



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

TUESDAY 30 NOVEMBER 2021  
VIA DIGITAL MEETINGS SYSTEM

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**Committee Members Present:**

Councillor J Henderson (Convener)	Councillor A Forrest
Councillor C Hoy (Items 5-10)	Councillor Mackett (Items 1-9 & 11)
Councillor K Mackie	Councillor K McLeod
Councillor J Williamson	

**Other Councillors Present:**

Councillor J Goodfellow	Councillor J Findlay
Councillor N Hampshire	

**Council Officials Present:**

Ms S Fortune, Executive Director for Council Resources  
Mr D Proudfoot, Executive Director for Place  
Ms L Brown, Executive Director for Education and Children's Services  
Mr T Reid, Head of Infrastructure  
Ms S Saunders, Head of Communities  
Ms N McDowell, Head of Education  
Ms M Sullivan, Head of Development  
Ms W McGuire, Head of Housing  
Ms M Ferguson – Head of Council Support  
Mr D Stainbank, Service Manager – Internal Audit  
Mr P Vestri, Service Manager – Corporate Policy & Improvement  
Mr E John, Service Manager – Sport, Countryside & Leisure  
Mr C Grilli, Service Manager - Legal  
Mr R Baty, Companies Manager (ELL & ELI)  
Ms A Glancy, Finance Manager – Corporate Accounting  
Mr S Kennedy, Emergency Planning, Risk and Resilience Officer  
Mr B Axon, Chief Executive - Enjoyleisure  
Ms S Mills, Financial Controller - Enjoyleisure  
Miss R Crichton, Committees Officer

**Clerk:**

Miss F Currie

**Visitors Present:**

Ms G Woolman, Audit Scotland  
Ms E Scoburgh, Audit Scotland

**Apologies:**

Councillor S Currie

**Declarations of Interest:**

Item 10 – Cllr Mackett advised that as a member of the Enjoyleisure Board he would withdraw during this item.

**1. MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING ON 21 SEPTEMBER 2021**

The minutes of the Audit and Governance Committee meeting held on 21<sup>st</sup> September 2021 were approved.

**2. INTERNAL AUDIT REPORT – NOVEMBER 2021**

A report was submitted by the Service Manager – Internal Audit informing the Committee of Internal Audit reports issued since the last meeting of the Committee and providing an update on the progress made against the 2020/21 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 'limited assurance' had been given on East Lothian Mid-Market Homes LLP; and an assessment of 'reasonable assurance' had been given on Corporate Appointeeship. In addition, since the last meeting of the Committee an assurance review on School Excursions has been completed. As the assurance exercise was not a complete audit of this emerging process it had not been assessed with an assurance level. However a conclusion on the appropriateness of the internal control processes had been provided. He summarised the main findings of the audits and the assurance review, highlighting areas where controls were met and those with scope for improvement. Officers then responded to questions from Members.

**Corporate Appointeeship**

Mr Stainbank advised that full cost recovery was not anticipated from all clients and it was for Council officers to make a judgement on when recovery action was appropriate.

**East Lothian Mid-Market Homes LLP**

Mr Stainbank, Douglas Proudfoot, Executive Director for Place and Sarah Fortune, Executive Director for Council Resources, responded to questions on segregation of duties, the responsibility for maintenance of those houses leased by the company, the importance of modelling when developing policies around property rental and the benefits of leasing homes when compared with the costs of building homes. Ms Fortune underlined the key benefit of being able to deliver affordable housing without the need for grant subsidy or other recourse to the public purse.

Mr Proudfoot reminded members that this was a very new company based on an innovative model to provide medium tenure, mid-market rented homes. He explained that the governance structure within the company was changing from a management committee to a Board and that a range of policies were being developed to support and deliver the company's vision. He welcomed the internal audit report which he said had been helpful in developing appropriate control measures to provide the necessary levels of assurance.

Wendy McGuire, Head of Housing, responded to a further question stating that it was still very early days but the ambition of the company was to expand using additional sites and further modelling work.

Mr Stainbank outlined the findings from Internal Audit's follow up work on the Section 75 Developer Contributions audit and the Treasury Management audit. He also updated Members on progress against the 2021/22 Internal Audit Plan.

The Convener thanked Mr Stainbank for his comprehensive report and for confirming that his team were on track to complete all audits within the timescales outlined in the 2021/22 Plan.

### **Decision**

The Committee agreed to note:

- i. the main findings and recommendations from the Internal Audit reports issued during the period from September to November 2021;
- ii. the findings from Internal Audit's follow up work; and
- iii. Internal Audit's progress against the annual audit plan for 2020/21.

### **3. INTERNAL AUDIT CHARTER & INTERNAL AUDIT FLEXIBLE RESOURCING**

A report was submitted by the Service Manager – Internal Audit presenting to the Committee the updated East Lothian Internal Audit Charter for approval.

Mr Stainbank presented the report outlining the background to the Charter and reminding Members of the previous iterations of the document and timelines for review and updating. He added that the most recent updates took account of the impact of the pandemic, the contingency measures put in place and the Council's continuing focus on business critical activities.

In response to a question from Councillor McLeod, Mr Stainbank provided examples of the minor amendments made to the Charter since its last presentation to the Committee.

The Convener observed that the work of Internal Audit was usually in the background but that during the pandemic both the Council and the external auditors had been able to place reliance on the audit and assurance work undertaken by the Internal Audit Team. On behalf of the whole Committee, she thanked Mr Stainbank and his officers for their hard work and dedication.

Councillor Mackett added his thanks to Mr Stainbank for a very positive report and commended the significant work and effort undertaken by the Internal Audit Team. He said that the report demonstrated that the Team was in a good position to deal with future challenges.

The vote was taken by roll call and the recommendations were approved unanimously.

## Decision

The Committee agreed to:

- i. approve the updated Internal Audit Charter; and
- ii. noted the flexible resourcing approach taken by Internal Audit staff to meet the Assurance needs of the Council during 2020/21 and 2021/22.

## 4. INTERNAL AUDIT REPORT – NATIONAL FRAUD INITIATIVE

A report was submitted by the Service Manager – Internal Audit informing the Committee of the work undertaken on the 2020/21 National Fraud Initiative (NFI).

Mr Stainbank presented the report outlining the background to the exercise and the areas on which the Council submitted data. He provided a summary of the outcome of the investigations undertaken for the 2020/21 NFI matches. A total of 82 reports were received in respect of East Lothian Council – the reports contained 3,104 individual matches, of which Internal Audit have reviewed 906 of the matches considered high risk, using a risk based approach. Of the matches identified, 577 had been fully investigated and closed and a further 329 matches are currently in progress. He outlined some of the findings of the investigations and advised that a separate report on Council Tax matches had been provided to the Council's Revenues Team which had resulted in the identification of 2 cases of fraud and 3 cases where errors had occurred.

Mr Stainbank responded to questions from Members providing further detail on the number of investigations still outstanding, the areas to which these related, the likelihood of the NFI exercise identifying underpayments rather than overpayments and the processes for Council Tax debt recovery.

Gillian Woolman, Audit Director at Audit Scotland, advised Members that Audit Scotland collated all NFI results from public sector organisations every two years and provided a report which was published online and presented to the Scottish Parliament. In relation to debt recovery, she indicated that this happened more commonly in local authorities, due to the types of services they provided, and less so in the NHS.

Councillor Forrest welcomed the detailed report and said it was clear to see the amount of work that had gone into this exercise and the level of assurance that it provided to the Council that instances of fraud were being addressed. He offered his thanks to all officers across the Council who had been involved in this exercise.

## Decision

The Committee agreed to note the contents of the report.

*Sederunt: Councillor Hoy joined the meeting during Item 5.*

## 5. ANNUAL ACCOUNTS 2020/21

A report was submitted by the Executive Director for Council Resources providing the Committee with an update on the main changes arising during the audit of the draft

financial statements, and asking the Committee to approve the now audited accounts for 2020-21.

Anne-Marie Glancy, Finance Manager – Corporate Accounting, presented the report outlining the main changes made to the accounts as a result of the audit. She also advised that further detail on the common good fund review would be presented to Members in due course. Ms Glancy also offered her thanks to the external audit team for their assistance throughout the process.

Ms Fortune added her thanks to the external audit team and her own officers for their dedication and diligence during an incredibly challenging time. She observed that 2021 had been a year like no other and that putting together the annual accounts had been a very difficult process. However, getting to this stage was a significant achievement and would provide an important platform for looking ahead.

Ms Glancy and Ms Fortune responded to a question from Councillor Williamson on the common good fund review. They advised that there was no firm timescale at present for the conclusion of the review and outlined a number of factors which had and continued to have an impact on the review timeline. Ms Fortune acknowledged that the review had been ongoing for some time and said she was committed to concluding the process and reporting back to Members as soon as possible.

Councillor Forrest thanked the staff involved and noted that the additional funds coming through during the year from Scottish Government had made the preparation of the accounts a very difficult task.

The Convener added her thanks to all staff involved in this task which she acknowledged was a significant achievement in such challenging times. She added that the accounts demonstrated that East Lothian had a very well-run Council and she hoped that the residents of the county recognised this fact.

The vote was taken by roll call and the recommendations were approved unanimously.

## **Decision**

The Committee agreed to:

- i. Note the main changes arising during the course of the audit; and
- ii. Approve the 2020-21 audited accounts for the Council and its group components.

## **6. ISA 260 LETTERS FROM AUDIT SCOTLAND TO THOSE CHARGED WITH GOVERNANCE:**

### **A. EAST LOTHIAN COUNCIL AUDIT OF ANNUAL ACCOUNTS 2020/21**

Ms Woolman presented the ISA 260 letter to those charged with governance, prepared following the audit of the Council's annual accounts for 2020/21. She highlighted some of the key points including the draft letter of representation from the Council's Section 95 Officer. She confirmed that there were no areas to draw attention to by exception and that Audit Scotland would be issuing an unmodified audit opinion.

## **B. DR BRUCE FUND AUDIT OF ANNUAL ACCOUNTS 2020/21**

Esther Scoburgh, Senior Audit Manager - Audit Scotland, presented the ISA 260 letter and appendices prepared following the audit of the Dr Bruce Fund annual accounts for 2020/21. She explained that this was required for all registered charities and that the Council was sole trustee of the Dr Bruce Fund. She outlined the purpose of the Fund and confirmed that she would be issuing an unmodified audit opinion. She also referred to the recommendation in the previous year's audit regarding the Dr Bruce Fund and that further work was required to ensure that the Fund was being managed as originally intended.

Ms Scoburgh also offered her own thanks to all Council staff involved in the audit work.

### **Decision**

The Committee agreed to note the contents of the letters.

## **7. EAST LOTHIAN COUNCIL 2020/21 ANNUAL AUDIT REPORT**

Ms Woolman presented the annual audit report for 2020/21, prepared by Audit Scotland.

She outlined the key messages in the report including financial management and sustainability, governance and transparency and value for money. She then provided a detailed summary of the findings from the audit of the annual accounts drawing attention to areas of particular interest. She confirmed that she would be issuing an unqualified audit opinion, she thanked Council staff for their support in the audit and she noted that the annual accounts had been prepared to pre-pandemic timescales which was a significant achievement in such challenging circumstances.

Ms Woolman referred to the ongoing impact of COVID-19 on audit timescales, the Council's own financial management and capital spending and on its ability to make progress on the recommendations from last year's audit. She highlighted the review of common good assets and further recommendations made as a result of this year's audit.

The Convener thanked Ms Woolman for her report and thanked her staff and Council staff for their hard work and diligence in producing the annual accounts and completing the audit work in such difficult circumstances.

Ms Woolman responded to questions from Members expanding on the impact of COVID-19 on the delivery of efficiency savings, the Council's ability to distribute additional government funding within very tight timescales and the ongoing impact of the pandemic on audit standards and timescales. She assured Members that there had been no diminution in the standard of work undertaken despite the challenges of working remotely. She highlighted that the planning guidance and proposed timescales for the 2021/22 audit had recently been published and the deadline for completion of next year's audit was 31 October 2022.

### **Decision**

The Committee agreed to note the annual audit report.

## **8. TREASURY MANAGEMENT – MID YEAR REVIEW 2021/22**

A report was submitted by the Executive Director for Council Resources updating the Committee on Treasury Management activity during the first half of 2021-22.

Ms Glancy presented the report highlighting key aspects of treasury management activity during the first half of the current financial year. She confirmed that forecasts were consistent with the strategy and within approved limits, and that the Council was currently in an under-borrowed position. She advised that investment returns were likely to remain low in the near and that projected interest rate rises had been included in the budget planning. There had been few opportunities for debt rescheduling during the year due to the current financial climate but this would be kept under review. She reminded Members that the Council could only borrow for capital purposes and not for specific projects. Ms Glancy also advised that work was underway on the implementation of the new International Financial Reporting Standard (IFRS 16) and the likely implications would be included in future reporting and the 2022-23 treasury management strategy.

Ms Glancy and Ms Fortune responded to questions from Councillor McLeod on the type and purpose of recent PWLB loans. Ms Glancy provided some examples of uses for this borrowing and Ms Fortune reiterated Ms Glancy's earlier comments that the Council could not borrow for specific capital projects but could borrow on a short-term basis for cash-flow purposes in line with its treasury management strategy. In reply to a further question, both Ms Glancy and Ms Fortune also provided clarification on the recent borrowing from Renfrewshire Council and funding associated with the Wallyford project.

Ms Glancy responded to a question from the Convener outlining the likely impacts of the new IFRS 16 and how this would alter the recording of assets within the Council's balance sheets. She confirmed that this change would bring local authorities into line with other organisations and that Members would receive further information on this issue in due course.

### **Decision**

The Committee agreed to note the content of the report.

## **9. SERVICE RISK REGISTERS**

A report was submitted by the Chief Executive present to the Audit and Governance Committee the Infrastructure, Communities, Corporate Support and Finance Service Risk Registers for discussion, comment and noting.

Scott Kennedy, Emergency Planning Risk and Resilience Officer, presented the report outlining the background to and process for preparation and review of the risk registers. He highlighted the number and level of risks for each Service Risk Register and reminded Members that, in line with the Risk Management Strategy, only High and Very High risks were being reported to the Committee. He confirmed that any applicable COVID-19 elements had been included and that changes to the risk management system were underway over the next year and further information would be given to Members during this period. Officers then responded to questions from Members.

Tom Reid, Head of Infrastructure, confirmed that the recent roll-out of new waste and recycling processes had been very successful overall and recycling had now moved to a weekly collection service. It would take some time before it would be possible to make meaningful comparisons between the range and tonnage collected using the old and new recycling systems but, so far, the quality was very high and the companies who bought waste from the Council had expressed significant interest in the new products. A report providing comparison information would be brought forward to Members in the New Year.

