 2010.</p> <p>The Single Equality Act 2010 and related guidance places a general duty on public authorities to be active in promoting equality, eliminating unlawful conduct and fostering good relations. It also places specific duties on public authorities to</p> <ul style="list-style-type: none"> • report on mainstreaming the equality duty; • publish equality outcomes and report progress; • assess and review policies and practices; • gather and use employee information; • publish gender pay gap information; • publish statements on equal pay; • consider award criteria and conditions in relation to public procurement; • publish in a manner that is accessible. <p>The Scottish Government has introduced a 'socio-economic duty'. This will require the Council to consider the impact of our work on those living in poverty. The Council will need to respond to the full requirements of this new duty and raise awareness of the requirements on the Council.</p> <p>There is a risk that the Council may not be able to meet its general or specific duties and in particular at a time when difficult budget decisions are having to be made that there will be cuts in services or increases in charges that have a disproportionate impact on people who may need those services most because of their equality background.</p> <p>The Council would be open to legal challenge of not meeting its duties and in particular of not carrying out adequate assessment of impact of policies and budget decisions.</p>	<p>ELC Equality Plan in place and available online. A revised Equality Plan was produced in 2017. This includes the commitments made by East Lothian Council as a Licensing Board and as an Education Authority. The plan outlines our commitments:</p> <ul style="list-style-type: none"> • Continue to lead a culture where respect, choice and understanding is fostered and diversity positively valued; • Maintain a working environment where unlawful discrimination, harassment, victimisation or bullying is not tolerated; • Continue to develop our understanding of the needs of different individuals and communities in a time of rapid change; • Continue to embed the equality agenda in all our work, and contribute to the early intervention and prevention approach adopted by the Council and its Partners; • Improve understanding of the impact of poverty and inequality on people's lives; and • Ensure that we plan and deliver services which meet modern standards of delivery and that are inclusive of a wide range of different needs from digital services to face to face interactions <p>The Integrated Impact Assessment Process is embedded and is now widely used. This includes consideration of poverty which should allow us to meet the requirements of the new socio economic duty. A programme of support, including training on the new IIA process is ongoing.</p> <p>The Health & Social Care IJBs (East & Midlothian and City of Edinburgh) along with NHS Lothian will use the 'checklist and IIA form' package, with East and Midlothian Councils using the IIA form only package.</p> <p>As per our statutory obligation, HR is annually capturing the Employment Monitoring information required under the Act. This is reported publically alongside the requirement to publish an annual Equal Pay Report.</p> <p>ELearning equalities modules are available on Learn Pro and 'Get in on the Act' guides to the Council's legal responsibilities are available for all employees and Elected members. A new e learning package 'Understanding Poverty' has been added to support employees to understand about taking poverty into account when designing services and will be updated once details of the Socio Economic duty are known.</p> <p>The actions from the East Lothian Poverty Commission have been turned into a detailed Action Plan with clearly defined responsibilities and timelines.</p> <p>We will be working with Police Scotland to refresh the East Lothian Hate Crime Action plan.</p>	2	3	6	A draft Equality Plan 2021-2024 will be prepared during 2020 for approval by Cabinet in early 2021.	2	3	6	Depute Chief Executive – Partnerships and Community Services	March 2021	<p>Risk reviewed and updated February 2020 with no change to assessment of current scores.</p> <p>Risk register updated August 2017 to include the new Equality Plan and to flag the introduction of the Socio Economic duty. No change to assessment of current scores.</p> <p>Risk reviewed and refreshed May 2016 with both current and predictive scores reduced from 8 to 6 due to implementation of additional measures.</p>
ELC CR 20	Standards in Public Life	Standing Orders (the Schemes of Administration and Scheme of Delegation) were extensively revised, approved by Council in October 2019 and published	2	2	4		2	2	4	Service manager – People and		Risk reviewed April 2020 by Service Manager