Mr Reid responded to further questions on the performance of the new white recycling bags in the recent high winds, the possibility of a delay in the delivery of the Musselburgh Flood Prevention Scheme and the performance on contingency plans before during and after the recent Storm Arwen. He advised that these well-rehearsed plans had been thoroughly tested by the adverse weather but that they had allowed the Council to be prepared and to respond well to the challenges of the situation. A 'lessons learned' exercise would take place in due course and would identify if any changes needed to be made to the contingency plans.

Mr Kennedy confirmed that staff across the Council took part in regular training exercises for severe weather response and other scenarios, to prepare services as well as possible to respond to such incidents.

Mr Reid also responded to a question on maintenance and capacity at Inveresk Cemetery and the impact of the pandemic on the delivery of the normal maintenance schedule. Eamon John, Service Manager – Sport, Countryside and Leisure, confirmed that while resource had been moved to Penston, staff were still working on site at Inveresk and he expected maintenance levels to improve in 2022.

Councillor McLeod thanked Mr Kennedy and acknowledged the reassurance provided by the commentary within the documents and the responses of officers indicating that issues were being identified and would be addressed going forward.

The Convener added her thanks to Mr Kennedy for preparing the report and the registers which covered such a huge range of information.

## **Decision**

The Committee agreed to note the Service Risk Registers and that:

- the relevant risks had been identified and that the significance of each risk was appropriate to the current nature of the risk.
- the total profile of the Infrastructure, Communities, Corporate Support and Finance risks could be borne by the Council at this time in relation to the Council's appetite for risk.
- although the risks presented were those requiring close monitoring and scrutiny over the next year, many were in fact longer-term risks for the services and were likely to be a feature of the risk registers over a number of years.

*Sederunt: Councillor Mackett left the meeting.*



## **10. ENJOYLEISURE REPORT (FOR THE PERIOD MARCH 2020 TO OCTOBER 2021)**

A report was submitted by Enjoyleisure outlining the organisation's activities and financial position during the period March 2020 to October 2021.

Bill Axon, General Manager of Enjoyleisure, gave a detailed summary of the position between March 2020 and October 2021 and the ongoing impact of COVID-19. He referred to loss of income resulting from the closure of all facilities between March and September 2020 and confirmed that the company had taken advantage of the furlough scheme during this period. He also acknowledged the support of the Council which had allowed the company to move forward with its re-opening plans. He outlined some challenges associated with the re-opening and reported on the range of facilities now available to support individual and community health and wellbeing as they dealt with the ongoing impact of the pandemic. He referred to positive figures for returning members – a membership retention rate of 80% - one of the highest in the country. He wished to record his own thanks to all of the staff who had gone above and beyond in ensuring facilities could re-open safely and deliver as broad a range of services as possible. He concluded that, in his view, the relationship and partnership between the senior management team at the Council and Enjoy had strengthened during the period and he commended the Councillors who sat on the board of Enjoy for their diligence during this time.

Suzanne Mills, Financial Controller, reported on the Enjoyleisure accounts for 2020/21, drawing attention to the key income and expenditure figures and confirming that the external auditors had issued an unqualified audit opinion. She commented on the impact of closure, furlough and limited re-opening of services but pointed to positive numbers of members returning to facilities and high retention levels in memberships. She indicated that the projected year-end financial position of a £600,000 overspend was better than anticipated and further mitigation measures were being considered to address rising costs and other potential risks in the coming year.

Councillor McLeod welcomed the report and commentary from Mr Axon. He said that this was an excellent report and he hoped that Enjoy would continue to make good progress in its recovery from the impact of the pandemic.

Councillor Forrest echoed his colleague's remarks and added his thanks Mr Axon and his team, especially in Musselburgh, for their hard work in ensuring the wellbeing of customers returning to facilities. He noted the increased interest in fitness since the pandemic began and he wished Mr Axon and his team well for the future.

Councillor Mackie also offered her thanks, as a Councillor and member of Enjoy, and welcomed some of the new practices such as online booking and lane swimming.

The Convener also welcomed the report and acknowledged the efforts of Mr Axon and his team. She noted that Enjoy was a particularly visible service and it was heartening to see that the organisation was in a better position than might have been expected.

### **Decision**

The Committee agreed to note the contents of the report.

*Sederunt: Councillor Mackett re-joined the meeting. Councillor Hoy left the meeting.*

**11. EAST LoTHIAN LAND LTD 2020/21**

A report was submitted by the Companies Manager informing the Committee of the work undertaken by East Lothian Land Ltd (ELL Ltd) in 2020/21.

Richard Baty, Companies Manager, presented the report outlining the work undertaken during 2020/21. He summarised activity in relation to a number of sites, including High Street projects, the implications of the Estates review and unsuccessful bids for properties. He also provided Members with an update on the development of Tyne Close in Haddington.

In response to questions from Members, Mr Baty provided further details the development of sites to support business start-ups, such as Brewery Park; the frustrations associated with competing against residential developers for commercial sites; the criteria used when assessing potential projects; and arrangements for filling the vacancy on the ELL Ltd Board following the retirement of Alex McCrorie.

The Convener thanked Mr Baty for his report and the work being undertaken by East Lothian Land Ltd.

**Decision**

The Committee agreed to note the contents of the report.

Signed .....

Councillor Jane Henderson  
Convener of the Audit and Governance Committee

**REPORT TO:** Audit and Governance Committee  
**MEETING DATE:** 15 February 2022  
**BY:** Service Manager – Internal Audit  
**SUBJECT:** Internal Audit Report – February 2022

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## **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 2021/22 annual audit plan.

## **2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note:
- i. the main findings and recommendations from the Internal Audit reports issued during the period from November 2021 to February 2022 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 2021/22 as set out in Appendix 3.

## **3 BACKGROUND**

- 3.1 Since the last meeting of the Committee final reports have been issued in respect of the following audits: Prevent & Return Project, IT Schools Procurement, and Restart of Capital Projects.
- 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:
- Prevent & Return Project – Reasonable Assurance
  - IT Schools Procurement – Reasonable Assurance
  - Restart of Capital Projects – 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 three audits that were reported in previous years. Our findings are detailed below.

### **Cybersecurity**

- 3.5 Internal Audit's report on Cybersecurity was issued in June 2021. Our follow-up review has highlighted that of the thirteen recommendations made eleven have been fully implemented, one partially implemented and one yet to be implemented, as a result of applying COVID secure working practices. Details of the partly implemented and yet to be implemented recommendations and the revised dates of completion are shown in Appendix 2.

### **Payroll**

- 3.6 Internal Audit's report on Payroll was issued in June 2021. Our follow-up review has highlighted that of the seventeen recommendations made six have been fully implemented and eleven partially implemented with revised implementation dates by April 2022 for full implementation. Full implementation of the recommendations has not been achieved as available resources have been prioritised on essential activities. Details of the partly implemented recommendations and the revised dates of completion are shown in Appendix 2.

### **Housing Rents**

- 3.7 Internal Audit's report on Housing Rents was issued in November 2020. Our follow-up review has highlighted that of the thirteen recommendations made eleven have been fully implemented and two partially implemented with revised implementation dates by March 2022 for full implementation. Full implementation of the recommendations has not been achieved as some reconciliations of rent increases have not been completed due to rent freezes being applied. Details of the partly implemented recommendations and the revised dates of completion are shown in Appendix 2.

### **Progress Report 2021/22**

- 3.8 A progress report attached as Appendix 3 is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan for 2021/22.

## **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

<b>AUTHOR'S NAME</b>	Duncan Stainbank
<b>DESIGNATION</b>	Service Manager – Internal Audit
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<b>DATE</b>	4 February 2022



# Appendix 1 Executive Summary: Prevent and Return Project

## Conclusion: Reasonable Assurance

The Prevent and Return Project has demonstrated capabilities of returning children to care within East Lothian and an ability to reduce budget overspends over the last two years. Internal controls and governance frameworks have also continued to develop over this period, however there is scope for improvement to ensure a fully effective control and governance process, including updating the existing policies and procedures in place across Education and Children's Services to ensure that the aims of the Prevent and Return Project are properly embedded, clarifying the interaction and roles and responsibilities of the groups within the governance framework to ensure a co-ordinated decision making process, introducing analytical reviews of the data sets held for vulnerable children to model future predictive needs, the recording of decisions to place children in external residential care placements and the reporting on the success of outcomes for children returning to East Lothian.

## Background

The Children (Scotland) Act 1995 sets out the regulations and guidance for children looked after by local authorities. In addition, The Looked After Children (Scotland) Regulations 2009 bring together the regulation of the care planning services offered to children looked after at home, with the care provision required when children are separated from their birth parents and the Children and Young People (Scotland) Act 2014 places additional responsibilities on local authorities for children and young people in care.

The Prevent and Return Project was one of the initiatives introduced in 2019 after significant overspends were identified in Children's Services and a review highlighted that the deficits were mainly due to the number of vulnerable children being placed in external residential care outwith East Lothian. The objectives of the project were to introduce processes to prevent children being placed in out of authority placements at significant cost to the Council and to bring children back to their communities in a planned and safe way, taking into account the individual needs of the children.

The Senior Officer Resource Group (SORG) is made up of multi-agency Senior Managers and decision makers, and was initially set up to consider children's individual circumstances following a referral and to provide authorisation for external residential care placements where applicable. In addition, this group has over the last two years reviewed each individual child placed in external residential care and 24 children have been returned to care settings within East Lothian in this period, which has been challenging as a result of Covid-19 restrictions. Additional funding has been provided and utilised with local organisations to provide a variety of care support to assist in preventing children entering external residential care, including promoting family group decision making at an early stage to encourage placement within a family setting.

Overspends in the Children's Services residential budgets have decreased from £3 million in 2019/20 to a projected overspend of £0.9 million in 2021/22, with overall expenditure on Children's Services external residential accommodation dropping from £4.4 million to £4 million, despite the population continuing to increase across East Lothian during this period. There are currently 23 children being accommodated in residential care outwith East Lothian, including those in secure accommodation. A service review of Children's Services in conjunction with the Transforming Services for Children Programme is focused on developing improved services across Children's Services and Education for children and families, with one of the key goals being to keep children in East Lothian.

The number of children admitted to care within East Lothian has been decreasing over the last six years, from 90 in 2016 to 35 in 2021, however the full impact of Covid-19 restrictions on these figures and likely future numbers remains uncertain.

# Executive Summary (cont): Prevent and Return Project

## Summary of findings & recommendations

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

- There was a lack of clarity around the interaction and roles and responsibilities of the groups within the governance framework, including the Senior Officer Resource Group, Multi-Agency Resource Group and Education Resource Group to ensure a co-ordinated decision making process for the Prevent and Return Project. *Management have agreed to review the governance framework in place to define the roles and responsibilities of all relevant groups and to reflect the interrelationships between the different parties by December 2022.*
- The existing policies and procedures in place across Education and Children's Services require review to ensure that the aims of the Prevent and Return Project are properly embedded. *Management have agreed to complete a review of the policies and procedures by December 2022.*
- There was a lack of evidence to confirm that analysis had been undertaken on the data sets maintained for vulnerable children in East Lothian for modelling predictive educational and social care needs, and future capacity requirements. *A review of data is currently being undertaken as part of the workstream within the Transforming Services for Children Programme and will be complete by January 2023.*
- The existing arrangements in place for recording the authorisation of external residential care placements following a decision by senior members of staff in Education and Children's Services require review. *Management have agreed that a case note will be created on Mosaic with the details of decisions made on placements by February 2022.*
- LAAC (Looked After and Accommodated Children) reviews of children in external residential care placements do not currently consider the options available for children to return to East Lothian. *Management have agreed that the LAAC review process will be amended to include consideration of the options available for children to return to East Lothian by June 2022.*
- The arrangements in place for recording potential costs and benefits of implementing different care and educational options require review to assist in decisions when considering external residential care placements. *Management have agreed to update the SORG referral form with information on the dates of previous decisions and budgeted costs for other options by March 2022.*
- The reporting arrangements for children returning to East Lothian from external residential care placements require review to ensure that appropriate feedback on the success of outcomes is regularly reported to the Senior Officer Resource Group. *Management have agreed to introduce reporting arrangements for children returning to East Lothian by September 2022.*

## Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	16	-	16
Prior Report (January 2016)*	-	9	-	9

\* The prior report was for Out of Authority Placements and did not cover the same objectives.

## Materiality

At the time of the audit, the Council had 22 children in external residential care placements outside East Lothian and a further one child in secure accommodation. The associated costs were £97,000 per week with the overall Children's Services expenditure forecast at £4 million for 2021/22, resulting in a predicted overspend of approximately £0.9 million for the year.



# Headlines

Objectives	Conclusion	Comments
1. Adequate policies and procedures are in place for administering the Prevent and Return Project.	Reasonable	The existing policies and procedures in place across Education and Children's Services require review to ensure that the aims of the Prevent and Return Project are properly embedded, including the consideration of a clear policy statement within Education stating that the Council's objective is to keep children in education within East Lothian where possible. There was a lack of clarity around the interaction and roles and responsibilities of the groups within the governance framework, including the SORG, MARG and ERG to ensure a co-ordinated decision making process for the Prevent and Return Project.
2. Adequate arrangements are in place for identifying children's educational and social care needs and for providing the appropriate care and support in East Lothian.	Reasonable	LAAC (Looked After and Accommodated Children) reviews of children in external residential care placements do not currently consider the options available for children to return to East Lothian. A review of the objectives of the SORG is required to ensure that the group oversees the LAAC review process and meetings consider the trends from analytical reviews of vulnerable children from East Lothian and the impact on future funding requirements. There was a lack of evidence to confirm that analysis had been undertaken on the data sets maintained for vulnerable children in East Lothian for modelling future predictive educational and social care needs on an ongoing basis. A review of the current facilities in East Lothian should then be undertaken to establish what options are available for producing additional capacity.
3. Adequate arrangements are in place to ensure that all options and funding implications are considered in the decision making process for children.	Reasonable	For a sample of eight cases reviewed, we found that the existing arrangements in place for recording the authorisation of external residential care placements following a decision by senior members of staff in Education and Children's Services require review. A standard referral form is submitted to the SORG for each child to assist with the decision making process, however the minutes in respect of any funding/support provided by the Internal Panel/MARG and the ERG were not attached and the referrals did not include the budgeted costs for any other options available. For the eight cases reviewed, we found that in three cases Individual Placement Agreements (IPAs) had not been uploaded on to the Mosaic system.
4. Adequate procedures are in place for planning, supporting and managing the return of children to East Lothian.	Reasonable	We sought to establish if adequate arrangements are in place for managing the return of children from external residential care placements to East Lothian. For a sample of three cases selected for review, we found that a needs assessment and a Care Plan had been completed for each child, setting out the support that was going to be provided on their return. In one case, we found that the child was placed in semi-independent living accommodation and for the remaining two cases the children had initially returned to their home environment.
5. Adequate arrangements are in place for providing appropriate feedback on the return of children to East Lothian.	Limited	We sought to establish if adequate arrangements are in place for reporting on children returning to East Lothian from external residential care placements. A total of 24 children had returned to East Lothian since October 2019, however we found that appropriate feedback and learning on the success of outcomes had not been reported to the Senior Officer Resource Group (SORG) to help facilitate the continuous improvement of services to children.

# Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Adequate arrangements are in place to ensure that the progress of children in external residential care placements is reviewed and monitored on a regular basis at the Senior Officer Resource Group (SORG), with 24 children returning to East Lothian from external placements since October 2019.
2.	Children's Services have achieved reduced overspends and a reduction in the overall expenditure on external residential care placements over the last two financial years.
3.	Appropriate arrangements are in place to ensure that the Business Finance Team are involved in the SORG decision making process to help assist with budget management and the overall monitoring of external residential care placements.
4.	Reviews of data for children within residential care have been completed and improvements have been made in the kinship care service, providing greater support to the informal kinship care process and introducing an improved long term assessment process.
5.	Adequate arrangements are in place for planning, supporting and managing the return of children to East Lothian.

# Recommendation Grading/Overall opinion definitions

Recommendation	Definition
<b>High</b>	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.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.



# Executive Summary: IT Schools Procurement

## Conclusion: Reasonable Assurance

Clear processes, procedures and guidance are in place for school ICT purchases, from the identification of IT requirements/priorities through to the procurement processes undertaken. ICT purchases are required to be made via the Council's IT section and Scottish Procurement and Scotland Excel national frameworks are being utilised for the procurement of ICT hardware. A number of areas with scope for improvement were identified, including the purchase and accounting treatment of software licence renewals/updates and the need for a documented strategy for school ICT procurement.

### Background

Ensuring that staff, children and young people have access to the devices, platforms and connectivity to engage in digital learning is essential in ensuring the necessary skills are incorporated in learning experiences in schools. The Council spends substantial sums annually on the procurement of IT hardware and software for schools and is continuously assessing the number of devices in schools and how this is working with regards to connectivity, to ensure that the devices supplied are meeting the needs of teachers and learners. All devices are part of a four-year refresh programme and if devices are beyond repair they will be replaced on a like for like basis, regardless of the refresh status. Google Classroom is currently the Council's preferred learning platform and provides teachers and learners with a range of high quality applications. The Council is continuing to plan for the delivery of 1:1 devices through Scottish Government funding and discussions around these changes to learning, teaching and infrastructure will be at the forefront of plans moving forward.

### Summary of findings & recommendations

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

- A documented school's ICT procurement strategy requires to be put in place, clearly addressing the agreed priorities for school's ICT capital and revenue spending over the next 3 to 5 years, together with a documented asset management and refreshment programme for school ICT assets. *Management have confirmed that these will be put in place following finalisation and approval of the new **Digital Learning and Teaching Strategy**.*
- For the purchase of curriculum related software there is a need to ensure that the appropriate procurement route is followed and that appropriate procurement documentation is completed. *Management have agreed to put arrangements in place **by March 2022**.*
- An accurate and up to date record requires to be maintained of all ELC devices being held on the Council's behalf as part of the Computer Services contract. *Management have agreed that an accurate record will be put in place and maintained **by February 2022**.*
- The accounting treatment of curriculum related software licences and expenditure on annual renewals/updates requires review. *Management have confirmed that this will be reviewed, and guidance sought from Finance colleagues where appropriate, **by March 2022**.*
- There was an anomaly in the treatment of school ICT assets purchased in 2012/13, which were being depreciated over 25 years rather than the normal 3 to 5 years. *Management have agreed to address this in the preparation of the **Council's 2021/22 annual accounts**.*

### Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	8	-	8
Prior Report	N/A	N/A	N/A	N/A*

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

### Materiality

The Council's procurement procedures specify that all IT purchases should be made through the Council's IT section. An IT Infrastructure Capital Programme is in place which details capital funding requirements for both schools and corporate IT infrastructure (approx. £1.2 million p.a. for schools). For school ICT funding, the aim is to ensure that all schools have the infrastructure and suitable hardware and software to deliver the curriculum. In addition, in both 2020/21 and 2021/22 the Council received additional Covid-19 Scottish Government funding to address digital inclusion.

# Headlines

Objectives	Conclusion	Comment
1. An appropriate strategy is in place, which informs the procurement of ICT for schools and appropriate budgetary processes are in place in respect of the financial resources required for IT schools procurement.	Limited	A Draft Education Service Digital Learning Strategy was presented to the Education Committee on 11 June 2019. The strategy is still to be finalised, however it is currently being reviewed to reflect the changes brought about by Covid-19, which necessitate a vital re-think of current engagement with learning and teaching, and of support for the health and wellbeing of young people and staff. The updated strategy will seek to build on the recent progress made with the delivery of digital learning and teaching, and will form part of a separate Internal Audit review later in 2022.
2. Clear and appropriate policies, procedures and guidance documents are in place for all aspects of IT schools procurement.	Reasonable	Detailed procurement documentation is in place outlining the procurement routes to be followed and procurement guidance has been provided to schools, clearly advising that all ICT purchases should be made through the Council's IT section. However, a documented procurement strategy requires to be put in place, clearly addressing the agreed priorities for school's ICT capital and revenue spending over the next 3 to 5 years, together with a documented asset management and refreshment programme for school ICT assets.
3. There is clear liaison and communication between IT and Education covering all aspects of IT schools procurement, from the identification of IT needs/priorities through to the actual procurement carried out.	Reasonable	Regular meetings are held between Education and IT in respect of school ICT requirements which are attended by key members of staff from both services. Following finalisation and approval of the new Digital Learning and Teaching Strategy, there will be the opportunity to further strengthen and enhance collaboration through the establishment of a formal oversight group with representation from Education, IT and school leaders, which will support planning and strategic decision making in all matters relating to learning technology.
4. Appropriate processes are in place to ensure that the procurement of ICT hardware and software is in compliance with the Council's approved Corporate Procurement Procedures, including the use of national frameworks where appropriate.	Reasonable	The Council utilises Scottish Procurement and Scotland Excel national frameworks for the purchase of ICT hardware, which allows for the purchase of goods compliantly, with the benefit of aggregated spend with other organisations. For other purchases not covered by framework agreements, there was evidence of competitive tendering being undertaken, however for annual renewals/updates of curriculum related software licences, Management require to ensure that the appropriate procurement route is followed and procurement documentation completed.
5. Appropriate processes are in place for dealing with the ICT challenges faced by schools arising from Covid-19 – additional ICT funding received from the Scottish Government has been properly used for the designated purposes.	Reasonable	Appropriate processes are in place for dealing with the digital inclusion challenges faced by schools arising from Covid-19. The Council received specific Covid-19 funding from the Scottish Government for Education and was initially allocated £401,200 capital funding and £69,040 revenue funding and was able to provide 1,806 Chromebooks and 400 annual unlimited filtered internet packages. Additional funding was received in early 2021 and a further £149,000 was allocated for digital devices and connectivity solutions in April 2021, £99,000 of which was allocated for 468 Chromebooks and £50,000 to support severe and complex needs provision.
6. All expenditure on school ICT hardware and software is properly recorded and allocated to the correct ledger codes.	Reasonable	Expenditure on laptops and Chromebooks is capitalised as part of Vehicles, Plant, Furniture and Equipment and depreciated over their useful economic life. Software licences are classed as intangible assets and amortised, however the current accounting treatment of annual licence renewals, updates and support for curriculum related software requires review.

# Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	<p>Clear and appropriate procedures and guidance documents are in place for school's ICT procurement. Documentation is in place (Quick Guide – Procurement Processes for Goods and Services) outlining the procurement routes to be followed, while procurement guidance has been provided to schools, clearly advising that all ICT purchases should be made through the Council's IT section, thereby ensuring compatibility and compliance with existing systems and information. Where schools contact the IT section to request the purchase of specific IT equipment, checks are carried out with Business Finance prior to processing the orders, to ensure that there is sufficient budget provision for the purchases, and the goods and services are ordered via the PECOS online procurement system. The Council utilises national and sectoral framework agreements that allow the purchase of goods and services compliantly, with the benefit of aggregated spend with other organisations. IT equipment has been purchased through Scottish Procurement National Frameworks (National IT Peripherals Framework, Web and Proprietary Client Device Framework, Mobile Client Framework and Desktop Client Device Framework) and the Scotland Excel Framework for Audio Visual Equipment.</p>
2.	<p>Regular meetings are held between Education and IT in respect of school ICT requirements, which are attended by key members of staff from both services (Education Support Officer (Digital Learning), Learning Technologist, IT Team Manager – Service Desk &amp; Desktop Services and IT Information Security officers), to discuss ongoing projects and seek to share knowledge in trying to implement the most effective solutions for schools.</p>
3.	<p>Appropriate processes are in place for dealing with the digital inclusion challenges faced by schools arising from Covid-19. The Council prepared a bid for the Scottish Government in July 2020, which advised that the Council has surveyed all schools (Digital Inclusion Devices and Connectivity Survey) in order to ascertain which pupils have no access to digital devices and of that group, how many need connectivity support. The survey sought to identify those children and young people who were digitally excluded. This may be because they are in a vulnerable group, such as those who are looked after or care-experienced, or for financial reasons such as those who are eligible for free school meals. There may be other reasons why children cannot connect, for example where there are three learners in one household who are sharing one or two devices; or where a number of devices/users are sharing one, data-limited internet connection. The Council proposed to purchase Chromebooks for those children with no device along with Mifi devices and data for those that required connectivity. The Council was allocated £401,200 capital funding and £69,040 of revenue funding and was able to provide 1,806 Chromebooks and 400 unlimited filtered internet packages. We found that detailed records were maintained of the orders to which the funding related and that there was statutory reporting of progress back to the Scottish Government on a monthly basis. We note that further Scottish Government grant funding was provided in early 2021 to support education recovery and a further £149,000 was allocated for digital devices and connectivity solutions in April 2021, £99,000 of which was allocated for 468 Chromebooks and £50,000 to support severe and complex needs provision.</p>
4.	<p>As part of the Council's ongoing response to Covid-19, a Laptops for Teachers' project was initiated to provide a laptop for all teachers and the initial roll-out phase is now complete.</p>

# Recommendation Grading/Overall opinion definitions

Recommendation	Definition
<b>High</b>	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.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.



# Executive Summary: Restart of Capital Projects

## Conclusion: Reasonable Assurance

The Council put appropriate processes and procedures in place to ensure that projects were closed down securely and that Government restrictions were followed when sites were allowed to reopen. Decisions taken by the Council ensured that additional costs as a result of the pandemic were minimised, although some minor improvements have been recommended.

## Background

On 11 March 2020 the WHO declared a global pandemic as Covid-19 became a significant issue across the world. With the number of cases increasing the Scottish Government, in conjunction with the UK Government and the other devolved nations, took the decision to impose a lockdown from 23 March 2020 which resulted in all building sites within East Lothian being shut and they would ultimately remain shut until 28 May 2020. The imposition of this complete lockdown would have an impact on the Council's ability to complete its planned capital projects in 2020/21 and this resulted in a revision of the capital budget for 2021/22 and subsequent years.

As work restarted contractors were having to restart work with social distancing and additional hygiene restrictions resulting in fewer workers on site at the same time, causing further delays to the completion of projects. In addition contractors started to suffer from a shortage of materials which lead to price increases which would put an additional strain on the Council's capital budget. In November 2021 the RICS stated that the costs of construction were at a 40 year high. Calculations internally are showing that school extension costs have risen by 44% from sites commencing in quarter 1 of 2020 to quarter 3 of 2020.

## Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Strategic Asset & Capital Plan Management**:

- In one case documents submitted by a contractor related to common Health & Safety risks rather than specific Covid risks. *Management have already implemented Covid secure environments into existing Health & Safety processes for projects moving forward. This is **in place**.*
- Improvements to the monitoring of work carried out by external consultants would provide additional assurance that budget costs continue to be fully minimised. *Management have agreed to consider what additional processes can be put in place to improve oversight and assurance **by April 2022**.*

## Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	1	1	2
Prior report	N/A	N/A	N/A	N/A*

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

## Materiality

For the financial year 2020/21 East Lothian Council had a gross Capital Plan budget of approximately £96 million which was reduced to approximately £81 million for 2021/22. These budgets covered 58 and 43 projects respectively. The capital budget outturn for 2020/21 reduced to approximately £36 million. The capital budget for 2021/22 increased to approximately £92 million with an increase of 13 projects.

# Headlines

Objectives	Conclusion	Comment
1. A complete and accurate contract register of capital projects and their status of development has been and continues to be maintained.	Reasonable	The architects maintain a register of all projects being undertaken which is updated on a weekly basis. Prior to shutdown starting a report was taken of all projects that were underway to allow for monitoring, including one project that had yet to commence.
2. A risk analysis and mitigation process has been completed that focuses on specific suspension and restart risks including other project execution risks.	Reasonable	As part of the shutdown of construction sites all contractors informed the Council what steps they were taking to ensure the security of sites while work was not being carried out. Before work could be restarted contractors carried out risk assessments to ensure that they complied with the Government's Covid regulations. In all but one case detailed Covid risk assessments had been documented, however on one of the smaller projects the documented assessment was more limited and could have been improved.
3. A plan has been put in place to review projects that were put on hold at the start of Covid and the impact of the delays on the Council Capital Plan, establishing for each project if it remains affordable, necessary or requires specification/objective reassessment within the current Capital Plan.	Reasonable	The Covid shutdown had a direct impact on the Council's Capital Plan and where appropriate the Services affected held regular meetings to assess the long-term impact. The Capital Programme continues to be considered at Cabinet and Council meetings. In only one sampled project were additional Covid costs payable under the contracts that the Council had in place. The one project requiring additional payment had this claim fully scrutinised through Council governance processes and was confirmed as being legally due before payment of a reduced value was made. Time lines for project completions have been agreed and extended appropriately as a result of Covid.
4. Management have reviewed the financial risks of Covid and it's potential to make a project financially unviable and completed reviews through appropriate Council governance structures confirming the viability of each project that is being taken forward.	Reasonable	A review of the projects selected showed that none had their viability affected by the delays caused by the shutdown as there were no significant increases in costs. In the case of a school extension being built via a Hub contract a claim was made and approved by the Hub. A further review by the Council and a Senior Management discussion resulted in an offer being made to Hub SE Scotland and the contractor, which was accepted by both parties and represented only 4% of the total project cost.
5. Management have maintained contact with contractors to assess their ability and capacity to restart or start projects and the full and complete additional costs to be incurred if any.	Reasonable	A central log is maintained of all emails relating to each project. Procedures were put in place to consider extension of time applications by the contractors and where the request was clearly related to Covid delays the extension was allowed. Delays resulted in part from the period of shutdown, but also from the restrictions on the number of people being on site at the same time. For the projects the average extension time allowed as a result of the Covid shutdown was 14 weeks.
6. Adequate processes are in place and operating for contract management and monitoring on a risk assessed basis.	Reasonable	Procedures are in place to review the monthly valuations submitted by the contractors and to ensure that any variations are valid. In one case an external Quantity Surveyor was used as this project had the largest percentage increase in costs from all the projects reviewed and, whilst a significant internal review was undertaken for this project, it has been recommended that a further review of the operation by external surveyors may assist in maintaining budgetary control.

# Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	A register of all projects is maintained by the architects and updated on a regular basis which sets out the stage of each project.
2.	During the period of lockdown payments were only made to contractors where this related to work that had been carried out on site prior to the suspension of all work.
3.	Following discussions with the Council's legal team no additional payments were made to contractors during the period of lockdown. In reaching this decision consideration was given to the Government funding that would be available to the contractors. Compensating funding would not have been available to the Council.
4.	Risk assessments were carried out by contractors before work was finally suspended on site, to confirm steps had been taken to secure the site during the period of lockdown. A second set of risk assessments were carried out by contractors prior to work recommencing, to ensure that the sites complied with the Government restrictions that were to remain in place.
5.	Regular communication was held with contractors to confirm their plans for reopening sites once the restrictions had been lifted by the Government.
6.	A number of the contractors sought to get extensions of time as a result of the period of shutdown. The Council only allowed extensions where these were genuinely due as a result of the period of shutdown.

# Recommendation Grading/Overall opinion definitions

Recommendation	Definition
<b>High</b>	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.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**OUTSTANDING RECOMMENDATIONS**  
**Cybersecurity**

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
1.2	<p><b><u>Partly Implemented</u></b></p> <p>Management should ensure that all policies are subjected to a regular review schedule.</p>	Medium	Team Manager – Infrastructure & Security	Agreed. The IT Infrastructure & Security Team have been diverted on to other tasks which has meant that policies could not be updated on a regular basis.	February 2022	March 2022
2.3	<p><b><u>Not Implemented</u></b></p> <p>Management should consider how to deliver information security training to all appropriate staff who do not have regular access to a council laptop or PC.</p>	Medium	Service Manager – Property Maintenance	Agreed, training will be delivered via face-to-face sessions.	December 2021	June 2022

Payroll

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
1.1	<p><u>Partly Implemented</u></p> <p>Management should ensure that detailed procedures are in place to provide clear guidance to staff responsible for administering the Payroll function.</p>	Medium	Service Manager People & Council Support	Agreed – this has already been recognised and work is underway to review and update documents with a view to creating a centralised procedures document.	September 2021	March 2022
2.1	<p><u>Partly Implemented</u></p> <p>Management should ensure that the Employee Appointment Form is provided to Human Resources prior to employees commencing work with the Council, to enable the appropriate pre-employment checks to be validated.</p>	Medium	Service Manager People & Council Support	Agreed – work is already underway on issuing new guidance to service areas, the guidance will highlight the need to submit information on new starts timeously.	June 2021	February 2022
3.1	<p><u>Partly Implemented</u></p> <p>Management should ensure that all Change of Contract Forms are authorised by the Manager or an appropriate officer prior to the effective date of change.</p>	Medium	Service Manager People & Council Support	Agreed – new guidance will be issued highlighting the need to complete change of contract forms timeously.	June 2021	February 2022

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
4.1	<u>Partly Implemented</u> Management should ensure that the number of days employed in the year are correctly calculated for the annual leave entitlement on the Leavers Form.	Medium	Service Manager People & Council Support	Agreed – this will be incorporated in the guidance issued to service areas.	June 2021	February 2022
4.3	<u>Partly Implemented</u> Management should ensure that appropriate checking procedures are in place to confirm that HR leave calculations for employees on sessional contracts are accurate and complete.	Medium	Service Manager People & Council Support	Agreed – independent checks will be undertaken.	June 2021	February 2022
4.4	<u>Partly Implemented</u> Management should ensure that service areas are regularly advised to complete and authorise Leavers Forms timeously prior to the leaving date.	Medium	Service Manager People & Council Support	Agreed – new guidance will be issued highlighting the need to complete Leavers Forms timeously.	June 2021	February 2022
4.5	<u>Partly Implemented</u> Management should ensure that appropriate checks are carried out on the start date and end date of sessional contracts to confirm that the last pay has been correctly calculated.	Medium	Service Manager People & Council Support	Agreed – detailed supervisory checks will be undertaken on the last pay calculations for sessional contracts.	June 2021	March 2022

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
4.6	<u>Partly Implemented</u> Management should ensure that the actual amounts paid to date are included in the final pay calculations for sessional contracts rather than being based on assumed calculated amounts.	Medium	Service Manager People & Council Support	Agreed – detailed supervisory checks will be undertaken on the last pay calculations for sessional contracts.	June 2021	March 2022
4.7	<u>Partly Implemented</u> Management should ensure that all manual adjustments to employees' pay are properly actioned on EDRMS.	Medium	Service Manager People & Council Support	Agreed – this will be reinforced in the new guidance.	June 2021	February 2022
6.1	<u>Partly Implemented</u> Management should ensure that monthly reconciliations between the net pay figure and the BACs payments in the general ledger are performed timeously.	Medium	Service Manager People & Council Support	Agreed – the reconciliations will be brought up to date.	September 2021	April 2022
6.2	<u>Partly Implemented</u> Consideration should be given to creating separate general ledger codes for overpayments and pay advances to help facilitate monthly reconciliations between the net pay figure and the BACs payments.	Medium	Service Manager People & Council Support	Agreed – work is underway on creating new general ledger codes.	June 2021	April 2022



Housing Rents

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
4.2	<p><b><u>Partly Implemented</u></b></p> <p>Management should ensure that appropriate checks are undertaken of rent increases applied to Housing Association and homeless properties – the Homelessness Section should be provided with reports of the actual rent increases applied.</p>	Medium	Team Leader – Systems Development & Business Support, Business Rates and Sundry Accounts / Team Manager – Homelessness	Agreed.	February 2021	March 2022
6.1	<p><b><u>Partly Implemented</u></b></p> <p>Management should ensure that a reconciliation is undertaken between the number of properties identified for a housing rent increase and the number of properties that receive an annual rent charge letter.</p>	Medium	Team Leader – Systems Development & Business Support, Business Rates and Sundry Accounts	Agreed – we shall undertake this reconciliation and the evidence will be retained.	February 2021	March 2022



AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Scottish Welfare Fund	We will examine the control processes in place over the last year and the changes in control processes implemented as a result of the Covid pandemic.	June 2022	
Lower Value Purchasing	Focusing on purchasing and procurement below £50k, examining that appropriate authorisation and procurement routes are in place prior to making purchases. Reviewing that aggregated expenditure levels are monitored and appropriate action taken on a regular basis.	June 2022	
Payroll Overtime Payments	We will review the processes for making overtime payments from authorisation to payment.	June 2021	Completed
Property Maintenance Stores	This audit was rolled forward from the 2019/20 Internal Audit Plan and will focus on the controls in place for managing and maintaining the stores assets and purchasing of stores materials to support property maintenance requirements.	June 2022	In Draft
IT School Procurement	We will examine the strategy and compliance with processes around ICT purchases for schools.	February 2022	Completed
Digital Learning Strategy	We will review the Digital Learning Strategy progress and assess the governance and control environment in place to establish if this is robust to deliver the strategy.	June 2022	

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Prevent & Return Strategy Children's Services	We will review the Governance and Control structures in place to support this strategy and examine if they provide an appropriate embedded framework for the future.	February 2022	Completed
COVID Support and Grants	We will review the processes in place for provision of COVID Support Grants and other support offered across the Council including reconciliation and recovery of support when required.	June 2022	
Restart of Capital Projects	As Projects that have been delayed or progress paused as a result of the COVID pandemic recommence, risks will arise in relation to tendering, budget management, timescale delivery and clarity on continued appropriate specification. We will review the controls in place to manage these risks.	February 2022	Completed
Waste Management	We will review the policies, procedures and processes in place for provision of waste management services.	June 2022	
General Data Protection Regulations (GDPR)	This audit was rolled forward from the 2019/20 Internal Audit Plan and will focus on the arrangements in place within the Council for ensuring compliance with the provisions of GDPR.	June 2022	
Corporate Appointeeship	We will examine the implementation of a corporate appointeeship scheme for social work clients being taken into East Lothian Council responsibility during 2021.	November 2021	Completed

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
ALEO East Lothian Mid-Market Homes LLP	We will review the governance and operational control processes in place within the Council in relation to the East Lothian Mid-Market Homes LLP.	November 2021	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.	June 2022	Commenced
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulator's Chapter 3 of the Regulatory Framework.	September 2021	Completed
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	June 2021	Completed



**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 15 February 2022

**BY:** Service Manager – Internal Audit

**SUBJECT:** Internal Audit Plan 2022/23

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**3**

## **1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of Internal Audit's operational plan for 2022/23.

## **2 RECOMMENDATION**

- 2.1 The Audit and Governance Committee is asked to approve the Audit Plan for 2022/23.

## **3 BACKGROUND**

- 3.1 The annual audit plan has been prepared in accordance with Public Sector Internal Audit Standards (PSIAS).

- 3.2 In preparing the annual audit plan a range of factors have been taken into account, including:

- the Council Plan 2017-22;
- the Council Covid-19 Recovery & Renewal Plan;
- areas highlighted by Senior Officers;
- corporate and service area risk registers;
- the Council's performance and financial statements;
- changes in service delivery;
- the findings from previous years' audit work; and
- the need to incorporate flexibility for reactive/investigatory work.

- 3.3 Internal Audit's primary role is to independently review internal control systems within the Council. Internal Audit will evaluate the adequacy and effectiveness of controls in responding to risks within the Council's governance, operations and information systems, regarding the:
- 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.
  - Compliance with laws, regulations, policies, procedures and contracts.
- 3.4 Internal Audit are required to give an opinion on the Council's control environment in the annual Controls Assurance Statement and the audit work carried out will contribute to this opinion.
- 3.5 The provision of the Internal Audit service is on an in-house basis by the Council's Internal Audit Unit. The resources available have been applied to individual audits and a detailed operational plan has been produced for 2022/23 (see Appendix A).
- 3.6 Internal Audit will adopt a risk based approach to audit assignments as the principal means of providing assurance on the adequacy, reliability and effectiveness of internal controls. Testing of controls will be carried out on a sample basis. Samples are selected according to an agreed sampling methodology.
- 3.7 For each individual audit, a detailed audit report is prepared for the relevant member(s) of the Council Management Team (CMT). Copies of the audit report are provided to the Chief Executive, External Audit and to members of the Audit and Governance Committee.
- 3.8 Follow-up audits will be carried out to review the implementation of the recommendations made.

### **AUDIT COVERAGE**

- 3.9 Core Financial Systems, Risk Assessed Service and Corporate Audits – Internal Audit will review the Council's systems to provide assurance on the adequacy and effectiveness of internal controls. The audit plan includes a range of risk assessed core financial systems and non-financial audits.
- 3.10 Statutory Audits – Internal Audit undertake audit work in respect of specific grant awards made to the Council by the Scottish Government, to ensure compliance with grant conditions. In addition work to provide assurances required by the Scottish Housing Regulator will also be completed.



- 3.11 Best Value Audit – Internal Audit will review the systems in place for the preparation and reporting of Performance Indicators.
- 3.12 Investigations – Time has been allocated to carry out work on the National Fraud Initiative 2022/23, and provide a reactive service to investigate fraud and irregularity when appropriate.
- 3.13 Integration Joint Board (IJB) – The Committee is asked to note that in 2022/23 internal audit services to the East Lothian IJB will be provided by East Lothian Council's Internal Audit Unit and time has been allocated to carry out audit work for the IJB.

### **INTERNAL AUDIT PERFORMANCE INDICATORS**

- 3.14 Internal Audit will report on the completion of the annual audit plan, the percentage of audit recommendations accepted by Management and the percentage of audit staff with CCAB accounting qualifications.

### **OTHER FACTORS**

- 3.15 The Committee should note that reactive work may impact heavily on the Internal Audit Unit's ability to complete the audit plan. Contingency days are built in for 2022/23 in the investigations section, but by its nature reactive work is difficult to predict.
- 3.16 The plan and its completion have added importance, given its contribution to the annual Controls Assurance Statement to be prepared at the end of 2022/23.