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			L	I	L x I		L	I	L x I			
	<p>Failure of corporate governance or to meet standards in public life.</p> <p>Failure of the Council's corporate governance or of officials or members to meet standards in public life could result in reputational damage.</p>	<p>on the ELC website and will be revised on a regular basis.</p> <p>Councillors, officials and employees conduct is governed by Codes of Conduct. The Standards Commission is responsible for encouraging high standards of behavior by Councillors and will adjudicate where there are allegations that Councillors have breached the Code of Conduct. The Council adopted a Code of Conduct for its employees in February 2020 giving all employees greater clarity around the standards of behaviour expected of them. The Code incorporated some other existing policies such as the one governing Gifts and Hospitality. Breach of the Code may amount to a disciplinary offence.</p> <p>The Council's Monitoring Officer and Depute Monitoring Officers provide advice as required.</p> <p>Training of Councillors continues to take place as required to ensure understanding of the importance of standards in public life. Councillors have been provided with a copy of the Code and the accompanying guidance and are provided with copies of any updates, guidance and advice notes as those are issued</p> <p>A survey of all Councillors was carried out in May 2019 establishing their views as to the training and development provided and to identify future needs.</p> <p>Councillors have an ongoing opportunity to participate in a CPD programme, which has been developed in conjunction with the Council's Organisational Development Team. This is based on the offering available from the Improvement Service and the IS have offered to input into the final product. Councillors have an ongoing opportunity to attend Master classes run by the Improvement Service.</p> <p>A 100-day review took place with our Elected Members between August and November 2017. This was carried out by way of face-to-face meetings with Elected Members and covered the Elected Member Induction Programme, the Councillors' Code of Conduct, PA support, office accommodation, Access to Council officers, committee papers, surgeries, and further training and development.</p>							Governance and Service Manager – Corporate Policy		<p>– People and Governance with both scores reduced from 6 to 4 due to Cllrs familiarity with the Code and the new Code of Conduct from Employees.</p> <p>Risk further reviewed and updated July 2017 with both current and predictive risk scores increased to 6 due to the number of newly elected Councillors.</p>	

Original date produced (Version 1)	13 April 2011		
File Name	East Lothian Council Corporate Risk Register		
Original Author(s)	Scott Kennedy, Risk Officer		
Current Revision Author(s)	Scott Kennedy, Risk Officer		
Version	Date	Author(s)	Notes on Revisions
1	13/04/2011	S Kennedy	Original Version
2	05/12/2011	S Kennedy	2 nd version made available to BoD for review
3	23/08/2012	S Kennedy	Draft version updated
4	15/11/2012	S Kennedy	Updated following BoD meeting and Strategy update
5	07/12/2012	S Kennedy	Updates received from services following BoD recommendations

Risk Score	Overall Rating
20-25	Very High
10-19	High
5-9	Medium
1-4	Low

Risk Ref.	Risk Description	Existing Risk Control Measures	Assessment of Current Residual Risk			Planned Risk Control Measures	Assessment of Predictive Risk			Risk Owner	Timescale for Completion / Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
6	18/12/2012	S Kennedy	Updated with additional risks.									
7	04/01/2013	S Kennedy	Updated following consideration by CMT									
8	09/05/2013	S Kennedy	EP & BC Risks updated									
9	31/07/2013	S Kennedy	Data Protection Risk Added									
10	01/11/2013	S Kennedy	Welfare Reform Risk updated (no change to score)									
11	04/03/2014	S Kennedy	New Corporate Risks added on Safe Driving at Work, VERS, Fuel Shortages and Lone Working									
12	March/April 2014	S Kennedy	All risks reviewed and amended where required.									
13	11/04/2014	S Kennedy	New Corporate Risk on Integration of Health & Social Care and Adult Wellbeing added.									
14	25/04/2014	S Kennedy	Risks amended following consultation with CMT.									
15	01/05/2014	P Vestri	Amendments following review of latest draft by Chief Executive and Depute Chief Executives.									
16	27/05/2014	S Kennedy	Amendments following consultation with CMT/Risk Owners. Development Plan and Public Protection risks added.									
17	23/12/2014	S Kennedy	Climate Change Risk refreshed as well as adding column for date Planned Risk Measures will be completed by.									
18	February-April 2015	S Kennedy	All Risks Refreshed by Owners and reviewed by CMT									
19	December 2015	S Kennedy	All Risks Refreshed by Owners and reviewed by CMT									
20	January 2016	S Kennedy	Carbon Management, Flooding and Equality Risks refreshed.									
21	April – May 2016	S Kennedy	CMT met to amend. Further update of all risks including Duty of Care & Public Protection Risks combined.									
22	March – May 2017	S Kennedy	New risk created on Limitation and all other risks reviewed.									
23	August 2017	S Kennedy	All risks reviewed and updated where necessary by Risk Owners and Heads of Service.									
24	June-August 2018	S Kennedy	All risks reviewed and updated by Risk Owners and Heads of Service. Risk added from Education Risk Register on Expansion of Early Learning and Childcare to 1140 hours.									
25	29 August 2018	S Kennedy	Register fully reviewed and updated by Board of Directors									
26	29 November 2018	S Kennedy	Expansion of Early Learning and Childcare to 1140 hours reviewed and updated.									
27	12 December 2018	S Kennedy	Welfare Reform Risk Update by Risk Owners.									
28	April-May 2019	S Kennedy	All risks updated by Risk Owners.									
29	May 2019	S Kennedy	All risks reviewed by CMT and Corporate Risk Group and risk on Stability of the Council Plan removed.									
30	August 2019	S Kennedy	All risks reviewed and refreshed by Risk Owners.									
31	November 2019	S Kennedy	IS & DS and Standards in Public Life refreshed									
32	April 2020	S Kennedy	Register updated to include risk on COVID 19 and Climate Emergency Risk Renamed, Updated and Scored									
33	May 2020	S Kennedy	All other risks refreshed.									

Risk Ref.	Risk Description	Existing Risk Control Measures	Assessment of Current Residual Risk			Planned Risk Control Measures	Assessment of Predictive Risk			Risk Owner	Date Planned Measure to be in place	Evidence held of Regular Review
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			L	I	L x I		L	I	L x I			
		<p>Test Trace Isolate Support (TTIS) Testing for all key workers is in place and readily available in the H&SCP. TTIS can take place alongside this testing. The Council continues to review TTIS and prepare for this and will follow Government Guidance on this. A Mobile Testing facility for key workers with symptoms will be available at the former Cockenzie Power Station site for three days at a time of a thirteen day period, shared with Midlothian and Borders.</p> <p>Shielding Cross-service Shielding Working Group are established, meeting weekly and are following Scottish Government guidance and developing referral processes and public communications and web content.</p> <p>A team are in place to carry out proactive telephone calls to individuals on the Shielding list. Information will then be passed to customer services colleagues to enable individuals to be referred to appropriate sources of support as necessary (Social Work, Connected Community Hubs, or to register for the national Shielding support scheme). The vast majority of people on the list have been contacted by the team.</p> <p>Next steps agreed for those we have been unable to contact by phone or letter. Process has been agreed, including identifying them and considering those on the Potentially Violent Clients Register and then doorstep visits/card drops commence w/c 25th May.</p> <p>Mass Fatalities Mass Fatalities Planning completed and we are able to 'stand up' when required having reviewed and tested the plan and site during April.</p> <p>Remote registration of deaths is now in place with new procedures issued by National Registers of Scotland.</p> <p>Resilient Communities Encouraging and Supporting Resilient Communities and establishment of RC Groups in each Community Council area and actively communicating with these groups daily.</p> <p>The Scottish Government has updated its advice and guidance for Resilient Communities which ELC has sent all information on to our Resilient Communities.</p>				<p>Test Trace Isolate Support (TTIS) Mobile Testing Site now located at former Cockenzie Power Station and activated by the Army from 16-18 May and will be again from 30 May-1 June. Public Communication made.</p> <p>Test and Protect arrangements in design and development led by NHSL as part of wider Public Health Scotland approach. Clear communication of final deployment needed for ELC/HSCP and community understanding and use in due course.</p> <p>The Lothian Health Board Pilot Contact Tracing group is in place.</p> <p>Participation in national discussion re development of Contact Tracing and consideration of local implementation/resource requirements.</p> <p>HR have a matrix detailing those key staff eligible for testing at the available testing facilities should they show symptoms of the virus.</p>						