## **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

<b>AUTHOR'S NAME</b>	Duncan Stainbank
<b>DESIGNATION</b>	Service Manager – Internal Audit
<b>CONTACT INFO</b>	dstainbank@eastlothian.gov.uk
<b>DATE</b>	4 February 2022

**APPENDIX A****INTERNAL AUDIT PLAN 2022/23**

<b>AUDITABLE AREAS</b>	<b>SCOPE OF THE AUDIT</b>	<b>INTERNAL AUDIT ASSESSED RISK</b>	<b>WEEKS</b>
<b>CORE FINANCIAL SYSTEMS AUDITS</b>			
HR/Payroll Recruitment and New Starters process	We will review the processes for recruitment, vetting, contract completion, payment and initial training of new start employees for the Council.	High	5
Sundry Debtors	We will examine the processes and controls in place for raising, collection, monitoring and resolution of sundry debts.	Medium	5
Finance Business Partners and Budget Monitoring	We will review the processes and procedures in place to assist services in financial management through the provision of Finance Business Partners and monitoring of budgets against best practice.	Medium	5
<b>RISK ASSESSED SERVICE AND CORPORATE AUDITS</b>			
Construction Materials Procurement	We will review the processes around procurement of construction materials and services across the Council's services.	High	5
City Deal Governance & Monitoring	We will review the governance and monitoring processes in place around the progress of the Edinburgh City Deal projects and the intended monitoring of the Joint Venture with Queen Margaret University.	High	5
Homelessness Services	We will review the processes in place and recently reviewed to meet the new regulatory requirements of the Homelessness Service.	High	5

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
Systems & Data Backup and Recovery Testing	We will review the processes in place to ensure that the Council has adequate processes and procedures in place to ensure that core systems have data backed up and that systems and data could be recovered in the event of corrupted systems or data by testing this appropriately.	Medium	5
ICT Asset Management	We will review the processes in place in relation to the asset management of Council ICT assets across the authority.	Medium	5
COVID-19 Recovery & Renewal Plan	We will review the processes of governance and control in place to monitor progress against the East Lothian Council COVID-19 Recovery & Renewal Plan.	Medium	5
Climate Change Strategy Review & Monitoring	We will review the processes and governance in place to review and monitor the actions that are recorded against the Climate Change Strategy.	Medium	5
East Lothian Works	We will review the governance and controls in place for the operation of East Lothian Works and the links to educational outcomes.	Medium	5
Housing Management System Replacement Project	We will review the governance, risk management and control measures in place for this vital systems improvement project.	Medium	5
Education Workforce Planning	We will review the policy, processes and procedures in place to develop workforce planning for Education.	Medium	5

<b>AUDITABLE AREAS</b>	<b>SCOPE OF THE AUDIT</b>	<b>INTERNAL AUDIT ASSESSED RISK</b>	<b>WEEKS</b>
Special Projects	Internal Audit will review specific areas that are identified by Senior Officers.	-	5
Risk Management	We will review the processes in place to manage risks through the new risk management system being implemented.	Medium	5
<b>STATUTORY AUDITS</b>			
Miscellaneous Grants	For grants awarded to the Council by the Scottish Government, Internal Audit is required to provide a statement of compliance with grant conditions on an annual basis.	Medium	2
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance of the regulatory requirements set out in the Scottish Housing Regulator's Chapter 3 of the Regulatory Framework.	Medium	4
<b>BEST VALUE AUDIT</b>			
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	Medium	4
<b>INVESTIGATIONS</b>			
Fraud & Irregularity	Internal Audit will investigate all instances of suspected fraud or irregularity.	High	15
National Fraud Initiative (NFI)	Time has been allocated for coordinating and submitting data for the 2022/23 National Fraud Initiative (NFI) exercise.	Medium	5

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
<b>OTHER AUDIT WORK</b>			
Integration Joint Board	Time has been allocated for work that will be undertaken by Internal Audit for the East Lothian Integration Joint Board (IJB). A separate audit plan will be prepared which will be presented to the IJB Audit and Risk Committee for approval.	Medium	20
Review of Previous Year's Work	Internal Audit will review the outcome of our previous year's work to ensure recommendations have been actioned as agreed and that risks accepted by Management have been properly managed.	Medium	8
Attendance at Stocktakes	Internal Audit will attend the year-end stocktakes at Property Maintenance, Road Services and Waste Services. We will review the final stock sheets.	Medium	1
Community Councils and Management Committees	<p>Community Councils – Internal Audit provide advice and support to Community Councils.</p> <p>Management Committees – Internal Audit will independently examine the annual accounts of Management Committees where applicable.</p>	Medium	2
Advice and Consultancy	<p>Consultation on New Systems – for new systems implemented, Internal Audit will provide advice on internal control matters.</p> <p>Returned Cheques – investigating and recording the reasons for returned cheques.</p> <p>Financial Reports – providing service areas with financial information about companies and offering advice where applicable.</p> <p>Consultancy – providing advice and consultancy on internal control issues.</p>	Medium	4

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
<b>TRAINING</b>			
Training	An adequate allocation of budget resources and time will be given to maintaining and improving the knowledge base and quality of the staff resource. This includes time to attend the Scottish Local Authority Chief Internal Auditor Group (SLACIAG) and Computer Audit Sub Group, also for staff to undertake continuous professional development (CPD).	–	5
External Quality Assessment (EQA)	The PSIAS requires Internal Audit to be subject to an External Quality Assessment (EQA) each five years, by appropriately qualified and independent reviewers. This EQA was carried out by Argyll & Bute Council in April 2018 and the results were reported to the Audit & Governance Committee in June 2018. The schedule for the second cycle of EQAs, with other participating Scottish Councils as peer reviewers, indicates that East Lothian Council will be reviewed by Midlothian Council in 2022 and will review South Lanarkshire Council in 2022.	–	4





# East Lothian Council

Annual Audit Plan 2021/22

4



 AUDIT SCOTLAND

Prepared for East Lothian Council  
15 February 2022

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# Introduction

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## Summary of planned audit work

1. This document summarises the work plan for our 2021/22 external audit of East Lothian Council (ELC). The main elements of our work include:

- evaluation of the key controls within the main accounting systems
- an audit of the annual report and accounts and provision of an Independent Auditor's Report
- an audit opinion on regularity and other statutory information published within the annual report and accounts including the Management Commentary, the Annual Governance Statement and the Remuneration and Staff Report
- consideration of arrangements in relation to the audit dimensions: financial management, financial sustainability, governance and transparency, and value for money, that frame the wider scope of public sector audit
- consideration of Best Value arrangements
- provision of assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts (WGA) return
- review ELC's arrangements for preparing and publishing statutory performance information
- review ELC's participation in the National Fraud Initiative.

## Impact of Covid-19

2. The Covid-19 pandemic has had a significant impact on public services and public finances, and the effects will be felt well into the future. The Auditor General for Scotland, the Accounts Commission and Audit Scotland continue to assess the risks to public services and finances from Covid-19 across the full range of our audit work, including annual audits and the programme of performance audits. The well-being of audit teams and the delivery of high-quality audits remain paramount. Changes in our approach may be necessary and where this impacts on annual audits, revisions to this Annual Audit Plan may be required.

## Adding value

3. We aim to add value to ELC through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we will help ELC promote improved standards of governance, better management and decision making and more

effective use of resources. Additionally, we attend meetings of the Audit and Governance Committee and actively participate in discussions.

## **Respective responsibilities of the auditor and East Lothian Council**

4. The [Code of Audit Practice \(2016\)](#) sets out in detail the respective responsibilities of the auditor and ELC with key responsibilities summarised below.

### **Auditor responsibilities**

5. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

6. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual report and accounts. We also review and report on the arrangements within the audited body to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

### **East Lothian Council responsibilities**

7. ELC is responsible for maintaining accounting records and preparing financial statements that give a true and fair view.

8. ELC also has primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to deliver their objectives.

## **Managing the transition to 2022/23 audits**

9. Audit appointments are usually for five years but were extended to six years due to Covid-19. 2021/22 is the final year of the current appointment and we will work closely with our successors to ensure a well-managed transition.

# Financial statements audit planning

## Materiality

**10.** Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

### Materiality levels for the 2021/22 audit

**11.** We assess materiality at different levels as described in [Exhibit 1](#). The materiality values for ELC are set out below.

## Exhibit 1

### 2021/22 Materiality levels for ELC

Materiality	Amount	Group
<b>Planning materiality</b> – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2022 based on the latest audited financial statements for 2020/21.	£4.4 million	£4.4 million
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 65% of planning materiality.	£2.9 million	£2.9 million
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£100,000	£100,000

Source: Audit Scotland

## Significant risks of material misstatement to the financial statements

**12.** Our risk assessment draws on our cumulative knowledge of ELC, its major transaction streams, key systems of internal control and risk management processes. Also, it is informed by our discussions with management, meetings with internal audit, attendance at committees and a review of supporting information.

**13.** Based on our risk assessment process, we identified the following significant risks of material misstatement to the financial statements. These are risks which have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risk, the sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurance over the risk.

### Exhibit 2

#### 2021/22 Significant risks of material misstatement to the financial statements

#	Significant risk of material misstatement	Sources of assurance	Planned audit response
1	<p><b>Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> <li>• Assess the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</li> <li>• Test journals at the year-end and post-closing entries and focus on significant risk areas.</li> <li>• Consider the need to test journal entries and other adjustments during the period.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationship and transactions in the financial statements.</li> <li>• We will assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</li> </ul>

#	Significant risk of material misstatement	Sources of assurance	Planned audit response
2	<p><b>Estimation in the valuation of land and buildings</b></p> <p>ELC held land and buildings with a NBV in excess of £1.0 billion as at 31 March 2021.</p> <p>There is a significant degree of subjectivity in the valuation of land and buildings as well as in the classification of these assets.</p> <p>Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations.</p>	<p>Valuations carried out by an external valuer every five years for all assets as part of rolling revaluation programme.</p> <p>2021/22 out-of-cycle-valuation at the request of management to fully update records.</p> <p>Procurement and contract criteria ensure valuations are carried out by reputable valuers.</p> <p>Detailed discussions between valuers and ELC Place (Estates) team.</p> <p>Detailed working papers retained to support asset reviews and impairments.</p>	<ul style="list-style-type: none"> <li>• Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</li> <li>• Focussed testing of accounting accruals and prepayments.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• Review the information provided to the external valuer to assess for completeness.</li> <li>• Evaluate the competence, capabilities, and objectivity of the professional valuer.</li> <li>• Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred.</li> <li>• Critically assess the approach ELC has adopted to ensure that assets not subject to valuation are not materially misstated and consider the robustness of that approach.</li> <li>• Test the reconciliation between the financial ledger and the property asset register.</li> <li>• Critically assess the adequacy of the ELC's disclosures regarding the assumptions in relation to the valuation of land and buildings.</li> </ul>

Source: Audit Scotland

**14.** As set out in International Standard on Auditing (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statements*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. We have rebutted this risk for ELC because while the possibility of fraud exists, we do not judge it to be significant risk due to the nature of ELC's revenue streams and key sources of income, namely government grants.

**15.** In line with Practice Note 10: *Audit of financial statements and regularity of public sector bodies in the United Kingdom*, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have rebutted this risk for ELC because there are limited opportunities to manipulate the way expenditure is incurred.

**16.** We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures.

### Other areas of audit focus

**17.** As part of our assessment of audit risks, we have identified other areas where we consider there are also risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we do not consider these to represent significant risks. We will keep these areas under review as our audit progresses. If our assessment of risk changes and we consider these risks to be significant, we will communicate this to management and those charged with governance and revise our planned audit approach accordingly.

**18.** The areas of specific audit focus are:

- The ongoing review of Common Good assets to identify those assets held by the Council but which are properly owned by the Common Good.
- The pension liability valuation is an area of audit focus due to the material value and significant assumptions used in the calculation of the liability.
- The ongoing impact of Covid-19 and how related expenditure and additional funding is being accounted for in the annual accounts.

### Group Consideration

**19.** As group auditors, we are required under International Standard on Auditing (UK) 600: *Audits of group financial statements (including the work of component auditors)* to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group financial statements.

**20.** ELC has a group which comprises component entities, including subsidiaries, associates and joint ventures. The audits of the financial information of some of the components are performed by other auditors. We plan to place reliance on the work of the component auditors. We will obtain sufficient appropriate audit evidence in relation to the consolidation process and the financial information of the components on which to base our group audit opinion.

### Audit of the trusts registered as Scottish charities

**21.** Members of ELC are sole trustees for one trust registered as a Scottish charity namely, the Dr Bruce Fund which had total net assets of £19,943 as at 31 March 2021. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.



**22.** The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each registered charity where members of the Council are sole trustees, irrespective of the size of the charity.

### Materiality levels for the 2021/22 audit of the Dr Bruce Fund

**23.** Materiality levels for the various trusts are set out in [Exhibit 3](#).

#### Exhibit 3

##### 2021/22 Materiality levels for the charitable trust

Charitable trust	Planning Materiality	Performance Materiality	Reporting Threshold
Dr Bruce Fund	£400 (Based on 2% of total net assets as at 31 March 2021 rounded to nearest £'00)	£300 (75% of planning materiality)	£20 (5% of planning materiality)

Source: Audit Scotland

**24.** There continues to be a lack of genuine activity in the trust. There is a risk that the trust may be failing to meet its charitable objectives and the trustees not discharging their duties accordingly. We raised this in our 2020/21 Annual Audit Report and will revisit and provide an update in our 2021/22 Annual Audit Report.

### Audit risk assessment process

**25.** Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management and where relevant, report them to those charged with governance.

# Audit dimensions and Best Value

## Introduction

26. The [Code of Audit Practice](#) sets out the four dimensions that frame the wider scope of public sector audit. The Code of Audit Practice requires auditors to consider the adequacy of the arrangements in place for the audit dimensions in audited bodies.

## Audit dimensions

27. The four dimensions that frame our audit work are shown in [Exhibit 4](#).

### Exhibit 4

#### Audit dimensions



Source: Code of Audit Practice

28. In summary, the four dimensions cover the following:

- **Financial management** – financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. Additionally, in the current year we have been asked to consider the risk of fraud and corruption in the procurement function and to report on this as part of our conclusions on financial management.

- **Financial sustainability** – as auditors, we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years).
- **Governance and transparency** – governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership, and decision-making and transparent reporting of financial and performance information.
- **Value for money** – value for money refers to using resources effectively and continually improving services.

## Best Value

**29.** 2021/22 is the final year of the extended six-year approach to auditing Best Value in councils. Best Value work is integrated within the annual audit. It is to be assessed comprehensively over the period of the audit appointment, both through ongoing annual audit work and through discrete packages of work focussing on specific issues. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report for each council.
- an Annual Assurance and Risks Report that the Controller of Audit will provide to the Accounts Commission that will highlight issues from across all 32 council annual audit reports.
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once over the period of the audit appointment.

**30.** BVARs will be considered by the Accounts Commission between February and September 2022 on the councils listed in [Exhibit 5](#).

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### Exhibit 5 2022 Best Value Assurance Reports

- |                             |                   |
|-----------------------------|-------------------|
| • Comhairle nan Eilean Siar | • Angus Council   |
| • Shetland Island Council   | • Moray follow-up |

Source: Audit Scotland

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**31.** Our Best Value work at ELC in 2021/22 will follow-up on the findings reported in the council's BVAR which was published in November 2018. We will assess progress on the pace and depth of continuous improvement with findings reported through our 2021/22 Annual Audit Report.

## Audit dimension risks

**32.** We have identified financial sustainability as an area of risk as set out in [Exhibit 6](#). This exhibit sets out the risk, sources of assurance from management and the audit procedures we plan to perform to gain assurances over the risk.