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	<p>Financial Environment The Council's existing financial plans and core revenue streams have been significantly impacted relating to COVID 19.</p> <p>The Council is having to deliver a wide range of enhanced support to Communities, provided by Scottish Government and there remains a risk that this will not be sufficient to meet and deliver the on-going requirements.</p> <p>There is a risk that the Council does not have in clear monitoring and reporting arrangements which accurately reflects the cost and pressures for the Council.</p> <p>Given that the scale of the additional financial pressures and challenges, there is a risk that current resources are not sufficient to meet on-going statutory requirements and services due to additional unbudgeted spend and increased costs with reduced income.</p>	<p>All services have been provided with templates to record and return details of all COVID related spending to Finance.</p> <p>Additional special arrangements are now in place to support increased Scottish Welfare Fund including Crisis Grant and Community Care grant activities and significant levels of additional support for businesses.</p> <p>Creditor's payment processes have also been amended to accommodate remote working and much greater use of direct banking faster payments.</p> <p>Monitoring and clear reconciliation arrangements are in place to track all funding announcements and allocations made by UK and Scottish Government and regular returns on financial pressures are now being made fortnightly to COSLA.</p> <p>Scottish Government Grant acceptance letters have been provided at indicative levels of between 60-80%. National maximum quantum levels of funding has been set with the balance of funding at each local authority level aligned to monitoring returns. The Council has responded to grant acceptance to state that it will only commit expenditure aligned to confirmation of current funding levels.</p> <p>Ongoing engagement with COSLA, to monitor national financial implications and support political lobbying.</p>				<p>Enhanced financial scrutiny and monitoring in place, which continually assess financial impacts of COVID against all approved council budgets and the Financial Strategy.</p> <p>Enhanced financial update and reviews provided as part of quarterly financial reports.</p>						
	<p>Service Delivery and Staffing Staff Absence due to symptoms/self-isolation and for childcare reasons resulting in reduced ability to provide a service to the public or a response to the outbreak and resulting in only critical activities being provided. In some services this could result in risk to life and severe reputational damage to the Council.</p> <p>Over the period of an outbreak it can be anticipated that 50% staff will be affected over the period, with 30% at any one time potentially therefore absent resulting in 30% reduction in operational capability. Services would prioritise available resources to meet critical and emergency service requirements.</p> <p>The Public could lose confidence in the Council due to a reduced number of staff and less ability to provide a service.</p> <p>Transference of virus amongst staff still present at work would further diminishing already 'stretched' staff resources, limiting capacity to 'cover' essential critical and emergency services and capacity to respond to increasing demand from our communities/residents.</p> <p>There is an additional strain on those staff who are well, from anxiety on individuals who have family members who are suffering and additional work caused by large numbers of absences.</p>	<p>Staff Register of attendance and COVID19 related absence completed through myHR system reporting by all Service Managers.</p> <p>Business Continuity Chief Executive invoked Council wide Business Continuity on 24/3/20 which has resulted in all services invoking Business Continuity Plans while all Business Continuity Plans have been refreshed over the last few months. All SPoCs and BIA owners were asked to ensure all Critical Activity BIAs were reviewed w/c 16/3/20. Prime source of local EL public information, constantly updated, is the Council Website as well as regular updates on Social Media platforms. Regular Staff Briefings being issued by Chief Executive and HR and clear and fast communication of daily developments being provided to the public and staff.</p>				<p>HR/Property Working Group established to manage the Council transition from lockdown through subsequent phases – particularly in terms of property asset management and planning any alterations required. Also develop generic Guidance for Service Managers / staff to apply in any relaxation of 'lockdown', staff returning to work and how those staff are able to social distance, follow all guidance and any new IT requirements.</p> <p>Long-term planning for service sustainability essential as resources diminish – to ensure critical services are maintained.</p> <p>Services review Service Delivery and priority essential critical and emergency service provision, and sustain essential corporate service provision e.g. IT systems, Payroll, Contact Centre et al.</p>						