### Exhibit 6

#### 2021/22 Audit dimension risk

Description of risk	Sources of assurance	Planned audit response
<p><b>1. Financial sustainability</b></p> <p>The council continues to operate in an increasingly complex and challenging environment, where core national funding is reducing, relative to rising demand for services.</p> <p>A wide range of financial uncertainties has been further complicated due to the Covid-19 Pandemic and the council faces significant challenges to remain financially resilient and deliver services sustainably.</p> <p>There remains a risk to financial sustainability and the sustainability and quality of services in future.</p>	<p>The council has well developed medium-term financial planning arrangements in place:</p> <ul style="list-style-type: none"> <li>• Three-year General Services budget covering the period 2021/22 to 2023/24.</li> <li>• Five-year General Services capital plan budget.</li> <li>• Five-year Housing Revenue Account revenue and capital budgets.</li> </ul> <p>A Financial Monitoring Risk Assessment is in place. Any service areas classified as high risk are asked to prepare financial recovery plans, and enhanced financial controls are put in place.</p> <p>Enhanced financial monitoring is in place to include the financial support received to date and implications faced by COVID-19.</p>	<ul style="list-style-type: none"> <li>• Review of the council's annual budget setting arrangements.</li> <li>• Review and assessment of budget monitoring arrangements.</li> <li>• Review of the council's medium to longer-term financial planning.</li> <li>• On-going review of the council's financial position and delivery of planned savings.</li> </ul>

Source: Audit Scotland

# Reporting arrangements, timetable, and audit fee

## Reporting arrangements

**33.** Audit reporting is the visible output for the annual audit. All Annual Audit Plans and the outputs, as detailed in [Exhibit 7](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**34.** Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officers to confirm factual accuracy.

**35.** We will provide an independent auditor's report to ELC and the Accounts Commission setting out our opinions on the annual report and accounts. We will provide ELC and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

**36.** [Exhibit 7](#) outlines the target dates for our audit outputs, and we aim to issue the independent auditor's report by the statutory deadline of 31 October 2022. We acknowledge this will be challenging due to the ongoing pressures and uncertainties caused by Covid-19.

## Exhibit 7

### 2020/21 Audit outputs

Audit Output	Target date	Audit & Governance Committee Date
Annual Audit Plan	15 February 2022	15 February 2022
Independent Auditor's Report	By 31 October 2022	End October (TBC)
Annual Audit Report	By 31 October 2022	End October (TBC)

Source: Audit Scotland

## Timetable

**37.** To support an efficient audit, it is critical that the timetable for producing the annual report and accounts for audit is achieved. We have included a proposed timetable for the audit at [Exhibit 8](#) that has been discussed with management.

**38.** Covid-19 has had a considerable impact on the conduct and timeliness of the audit. We recognise that it is in the best interests of public accountability to get the reporting of audited accounts back to pre-pandemic timelines. To this end, 2021/22 is a transition year with the reporting deadline brought forward by one month relative to the two prior years. We are identifying ways to work more efficiently to expedite the 2021/22 audits whilst at the same time maintaining high standards of quality.

**39.** We will continue to work in close partnership with management with clarity over timescales and the requirement for high quality unaudited accounts and supporting working papers. Progress will be discussed with management and finance officers over the course of the audit.

## Exhibit 8

### 2021/22 Proposed annual report and accounts timetable

Key stage	Provisional Date
Consideration of the unaudited annual report and accounts by those charged with governance	June 2022
Latest submission date for the receipt of the unaudited annual report and accounts with complete working papers package	30 June 2022
Latest date for final clearance meeting with the Executive Director of Council Resources	Early October 2022 (TBC)
Issue of Letter of Representation and proposed Independent Auditor's Report	17 October 2022 (TBC)
Agreement of audited and unsigned annual report and accounts	17 October 2022 (TBC)
Issue of Annual Audit Report to those charged with governance	17 October 2022 (TBC)
Signed Independent Auditor's Report	By 31 October 2022
Latest date for WGA assurance	To be confirmed

Source: Audit Scotland

## Audit fee

**40.** The agreed audit fee for the 2021/22 audit of ELC is £257,700 and the Dr Bruce Fund charitable trust is £1,000 (2020/21: £252,490 and £1,000 respectively). In determining the audit fee, we have taken account of the risk exposure of ELC, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit.

**41.** Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual report and accounts, the absence of adequate supporting

working papers or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

# Other matters

## Internal audit

**42.** International standards on Auditing (UK) 610: *Considering the work of internal audit* requires us to:

- consider the activities of internal audit and their effect on external audit procedures
- obtain an understanding of internal audit activities to inform our planning and develop an effective audit approach that avoids duplication of effort
- perform a preliminary assessment of the internal audit function when there is scope for relying on internal audit work which is relevant to our financial statements' responsibilities and
- evaluate and test the work of internal audit, where use is made of that work for our financial statements responsibilities to confirm its adequacy for our purposes.

**43.** From our initial review of the internal audit plans, we do not plan to place formal reliance on internal audit's work for our financial statements' responsibilities. We do plan to consider the findings of Internal Audit across a range of work including:

- Sundry debtors
- Lower Value Purchasing
- IT School Procurement
- Finance Business Partners and Budget Monitoring
- Payroll Overtime Payments
- COVID Support and Grants

## Independence and objectivity

**44.** Auditors appointed by the Auditor General for Scotland or Accounts Commission must comply with the [Code of Audit Practice](#) and relevant supporting guidance. When auditing the financial statements, auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual '*fit and proper*' declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.

**45.** The engagement lead (i.e. appointed auditor) for ELC is Gillian Woolman, Audit Director. The engagement lead for the Dr Bruce Fund is Jim Rundell, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to



communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of ELC or the Dr Bruce Fund.

## Quality control

**46.** International Standard on Quality Control (UK) 1 (ISQC1) requires a system of quality control to be established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

**47.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the [Code of Audit Practice](#) (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

**48.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time, and this may be directed to the engagement lead.

# East Lothian Council

## Draft Annual Audit Plan 2021/22

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**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 15 February 2022

**BY:** Companies Manager – East Lothian Investments Ltd

**SUBJECT:** East Lothian Investments Ltd 2020/21

**5**

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**1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Investments Ltd in 2020/21.

**2 RECOMMENDATIONS**

- 2.1 That the Audit and Governance Committee note the contents of the report.

**3 BACKGROUND**

- 3.1 East Lothian Investments Ltd (ELI), formerly East Lothian Economic Development Company (SC187674) - was formed in April 2001 by East Lothian Council (ELC) following the disaggregation of the Lothian Enterprise Board (LEB).

- 3.2 The aforementioned disaggregation resulted in the transfer of equity stakes in 5 East Lothian companies which, under local authority governance rules, ELC could not accept hence the requirement to form a company to take ownership of the shareholding.

ELI Ltd developed and implemented exit strategies for the investments and used the funds generated as an instrument for the development of the business base and therefore economy of East Lothian.

- 3.3 This instrument took the form of interest free loans to start-ups / businesses based within the county of East Lothian. The current ceiling for loans is £25,000 although this is discretionary and a higher level can be awarded depending on economic benefits / job creation and are repayable over 36 to 60 months with an arrangement fee of 5% of loan award to cover company overheads.
- 3.4 The company has a board of 5 directors comprising of the Leader of the Council, Economic Development spokesperson, and three private

industry sector representatives. The board act on a “*Pro Bono*” basis and do not receive payment.

### **Governance**

- 3.5 Following the credit crisis of 2008 all lenders of credit were required to apply to the Financial Conduct Authority (FCA) for approval to lend. This replaced the previous credit license arrangement.
- 3.6 A Compliance Monitoring Document (CMD) (Appendix 1), regulatory business plan and a suite of policies including a new application process were developed for ELI. The FCA approved the application in June 2016 and the company is now fully authorised and regulated by the FCA.
- 3.7 The former Economic Development & Strategic Investments (EDSI) Business Development manager, is the Companies manager and is the FCA approved person and Senior Manager under the FCA Certification Regime. The manager is supported by the EDSI Business Development assistant.
- 3.8 The Companies manager acts as the Company Secretary.
- 3.9 Board meetings are held on a regular basis linked to the level of loan applications. The CMD and relevant policies are reviewed and updated at each board meeting as per FCA requirements. Decisions made to award loans, the level of award and repayment period are taken by a majority with the Chair having the casting vote on any tied decision.
- 3.10 Minutes of board meetings are taken and approved at subsequent board meeting by the chair. COVID restrictions were adhered to for board meetings and all FCA required policies were amended accordingly.
- 3.11 East Lothian Investments Ltd is audited annually by Azets. End of Year accounts are approved by the board and signed off accordingly and provided to ELC for group accounting purposes. The company use Xero accounting cloud software.
- 3.12 As per FCA legislation ELI is required to report annually on the following: - Complaints return, Financial Data, Lenders, Volumes and Company organisation. Due to the COVID pandemic from July 2020 the FCA have been requiring quarterly reports on loan book, level of turnover, company liquidity and provision of bad debts.
- 3.13 The company has an interest bearing and two chequing accounts with the Royal Bank of Scotland. Legal advice is provided by Addleshaw Goddard, Edinburgh.

### **Overall Lending**

- 3.14 Since formation ELI has awarded and paid 367 loans to the value of £3,244,800 which has levered in private investment of £20,146,621. The lending created 878 new jobs and protected 1,839. Loans are unsecured but for limited companies personal guarantees may be taken if the board

requests. The level of bad debts written off for the period commencing from 2009 stands currently at 3.12%.

### **2020/21 Lending Activity**

- 3.15 12 applications for funding were received in the period - 10 were approved to the value of £104,000 which levered in private funds of £222,305. It is projected that 14.5 new jobs will be created and 81.5 jobs protected.

Sectors awarded:-

Retail – 5  
Food and drink – 2  
Tourism – 1  
Business Services – 1  
Manufacturing – 1

### **COVID Impact**

- 3.16 Due to the COVID lockdown invoked on the 16<sup>th</sup> March 2020 ELI identified a clear need for immediate financial assistance and introduced on the 18<sup>th</sup> March a Business Interruption Loan (BIL) to assist businesses that had severe cash flow issues following closure and prior to the availability of funds from national governments.
- 3.17 The loan offering was to a ceiling of £5,000 interest free with a 6 month repayment holiday and repaid over 24 months. A simplified application process was introduced but conformed to FCA rules and regulations as well as ELI's due diligence and governance as per the main loan offering.
- 3.18 The BIL offering ran from the 18<sup>th</sup> March to 24<sup>th</sup> April 2020 and 18 applications were received during this period with 15 loans awarded to the value of £70,200.

Sectors awarded:-

Retail – 2  
Food and drink – 2  
Hospitality & Tourism – 7  
Business Services – 3  
Social Enterprise – 1

*(Post Committee paper period note – As at January 2022 there are no loan defaults, 1 loan holiday is in place and 1 business entered into a Debt Arrangement Scheme (Not COVID related).*

*Research undertaken in October 2021 on the loan book identified that 61% had received government support in the form of bounce back / interruption loans.)*

- 3.19 The loan book has currently 57 active loans with an outstanding balance of £318,730 (as at January 2022).

## East Lothian Gift Card - Background

- 3.20 The ELI board agreed in July 2018 to launch and deliver the East Lothian Gift Card on behalf of ELC. This was based on the successful Christmas Shop local programme ran by ELC Economic Development for 10 years with the aim to keep spend local.
- 3.21 The gift card is based on a money card which is presented to participating businesses that swipe through their credit / debit card terminal and are paid instantly. There is no cost to the business for participation in the initiative.
- 3.22 A supplier of gift cards was identified (Miconex) and website created <https://eastlothiangiftcard.co.uk/>. The front end website is supported by substantial back office management systems for card loading, electronic money transfers, financial control and audit requirements.
- 3.23 The initiative, which is year round was launched in October 2018 and is delivered by the Companies Manager, the business development assistant of Economic Development and the support services administrator.

## Outputs

- 3.24 The following indicates quarterly card purchases since launch:-

GIFT CARD purchases	Period	Amount	no's	average
Q1 2018	Oct - Dec 2018	£12,824	235	£54.57
Q2 2019	Jan-March 2019	£2,605	71	£36.69
Q3 2019	April - June 2019	£1,930	49	£39.39
Q4 2019	July - Sept 2019	£1,671	32	£52.22
Q5 2019	Oct - Dec 2019	£21,485	346	£62.10
Q6 2020	Jan to March 2020	£1,535	35	£43.86
Q7 2020	April - June 2020	£3,890	82	£47.44
Q8 2020	July - Sept 2020	£3,197	56	£57.08
Q9 2020	Oct - Dec 2020	£47,393	2328	£20.36
Q10 2021	Jan-March 2021	£14,025	220	£63.75
		<b>£110,554</b>	<b>3454</b>	<b>£32.01</b>

117 businesses accept the gift card in the following towns:-

TOTALS	Town	no's
	Dunbar	22
	Dir/NB	23
	Gullane	10
	Haddington	29
	Musselburgh	13
	Pans/Long	8
	Tranent	12
<b>Total</b>		<b>117</b>

The number of outlets has reduced since launch by 14. This is due to credit / debit card terminals being updated with no longer having the facility to accept a swipe card function.

*(Post period note – ELI are looking at options to deliver the gift card digitally with a paper being presented to the board in February 2022)*

#### **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 - Companies Manager, EDSI's Business Development assistant and support services administrator.

6.3 Other – none.

#### **7 BACKGROUND PAPERS**

7.1 2019/20 report to the Audit and Governance Committee in February 2021.

<b>AUTHOR'S NAME</b>	Richard Baty
<b>DESIGNATION</b>	Companies Manager
<b>CONTACT INFO</b>	<a href="mailto:rbaty@eastlothian.gov.uk">rbaty@eastlothian.gov.uk</a>
<b>DATE</b>	14 <sup>th</sup> January 2022

## Appendix 1 – Compliance Monitoring Document

Policy / procedure	Board approved date	Responsibility to the Board	Next review date
FCA Compliance Manual	Aug-15	Companies manager	Ongoing
Compliance Monitoring document	Jun-15	Companies manager	Ongoing
Business Continuity Plan	Feb-15	Companies Manager / ELC	Aug-22
Debt Management policy incl. letters	Mar-15	Companies manager	Aug-22
Loan application form	Mar-15	Companies manager	Aug-22
Loan statements to clients (XERO)	Mar-15	Companies manager	Aug-22
Data Protection policy - GDPR	Apr-15	Companies manager	Oct-22
GDPR Privacy policy	May-18	Companies manager	Oct-22
GDPR Retention & Record keeping policy	Aug-15	Companies manager	Oct-22
Complaints policy	Apr-15	Companies manager	Aug-22
Anti-Money Laundering policy	Apr-15	Companies manager	Aug-22
Anti-Bribery Policy	Apr-15	Companies manager	Aug-22
Audit compliance Policy	Jun-15	Companies Manager / ELC	Oct-22
Personal guarantee document / letters	Jun-15	Companies Manager / ELI Lawyers	Oct-22
Conflicts of interest policy	Jul-15	Companies Manager / ELC auditors	Oct-22
Lone working policy	Jun-15	Companies Manager / ELC	June 2019 (ELC)
Senior Manager and Certification regime	Dec-19	Companies manager	Dec-22
Statement of responsibility	Dec-19	Companies manager	Dec-22
Certification of employees	Jan-21	Companies manager	Jan-22
Operational resilience plan	Aug-21	Companies manager	Aug-22
Cancellation policy	Aug-15	Companies manager	Oct-22
Regulatory Business Plan	Aug-15	Companies manager	Oct-22
Guidance to loan applicants	Aug-15	Companies manager	Aug-22
Personal Statement form	Aug-15	Companies manager	Aug-22
Director induction	Dec-21	Companies manager	Dec-22
Director induction checklist	Dec-21	Companies manager	Dec-22
Director skills gap matrix	Dec-21	Companies Manager	to be reviewed at recruitment



**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 15 February 2022

**BY:** Chief Executive

**SUBJECT:** Health & Social Care Partnership Risk Register

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**6**

## **1 PURPOSE**

- 1.1 To present to the Audit and Governance Committee the Health & Social Care Partnership Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Health & Social Care Partnership Risk Register is 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 Health & Social Care Partnership Local Risk Working Group (LRWG).