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	Buildings Failing to check mothballed buildings ad to carry out weekly fire and sprinkler testing across the buildings FMS are responsible for could result in issues with these buildings when required.	Buildings There is a real focus on carrying out fire and sprinkler testing on the same day and same time each week across the buildings FMS are responsible for. Unoccupied Buildings – weekly testing must be carried out with flexibility due to nature of the mobile janitorial/SFA team.										
	<p>Education A risk to the continuing education of all Children and Young People. There is also a risk for vulnerable children as staff don't have eyes and ears on them as they normally do. There is also a reputational risk that we are not fully able to support all Category 1, 2 and 3 workers in the Children's Hubs and that should significant numbers of staff go down then we will need to restrict access.</p> <p>Currently thirteen of our eighteen Partner Provider Nurseries are closed resulting in limited provision for Early Learning and Childcare. As restrictions are lifted this could result in all children not being able to access their entitlement to 600hrs.</p> <p>School Trips There have been issues with School Trips which have been cancelled or are unlikely to go ahead regarding the reimbursements of payments for these. A co-ordinated approach to the refunds for school trips is now being put in place.</p>	<p>Education All schools closed with pupils having access to online learning through Google classroom and learning packs from school. Children's Hubs established to support childcare needs of Key Workers residing in EL at six locations (one in each school cluster). Places also offered to eligible Category 1, 2 and 3 keyworkers and to children with severe/complex needs/vulnerable children. Children's Hubs offer extended hours of 8am-6pm from Monday 27th April with children also receiving an evening meal.</p> <p>Planning for the operation of the Children's Hubs during the summer holiday period is underway. This will be led by Active Schools.</p> <p>From Monday 8th June Emergency Childcare will be provided within the school that the child attends and the Hubs will close from Friday 5th June. All Head Teachers and a limited number of school staff will be in attendance from 8 June onwards to prepare all schools for the new school session which will commence 11th August.</p> <p>Following the most up to date Scottish Government and Public Health Guidance in developing our plans.</p> <p>An Education Recovery Group has been established which meets weekly. This has associated work stream groups to take forward detailed planning.</p> <p>Engaging with Trade Unions and other service areas in relation to staff and pupils returning to schools.</p> <p>Currently working with the closed nurseries to address how we can support them to open over the summer months in accordance with Scottish Government guidance.</p> <p>School Trips A co-ordinated approach to refunding payments, cancellation of trips and engagement with tour operators is being dealt with through a coordinated approach with colleagues in Finance, Legal, Insurance and Procurement.</p>				<p>Education are surveying all school staff to obtain the availability of all staff in relation to being able to return to work and any childcare arrangements and health related issues they have.</p> <p>Mothballed school buildings are being recommissioned week commencing 1st June 2020.</p> <p>Cleaning and risk assessments will take place during the week of the 1st June in preparation for opening on 8th June.</p> <p>Planning a parent's survey to gather views on the re-opening of schools as well as the home learning which has been taking place.</p> <p>Reviewing pupil transport in accordance with all guidance and liaising with Transport on this.</p> <p>A Local Phasing Delivery Plan is being developed.</p> <p>Plans being put in place to offer a limited number of hours in the new school session until providers are back up and running.</p>						