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Audit and Governance Committee notes the Health & Social Care Partnership Risk Register and in doing so, the Committee 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 Health & Social Care Partnership 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 Health & Social Care Partnership and are likely to be a feature of the risk register over a number of years.

## **3 BACKGROUND**

- 3.1 The Risk Register has been compiled by the Health & Social Care Partnership LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing 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 current Health & Social Care Partnership Risk Register includes 1 Very High, 4 High risks and 3 Medium risks. As per the Council's Risk Strategy only the Very High and High risks are being reported to the Committee.

#### **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 Health & Social Care Partnership LRWG 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 Appendix 1 – Health & Social Care Partnership Risk Register 2022

7.2 Appendix 2 – Risk Matrix 2022

<b>AUTHOR'S NAME</b>	Scott Kennedy	
<b>DESIGNATION</b>	Emergency Planning, Risk and Resilience Officer	
<b>CONTACT INFO</b>	skennedy@eastlothian.gov.uk	01620 827900
<b>DATE</b>	03 February 2022	

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O				
1	<b>East Lothian H&amp;SCP Risk Register 2022</b>																	
2																		
3	ID	Title	Description	Controls in place	Notes	Risk Rating (current)	Risk Rating (Target)	Risk Owner	Date Opened	Date Risk Reviewed	Description	Progress	Start date	Due date	Done date			
4	3915	Duty of Care	<p>Failure to fulfil our Duty of Care could result in death serious harm or detriment to a person. This could in turn result in prosecution, having to pay compensation and a negative impact on the reputation of the Council.</p> <p>This failure could be due to a lack of resources (financial, services or staffing), poor practice, a failure to prioritise or non-compliance with procedures/guidance.</p> <p>Patient Service User safety.</p> <p>update 16.12.21 - significant issues exist within provision of care @ home. The majority of this risk sits with providers 92% of market is externally provided however the H&amp;SCP is at risk of provider failure or a significant proportion of reduction in provision which means individuals may not receive level of care required to meet their needs.</p>	<ol style="list-style-type: none"> <li>Prioritise maintenance of safe staffing levels for all statutory services the partnership delivers.</li> <li>Briefing sessions, specialist training and supports are in place.</li> <li>Regular formal supervision in place for all staff including completion of PRD's and e-KSF, focusing on specific and agreed development needs.</li> <li>Clinical &amp; Care Governance Committee established which is to provide strategic oversight within the Partnership. Chief Social Work Officer, Chief Nurse, Clinical Director, AHP Lead oversight and review of practice to assess workload allocation and risk management.</li> <li>Services comply with required professional registration standards for all staff, eg. SSSC, HCPC, NMC etc.</li> <li>"Safer Recruitment" practices and PVG checks embedded.</li> <li>Public Protection Office and Committee oversee all aspects of Child Protection and Adult Support and Protection performance and improvement.</li> <li>Identifying, monitoring and learning from all incidents including and not limited to Significant Adverse Event, Large Scale Investigations, Serious Incident reviews and their outcomes.</li> <li>Regular environmental inspections, eg. Patient Quality Indicators (PQI) in Health &amp; Social Care, eg. Care Inspectorate.</li> <li>All Regulated Services inspected, improvement plans produced with regular quality assurance review meetings.</li> <li>Reprovision plans in place.</li> <li>Individual client risk assessment process agreed with public protection office to ensure provision is targeted to highest risk service user during gaps.</li> </ol>	<p>(03/12/2021 14:13:35 Hannah Gray) updated as RR meeting 01/12/21 HG [24/08/2021 14:49:49 Graham K Hunter] Updated and discussed [11/06/2020 15:44:25 Diane Gray] Next review date set for 21/08/20 [11/06/2020 15:43:35 Diane Gray] 08/06/20: Decision taken to close action 8667 and re-open within Risk 4711 - Lack of appropriate information Sharing. [10/01/2020 15:08:01 Diane Gray] Action 8668 - more detail added to description, updated and due date extended. [09/01/2020 15:35:14 Diane Gray] Action 8667 updated and due date extended. [08/01/2020 10:33:00 Diane Gray] Agreed at review meeting 7/1/20 to reduce risk level (target) to 8 from 9. [23/12/2019 11:43:12 Diane Gray] Action 8668 closed - superseded by action 10489. [02/07/2019 16:03:03 Diane Gray] Action 8667 re-allocated to Bryan Davies. 7288 closed as repeated in risk 4701. [08/04/2019 10:36:00 Diane Gray] ELHSCP Clinical &amp; Care Governance Committee first met on 20th July 2018 and is now well established.</p>	16	8	Macdonald, Alison X	02/02/2016	17/12/2021	Partnership Senior Management working with Care Inspectorate, Providers & Public Protection Office	Progress will be reviewed at financial year end or when situation changes. Risk reviewed Dec 2021.	01/07/2021	31/03/2022				
5																		
6	3911	Failure of Provider	<p>There is a risk that failure of a Care at Home provider or Care Home could result in a loss of capacity and service users being put at risk as a result of their service being withdrawn at short notice.</p> <p>92% of Care at Home are external provision and therefore difficulty in controlling provision of support and ensure most a risk are relieving care.</p> <p>Additional challenges could impact on capacity and service continuity for vulnerable clients such as care home acquisition, poor quality of care of a lack of capacity to deliver care, potentially generating reputational and/or financial risk to the Partnership, and putting extra strain on other partnership services - especially the Hospitals.</p> <p>COVID impacting on Care Home and Care at Home providers both in terms of patient risk and staffing challenges.</p> <p>COVID has sustained and significant risks.</p> <p>Capacity in partnership and purchased services. In particular, there are risks in relation to staffing shortages and capacity challenges of care at home providers in East Lothian, which potentially leaves vulnerable adults at risk of not receiving their care at</p>	<ol style="list-style-type: none"> <li>Monitoring of care providers to help to identify potential service failures while working with all providers to gain advance information of any potential failure.</li> <li>Quarterly multi-agency quality of care meetings for both Residential and Care at Home to provide support with improvement planning.</li> <li>Establishment of daily Care at Home Huddles.</li> <li>Participation in national working groups to maintain national market intelligence.</li> <li>Contingency protocol established to deal with failure of a major care provider.</li> <li>Joint work with NHS Care at Home Team and GP Practices to maintain standards and address concerns.</li> <li>Effective collaborative working with the Care Inspectorate over performance of regulated services.</li> <li>Working with other Partnerships to allow information sharing mutual support and contingency planning.</li> <li>Engagement with carers aids monitoring of performance within care settings and gives an early alert of risks.</li> <li>Provider performance is monitored using a balanced scorecard approach which rewards good performance through incentives and the use of penalties for material breaches of the contract. A dedicated Planning &amp; Performance manager and officer (CJ and LK) will deal with high risk occurrences where a provider ceases to operate or fulfil their contractual obligations. Contingency protocol established to deal with failure of a major care provider.</li> <li>Workforce planning &amp; skill mix is being developed within Council Care Homes and Home Care service.</li> <li>Contingency arrangements developed for</li> </ol>	<p>(03/12/2021 14:21:47 Hannah Gray) Updated as per RR meeting on 01/12/21 [28/09/2021 08:44:17 Hannah Gray] updated as per meeting on 22/09/21 re controls in place. [21/09/2021 13:52:48 Hannah Gray] Updated control information per LK 21/09/21 [25/08/2021 08:44:12 Graham K Hunter] Risk Register update and discussed at Risk Register meeting on 24.08.21 - new date organised for review. [07/01/2021 20:03:27 Diane Gray] New action added - 12596 COVID support [27/11/2020 15:38:23 Diane Gray] 23/11/20: 8664 updated [27/11/2020 15:36:20 Diane Gray] 23/11/20: 8662 Rehab workers employed for 6 months as part of test of change. Action closed. [18/06/2020 16:29:37 Diane Gray] Change note at 16:24:42 on re Action 8661 this relates to Action 8660. Action 8661 updated and due date extended as new model has been established and job descriptions are being developed. [18/06/2020 16:24:42 Diane Gray] Action 8661 updated and due date extended as new structure has been established and job descriptions are being written. [11/06/2020 15:54:47 Diane Gray] Action 8664 updated. Review date changed to coincide with quarterly review meetings. [25/02/2020 11:51:06 Diane Gray] 8660 / 8661 &amp; 8663 due dates extended as quarterly review meeting had to be rescheduled.</p>	16	9	Macdonald, Alison X	02/02/2016	24/08/2021	<p>Increasing care workforce in EL</p> <p>COVID Support</p> <p>Ongoing Recruitment</p>	<p>01/07/19: Modern apprentices being employed, commence August 2019.</p> <p>9/1/20: Modern apprentices in post within some areas. These are being expanded across all areas.</p> <p>17/12/21 - significant increase in internal capacity of 200 - 300 hrs. however we are required to continue to expand.</p> <p>29/12/20: Care Home huddle meeting regularly Sustainability payments going to Care Homes Regular testing in place Ongoing close working with providers</p>	03/01/2017	31/03/2022	01/04/2020	31/03/2022	01/12/2021	31/03/2022
7																		
8																		

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
9		Home support - EC H&SP have not investigated large scale investigations in respect of two providers where otherwise the local procedures would indicate that these should be completed due to the current risk.	<p>transition period to new providers.</p> <p>13. Care at Home contracts have been re-tendered.</p> <p>14. IJB Workforce plan in place.</p> <p>15. Direct financial support to providers through SG sustainability payments.</p> <p>16. Increase in review of individual services to ensure only care required is being delivered.</p> <p>17. Workforce planning - another review in line with care inspectorate.</p> <p>18. Block contract funding arrangements to improve recruitment / clustering of providers &amp; cluster packages to sustain care.</p> <p>19. Care at home/ Hospital to home review completed March 2021.</p>	<p>(10/07/2020 09:00:00 Diane Gray) Action 8661 reviewed and updated. (09/01/2020 16:17:00 Diane Gray) Actions 8661 &amp; 8663 updated and due date extended. (08/01/2020 13:58:22 Diane Gray) Action 8664 updated and due date extended to 31/12/20. (14/08/2019 16:27:14 Diane Gray) Completed actions added to Controls in Place. (31/07/2019 13:38:51 Diane Gray) Action 8662 updated with new due date set. (17/07/2019 15:58:31 Diane Gray) Actions 7008 &amp; 7289 closed. (02/07/2019 15:22:34 Diane Gray) Action 7537 closed. (01/07/2019 10:59:05 Diane Gray) Actions 8660, 8661 &amp; 8663 updated.</p>						Regular updates from provider of care.		01/12/2021	31/03/2022	
10										Risk Assessment for Clients		01/12/2021	31/03/2022	
11										Interim care home providers		01/12/2021	31/03/2022	
12			<p>The East and Midlothian Public Protection Committee (EMPPC) The East Lothian and Midlothian Public Protection Committee (EMPPC) is the local strategic partnership responsible for the overview of policy and practice in relation to Adult Protection, Child Protection, Offender Management and Violence Against Women and Girls. The primary aim of the Committee is to provide leadership and strategic oversight of Public Protection activity and performance across East Lothian and Midlothian. It discharges its functions through four sub-groups which meet quarterly:</p> <ul style="list-style-type: none"> <li>•Performance and Quality Improvement sub-group maintains overview of work through the door and performance in relation to CP and ASP work</li> <li>•Learning and Practice Development sub-group takes forward our 2021-23 strategy for Multi-agency training, and oversees our training programme</li> <li>•WAWG delivery group keeps oversight of services for gender based violence</li> <li>•Offender Management Group oversees MAPPA arrangements.</li> </ul> <p>Critical Services Oversight Group (CSOG), Provides governance and leadership of EMPPC on a quarterly basis</p> <p>Marac (Multi-agency risk assessment conferences) continues to operate on a four weekly basis, by Microsoft Teams, with additional meetings scheduled to respond to increase in demand, ensuring that the needs of and supports to highest risk victims of domestic abuse are planned for on a multi-agency basis</p> <p>A Joint Strategic Needs Assessment for Public Protection has been developed and is being reviewed by CSOG. This projects increased demand for services and makes a number of recommendations for the future delivery of Public Protection services.</p> <p>ASP preparation for inspection work:</p> <ul style="list-style-type: none"> <li>•A self-evaluation of Adult Protection in East Lothian has commenced</li> <li>•Other quality assurance activities and audits are</li> </ul>							Raise Public awareness	16/07/19: The Public Protection Communications sub-group sits under the Public Protection Committee and meets on a quarterly basis. A communications strategy and timeline has been drafted. A targeted approach is being taken to prioritise emerging threats and local areas of priority, such as financial harm, self-neglect and hoarding. 23/11/20: This approach has been significantly adjusted due to COVID-19.	06/06/2016	31/03/2022	
13		<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</p>												