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			L	I	L x I		L	I	L x I			
	<p>warned that pandemics have been linked to increased violence against women and girls. That women already face complex decisions and a wide range of barriers preventing their ability to safely escape an abusive partner. During pandemics, when mobility is constrained, social distancing measures are imposed, economic vulnerability increases, legal and social services are scaled back and challenges in escaping abusive partners are exacerbated.</p> <p>PPE There is a significantly high risk that we could be asked to increase our provision of PPE to a level beyond what we are able to receive from our NSS supply chain routes leading to demand for PPE outstripping supply.</p> <p>Children's Services and Poverty Vulnerable families will need remedial action from Children's services at the Recovery stage due to more families being in poverty, from children not attending school and increased demand from these groups as the situation progresses.</p> <p>Substance Misuse The Council realises that as a result of lockdown restrictions it is recognised there can be increased risks in relation to substance misuse.</p> <p>Drug availability Earlier in the lockdown measures, there had been one report in East Lothian that Heroin is harder to dissolve which probably indicates that it has been "cut" even more than usual. Across Midlothian and East Lothian reports that the price of Cocaine has risen to £150-£160 per gram. An indication from partners regarding the possible limited use of Spice [NPS drug] in East Lothian and Midlothian. Collectively, there appears to be a potential risk that as normal drugs of choice become more scarce or expensive that people may turn to other available substances whether they are safe or not. It may also increase the risk of poly-drug use where because of low quality people are using more/different types of drugs to get the same effect. Once the situation returns to 'normal' it could well be that more people who use drugs will be at increased risk of overdose as quality improves</p> <p>29/04/2020 - Indeed, whilst not reported in East Lothian, MELDAP have had one report from a neighbouring authority that Heroin purity may have increased very recently.</p> <p>A risk for those SMS patients on Opiate Substitute Therapy who have to shield</p> <p>The Scottish Prison Service are implementing this medication as a replacement for other forms of Opiate</p>	<p>NRPF new guidance from COSLA on accommodating and supporting people with no recourse to public funds Housing management continue to manage voids and allocation process so that:</p> <ul style="list-style-type: none"> • Perpetrators of domestic abuse can be rehoused • Women and children experiencing domestic abuse can be housed through a managed process • Additional security measures are provided to homes to enable women and children to remain safely in the home <p>Engage with local women's aid groups and VAW partnerships, provide information to ensure victim/survivors know where to access support and information passed to frontline workers giving guidance on how they can assist.</p> <p>PPE Demand levels will be impacted on by changes to government PPE guidance and infection rates across the region, so this is out with our control locally. A single PPE store is now operational at ELCH 7 days a week. This now provides PPE to health and social care staff, GP practices, unpaid carers and Personal Assistants. Currently provision is adequate to meet needs. In addition, there are daily national Chief Officer calls across all partnerships and daily meetings of NHS Lothian's chief nurse forum to review and react to each update in PPE guidance as it occurs.</p> <p>Substance Misuse Service / MELD – continue to operate a critical service where telephone support is offered and visits carried out based on risk assessment. MELDAP produced information that was sent out electronically to services and partners entitled "Stick Don't Twist". This provided information to encourage people to stick to their usual pattern of use and access to substances.</p> <p>Although not reported in East Lothian and as a precautionary measure, MELDAP advised drug treatment and support services [SMS/MELD] to further encourage patients/clients to be aware of the potential risks of an increase of quality/purity in drugs, particularly in relation to issues around drug tolerance.</p> <p>SMS have implemented daily dispensing deliveries for our shielding patients.</p>										

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			L	I	L x I		L	I	L x I			
	<p>Substitute Therapy. There is a potential financial risk to ELHSCP and MELDAP if the individual chooses to continue Bupropion therapy post release as this is more expensive than other forms of OST</p> <p>Mental Health services are currently reporting an increase in alcohol use for those patients needing assistance from their services.</p> <p>Mental Health There has been an increasing pressure on mental health services and a rise in MH presentations specifically relating to COVID-19.</p>	<p>ELHSCP and MELDAP are assessing potential financial implications for implementation of this policy on medication budgets. East Lothian normally has smaller numbers of prisoners in the SPS system.</p> <p>EL SMS, MELD and ELCA will continue to respond. These services and MELDAP will plan post lockdown responses to mitigate any further increases in people requiring alcohol related treatment, support and counselling</p> <p>Intensive Home Treatment Team continue to operate an emergency mental health service for those with acute mental health illness of in MH crisis. Operating 8am to midnight, seven days a week Community Mental Health Team seeing patients for depot medication, and maintaining telephone support for others. Mental Health Pathway now in place - CWIC Primary Care MH Service - Primary Care OT and nursing staff have been co-located to offer MH support to those with mild to moderate MH issues - access via an individual's GP practice where a telephone appointment is offered same day or within 72 hours</p> <p>Public Protection Unit The former Public Protection Manager has been seconded from the Care Inspectorate, provisionally for 3-months, as part of the National response to Covid-19. Interviews for the permanent post took place on 4 May 2020. The Public Protection improvement and business plans are currently subject to review and will be reported through the Critical Services Oversight Group.</p> <p>A Covid-19 Public Protection continuity plan is in place. This includes the following key points: - Weekly meetings of senior agency leads, including chief social work officers, including detailed consideration of live data. - Fortnightly meetings of the Critical Services Oversight Group for Public Protection - Continuation of the Domestic Abuse Referral Pathway and Multi-Agency Risk Assessment Conferences, ensuring those identified at highest risk receive a swift response. - Development of a public protection communications response</p>										
	<p>IT and Digital Resilience At the moment we face an increased Information Security risk as spam and hacking attempts have risen as they feel we will be less focused on security during the crisis so we need to be just as vigilant.</p> <p>Council Services are having difficulty interacting with clients who use alternative platforms to the Skype platform we use.</p> <p>ELC staff working from home may find their IT use compromised due to the speed of their own broadband connection which can be variable and is dependent on factors such as other devices are being used in the home and the number of other connections at the telephone exchange.</p>	<p>IT have purchased and deployed more than 500 laptops as well as supporting services to bring many others already issued into service. Within 3 weeks of the response IT are now providing home based working support across the Council to more than 2,000 staff from an initial base of 12 contracted home workers.</p> <p>IT are able to facilitate the use of MS Teams meetings for those staff who require it via contact with the IT Service Desk.</p>				Maximisation ELC staff mobile working technology e.g. Skype and Laptop facilities & review regularly.						

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	<p>Businesses and their Resilience The closure of businesses and the discouragement to go outside, frequent businesses and travel has meant that most businesses have been heavily impacted and will continue to do post-COVID as social distancing and other measures are put in place.</p>	<p>The Scottish Government Coronavirus Business Support Fund is being administered by Local Authorities. Local businesses which meet SG criteria can apply for a one-off Business Support Grant of £10k or £25k (and a 75% grant for any additional qualifying properties). Kenny Christie leads a team which has so far made payments worth £14.5m to 1272 successful applicants (as of 25/5/20). Scottish and UK Government funding support means that eligible businesses are less financially impacted than they otherwise would be. Specialist business advisers can provide funding, business planning support to enable survival and recovery. Those ineligible for support are severely disadvantaged. More funding schemes are being developed and launched.</p> <p>SG guidance is being produced for a variety of Business Sectors re SD, in order that the R rate (Reproduction rate) doesn't unnecessarily increase with the result that the country and/or local area is again in lockdown. These guidance documents may be used to help advise local businesses in relation to their Control Measures as and when their business is again allowed to reopen.</p> <p>Economic Development provides in-depth to businesses affected signposting to sources of funding and identifying approaches</p> <p>The Scottish Government's Newly Self Employed Hardship Fund was launched on Thursday 30 April and is being delivered by Economic Development specialist business advisors. By Monday 25 May 87 grants x £2000 had been processed.</p> <p>Two schemes for businesses operated by Scottish Enterprise were launched end April and since closed – Pivotal Enterprise Resilience Fund and Creative Hospitality & Tourism Hardship Fund – and Economic Development have helped businesses through the application process.</p>				<p>Ongoing monitoring of funding to ensure that businesses are made aware and supported to apply.</p> <p>Spaces for People Continue to monitor national guidance in reference to guidance for businesses and social distancing on pavements etc. when business re-open for queuing into High Streets etc. Options being discussed with Council Leader and various Council Services including Roads, Economic Development and Environmental Health. Options will then be presented to CMT for approval.</p> <p>A Business Pack will be produced by Environmental Health and Trading Standards in consultation with Economic Development and Roads. This, in conjunction with the Spaces For People bid by ELC, may help reduce the R rate within the East Lothian Community. This document, once publicised by ELC, will help local businesses access guidance and advice in relation to how the business intends to operate and also who they can contact in ELC with regards to possible business grants or using the pavement outside as a cafe.</p> <p>It is important that council services provide a joined-up approach to supporting businesses post-COVID to ensure compliance and also ensure that they can open and generate income as quickly as possible.</p>						
	<p>Roads If the Roads team are unable to maintain/renew the road network and associated assets due to COVID 19, the condition will deteriorate and this will increased capital and revenue costs going forward if we want a reasonable good road network.</p>				<p>Planning across Services re-ongoing COVID19 response in event of any relaxation of lockdown particularly in relation to roads, countryside, townscape et al; and considering Spaces for People Fund, proposals and deployment</p>							

Risk Matrix

Likelihood Description

Likelihood of Occurrence	Score	Description
Almost Certain	5	Will undoubtedly happen, possibly frequently >90% chance
Likely	4	Will probably happen, but not a persistent issue >70%
Possible	3	May happen occasionally 30-70%
Unlikely	2	Not expected to happen but is possible <30%
Remote	1	Very unlikely this will ever happen <10%

Impact Description

Impact of Occurrence	Score	Description							
		Impact on Service Objectives	Financial Impact	Impact on People	Impact on Time	Impact on Reputation	Impact on Property	Business Continuity	Legal
Catastrophic	5	Unable to function, inability to fulfil obligations.	Severe impacts on budgets (emergency Corporate measures to be taken to stabilise Council Finances)	Single or Multiple fatality within council control, fatal accident enquiry.	Serious - in excess of 2 years to recover pre-event position.	Highly damaging, severe loss of public confidence, Scottish Government or Audit Scotland involved.	Significant disruption to building, facilities or equipment (Loss of building, rebuilding required, temporary accommodation required).	Complete inability to provide service/system, prolonged downtime with no back-up in place.	Catastrophic legal, regulatory, or contractual breach likely to result in substantial fines or other sanctions.
Major	4	Significant impact on service provision.	Major impact on budgets (need for Corporate solution to be identified to resolve funding difficulty)	Number of extensive injuries (major permanent harm) to employees, service users or public.	Major - between 1 & 2 years to recover pre-event position.	Major adverse publicity (regional/national), major loss of confidence.	Major disruption to building, facilities or equipment (Significant part of building unusable for prolonged period of time, alternative accommodation required).	Significant impact on service provision or loss of service.	Legal, regulatory, or contractual breach, severe impact to Council.
Moderate	3	Service objectives partially achievable.	Significant impact on budgets (can be contained within overall directorate budget)	Serious injury requiring medical treatment to employee, service user or public (semi-permanent harm up to 1yr), council liable.	Considerable - between 6 months and 1 year to recover pre-event position.	Some adverse local publicity, limited damage with legal implications, elected members become involved.	Moderate disruption to building, facilities or equipment (loss of use of building for medium period).	Security support and performance of service/system borderline.	Legal, regulatory, or contractual breach, moderate impact to Council.
Minor	2	Minor impact on service objectives.	Moderate impact on budgets (can be contained within service head's budget)	Lost time due to employee injury or small compensation claim from service user or public (First aid treatment required).	Some - between 2 and 6 months to recover.	Some public embarrassment, no damage to reputation or service users.	Minor disruption to building, facilities or equipment (alternative arrangements in place and covered by insurance).	Reasonable back-up arrangements, minor downtime of service/system.	Legal, regulatory, or contractual breach, minor impact to Council.
Minimal	1	Minimal impact, no service disruption.	Minimal impact on budgets (can be contained within unit's budget)	Minor injury to employee, service user or public.	Minimal - Up to 2 months to recover.	Minor impact to council reputation of no interest to the media (Internal).	Minimal disruption to building, facilities or equipment (alternative arrangements in place).	No operational difficulties, back-up support in place and security level acceptable.	Legal, regulatory, or contractual breach, negligible impact to Council

Risk	Impact				
	Minimal (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Remote (1)	1	2	3	4	5

Key

Risk	Low	Medium	High	Very High
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