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
3912	Public Protection	<p>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 medium to longer term impact of the Covid-19 pandemic, on the mental and emotional wellbeing, and coping mechanisms of children, young people and adults, and their access to supports, where their needs are not reaching the threshold for statutory intervention. Access to and availability of earlier intervention supports and services are likely to continue to impact on vulnerable children and families.</p> <p>2) Complexity of service delivery, infrastructure, environment and partnership arrangements across the Council services;</p> <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. In particular, there are risks in relation to staffing shortages and capacity challenges of care at home providers in East Lothian, which leaves vulnerable adults at risk of not receiving their care at home support. EL H&amp;SCP have not instigated Large Scale Investigations in respect of two providers where otherwise the local procedures would indicate that these should be considered. Instead daily operational meetings and weekly oversight groups are taking place with the support of the Adult Protection Lead for East Lothian.</p>	<p>undertaken by the Head Officers for Adult Protection and Child Protection, in partnership with H&amp;SCP and children's services managers. There is an ASP inspection preparation group in place which meets regularly to plan self-evaluation and preparation for inspection activities.</p> <p>ELC H&amp;SCP Management attend NHS Gold meetings where the capacity gap is detailed and set in the context of the wider system risk caused by challenges facing NHS Lothian acute sites</p> <p>ELC H&amp;SCP have established a weekly Care at Home Oversight Group rather than progressing Large Scale Investigations. This multi-agency group maintains close monitoring and risk management of the current Care at Home Crisis. The council's Chief Social Work Officer attends this meeting as one means of discharging the statutory duty of assuring the quality of care provided by social work and social care services.</p> <p>A risk management tool has been developed to provide consistency in how the providers are assessing their capacity to respond and deliver their required level of service.</p> <p>Policies, Protocols, Procedures and Guidance are in place, subject to ongoing review and update and available on Public Protection website.</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 Government's Counter Terrorism strategy, known as CONTEST, of which Prevent is a key element. EMPPC has a Prevent referral pathway which has been reviewed.</p> <p>Re-alignment of service areas and responsibilities across the H&amp;SCP has resulted in the creation of a dedicated team manager post in statutory services. This post holder has responsibility for supporting the link between strategic and operational activities. The Lead Officer for Adult Protection now leads the Council Officer forum, to support learning and practice and process consistency in Adult Protection.</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 all Regulated Services inspections. A weekly Care at Home Oversight Group has been established to oversee and manage risks in relation to staffing</p> <p>Both the Lead Officer for Child Protection and Adult Protection participate in the Inter-agency Referral Discussion Overview Group, which reviews and provides quality assurance of the decisions taken to manage vulnerable children and adults risks.</p>	<p>[28/09/2021 08:50:51 Hannah Gray] Update as per meeting 22/09/21. [27/11/2020 16:51:44 Diane Gray] 23/11/20: 8693 and 7540 updated and due dates extended. [10/09/2019 13:16:36 Diane Gray] Action 8694 completed [16/07/2019 12:32:46 Diane Gray] Action 7540 will be reviewed annually (next due 30/06/20). Action 8693 updated and will be reviewed again by 31/3/20.</p>	20	20	Macdonald, Alison X	02/02/2016	23/11/2020						
34															
35															
36															
38										SDS Action Plan		02/07/19: Report feedback 4/7/19. Action plan implemented and to be reviewed 6 monthly. 8/1/20: Will be reviewed by end January 20 and updates communicated. 22/09/21: Review of SDS - met some level of need. Progress of SDS put on hold to mitigate risk - not completed due to Covid & agreement of realistic resources.	03/09/2018	31/03/2022	

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
19	3914	Service Activity Pressures	Health, Carers and Reprovisioning. 2. New planning structure includes Reference Groups as well as Change Boards. Reference groups are multi-stakeholder and include service users, carers, voluntary sector organisations, practitioners, community planning partners, housing colleagues and other groups. 3. Resource Allocation System (RAS) established with additional short term practitioner capacity to accelerate pace of reviews to ensure resources are allocated according to need within financial constraints. 4. Application of the Eligibility criteria has been reviewed and delegated authority implemented. Scrutiny of budget authorisations and analysis of trends through delegated authority. 5. Self Directed Support (SDS) implemented and audited with action plan in place. 6. Currently commission a range of services which fulfil an early intervention and prevention role. As part of continual planning and service redesign. Mandatory "Golden Threads" have been established which all change programmes and projects must evidence as having achieved as part of the proposed change. These include early intervention and prevention. 7. Good progress being made in partnership working with third sector including Day Centres Association. 8. A three year increased investment plan was agreed at the IJB in early 2017. April 2019 will see the third year of this agreement start where day centres will be operating to a new Service Level Agreement. 9. All funding of commissioned provision has undergone a Strategic Fit and Best Value review. This includes integrated Care Fund funding and services. 10. Three year budget efficiency plans developed for implementation from 2019 - 2022. 11. Work is underway to accurately forecast trajectory of need across all Care Groups to inform service development and financial planning. 12. Recovery Plan is in place. 13. Financial process has been reviewed. 14. Resource allocation system - delegated authority is in place. 15. Community transformation approved at IJB summer 2021 - adults of carers change board overseeing.	Updated as per meeting 22/09/21 - updated 8655 and controls in place. (27/11/2020 16:59:58 Diane Gray) 23/11/20: 8656, 8658, 10224 updated. (05/11/2020 11:35:41 Diane Gray) 05/08/20: actions 8656, 8658, 10224 updated and completion dates extended. next quarterly review rescheduled for 23/11/20. (05/11/2020 11:32:29 Diane Gray) 05/08/20: action 8656 updated. quarterly review rescheduled to 23/11/20. (29/05/2020 15:30:02 Diane Gray) Action 8658 updated and completion date change due to COVID. (25/02/2020 11:52:49 Diane Gray) 8655 due date extended as manager is on leave. (16/01/2020 13:45:52 Diane Gray) Risk target reduced to 9 (09/01/2020 16:44:15 Diane Gray) Actions 8658 & 10224 updated and due dates extended. (08/01/2020 14:48:44 Diane Gray) At review meeting on 7/1/20 it was agreed to reduce the current risk level from 16 to 12. Actions 8655 & 8656 both updated and due dates extended. (08/01/2020 13:46:15 Diane Gray) Action 8655 updated and due date changed to 31/1/20. (23/12/2019 11:54:34 Diane Gray) Action 8658 transferred to Rona Laskowski and due date extended to 31/03/20. (14/08/2019 15:56:46 Diane Gray) Alison Macdonald agreed that this risk should be renamed from its previous title "Demographic Pressures".	12	9	Macdonald, Alison X	02/02/2016	17/12/2021	Deliver Efficiencies and Income Recovery	7/1/20: To be reviewed in March 2020 in alignment with budget announcement. 05/08/20: still objective to do financial overview, still need to reconcile impact of COVID. 23/11/20: Ongoing through financial review.	01/08/2016	31/03/2022		
20															
21															
22	4695	Substance Misuse	1. MELDAP is accountable to and reports to ELHSCP and EL Partnership through the Resilient People Partnership. Key MELDAP outcomes from the MELDAP 2020 - 2023 Delivery Plan, due to be published by early April 2020, will be included in the EL Local Outcome Improvement Plan ; progress against performance measures are reported on a quarterly or annual basis. 2. MELDAP commissioning and performance group and MELDAP strategic group monitor performance against standards and identify actions to minimise risks as they are identified. 3. Regular meetings between MELDAP, SMS Manager and Head of Service to improve performance against HEAT A11 and delivery of THN programme requirements. 4. Provide time limited MELDAP resource to support the delivery of HEAT A11 in the SMS. 5. The MELDAP delivery plan identifies priorities for the partnership with progress reported to Scottish Government in an annual report. The MELDAP strategic group also reports on national standards, ministerial priorities and ADP outcomes as required. 6. Programme of quality improvement visits to all commissioned services to monitor performance and compliance with national standards and delivery of	07/01/2021 19:54:09 Diane Gray) Actions 8649, 8651, updated (23/12/2020 16:36:37 Diane Gray) 8653 closed (05/11/2020 11:52:24 Diane Gray) 05/08/20: action 8650 updated. Quarterly review date rescheduled to 23/11/20. (03/08/2020 16:41:13 Diane Gray) 8651 updated (03/08/2020 16:39:09 Diane Gray) 8650: updated (26/05/2020 09:22:45 Diane Gray) Actions 8653 & 8649 have been updated and due dates changed to 31/08/20 due to the current COVID crisis. (26/02/2020 13:53:17 Diane Gray) Action 8649 updated and due date extended for ongoing discussions to be concluded. (26/02/2020 13:50:04 Diane Gray) Risk handler has been change from Rona Laskowski to Gillian Neil - new manager for service. (25/02/2020 11:59:17 Diane Gray) 8650/8651/8652 responsibility changed	12	6	Macdonald, Alison X	01/03/2018	17/12/2021	Improve the reach of Take Home Naloxone to higher risk groups	27/05/20: THN continues to be encouraged and provided as part of one to one work with people in East Lothian. Following temporary Lord Advocate guidance [during the COVID 19 crisis], MELDAP have encouraged non treatment/support services to consider registering with the NHS. THN Lead to engage in training to deliver THN as a response to the impacts of COVID 19. THN is supplied in Safe Storage boxes. Each box is designed to hold an individual's methadone (bottle), other prescribed drugs and also contains a THN kit, measuring cups, methadone leaflet and key messages around methadone consumption. MELDAP is also further increasing levels of expenditure as planned to maximise training and provision of THN kits. 23/11/20: The outreach model is now within Prestonpans and Harbours practice is due to have access to this service within the next weeks. All patients within these practices will have access to harm reduction, peer support, opiate replacement therapy, Naloxone, recovery focus 01/01/21: The most vulnerable people are accessing a drop-in clinic at HUB. Naloxone is accessible at the drop in clinic, as part of the core services offer from first contact with SMS and 3rd Sector partners, in Primary Care through the assertive outreach service and also as a follow up intervention, post Non-Fatal Overdoses (NFO). Looking to introduce within IHTT and also current proposal for EL to spread the offer of accessibility of Naloxone to pharmacies within EL - in discussion. THN is supplied in Safe Storage boxes. Each box is designed to hold an individual's methadone (bottle), other prescribed drugs and also contains a THN kit, measuring cups, methadone leaflet and key messages around methadone consumption. MELDAP is also further increasing levels of expenditure as planned to maximise training and provision of THN kits.	01/03/2018	31/03/2022		

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
24		of substance misusers with higher levels of risks and increased death rate related to substance misuse, and an increase in related physical and mental health issues. This could also affect the reputation of EL area as a safe place to live and impact on drug related crime as demand for, supply or and usage of drugs permeate community wellbeing across the county.	inspection 2016 process. 7. Annual programme of service presentations to the MELDAP commissioning and performance group, highlighting service impact. 8. MELDAP now has stable funding through Scottish Government for the provision of drug and alcohol services. 9. Partnership collaboration particularly with Police Scotland to disrupt and prosecute the suppliers and providers of drugs within EL. 10. Increase focus on substance misuse within the Education's Health and Wellbeing PSE curriculum. 11. The MELDP local Drug Related Death [DRD] review group considers DRD's currently on a monthly basis, identifying learning to be implemented by practice teams and MELDAP. 12. Pathway in place between IHTT and SMS. Respective team managers will review regularly and fine tune, as required.	from Rona Laskowski to Gillian Neil (new manager for service). [20/01/2020 13:40:48 Diane Gray] Action 8648 updated and now closed. [10/01/2020 15:17:18 Diane Gray] Control measures 1 and 8 have been updated to reflect current situation. Action 8650 has been updated and due date extended. [13/11/2019 16:10:31 Diane Gray] Actions 8646 & 8647 updated and closed. Actions 8649 & 8653 have been updated and work is ongoing therefore due date extended to 28/02/20 on both actions. [13/11/2019 13:26:46 Diane Gray] Actions 8648 & 8650 updated. Action 8651 has been updated and due date extended to 31/03/20 as this is an						To discuss disruption activities to the sale of drugs from the internet with Police Scotland and its intelligence branches.	24/10/19: This has been discussed with Police colleagues. Services are alerted to current drug trends and ensure that information is shared with staff and service users appropriately. There is training planned with MELDAP partners in relation to the Police Scotland "County Lines" Initiative. This is continuous but there is training on 05/12/19. 03/08/2020 - Services and Police are alerted to current drug trends by MELDAP. Work is underway to review practice and treatment in light of the increase in availability of "street benzo's" such as etizolam. 01/03/21: In October 2020, ELHSCP/MELDAP were involved in supporting a Police Scotland operation to disrupt drug availability within communities in East Lothian. This included an agreed pathway between Police and NHS services and the production of printed information about available EL services that was distributed to those impacted by the Police operation. Services and Police are alerted to current drug trends by MELDAP. Work is underway to review practice and treatment in light of the increase in availability of "street benzo's" such as etizolam.	01/03/2018	31/03/2022	
25										Continue to seek opportunities to work with Education and ELC.	24/10/19: There are a number of initiatives underway including developing a policy on Managing Substance Use Incidents Involving Children and Young People and Core Risk taking Message for young people.	01/03/2018	31/03/2022	
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## East Lothian Council 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 fulfill 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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**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 15 February 2022

**BY:** Chief Executive

**SUBJECT:** Education Risk Register

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7

## **1 PURPOSE**

- 1.1 To present to the Audit and Governance Committee the Education Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Education Risk Register is 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 Education Local Risk Working Group (LRWG).

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Audit and Governance Committee notes the Education Risk Register and in doing so, the Committee 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 Education 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 Education and are likely to be a feature of the risk register over a number of years.

## **3 BACKGROUND**

- 3.1 The Risk Register has been compiled by the Education LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing 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 current Education Risk Register includes 1 Very High, 8 High risks, 7 Medium risks and 2 Low Risks. As per the Council's Risk Strategy only the Very High and High risks are being reported to the Committee.

#### **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 Education LRWG 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 Appendix 1 – Education Risk Register 2022

7.2 Appendix 2 – Risk Matrix 2022

<b>AUTHOR'S NAME</b>	Scott Kennedy	
<b>DESIGNATION</b>	Emergency Planning, Risk and Resilience Officer	
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<b>DATE</b>	03 February 2022	

**Education Service Risk Register 2022**

Date reviewed: 01 February 2022

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion/ Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating			
			L	I	L x I		L	I	L x I			
E1	<p><b>Education Activity Pressures</b></p> <p>Service Activity pressures see demand for services outstrip available budgetary and staffing resources leading to unmet client need and risk to client safety and independence, potentially generating reputational risk for the Council as well as failing to meet statutory responsibilities.</p> <p>Increased pressure on specialist provision and staffing issues as a result of COVID leads to no capacity within current specialist resources. This could lead to an increase in references to the ASN tribunal and increased financial pressures through the need for enhanced packaged of support and the use of external provision.</p> <p>This is contributing to the need to place children out with East Lothian for care and education resulting in significant financial pressures in the External Residential Care and Education budget.</p>	<p>Early Intervention Support Team (EIST) in place. This team will offer enhanced support to mainstream placements and mitigate against children and young people requiring to be placed externally at a later date.</p> <p>Joint planning between Education, Children's Services and Communities to identify the gaps in provision and support services not covered by the EIST and other current referral routes</p> <p>Strengthened scrutiny of decision making and access to resources for individual children and young people through Senior Officer's Resource Group (SORG).</p> <p>Education and Children's services are working more collaboratively to support Early Intervention and prevention for our most vulnerable children and young people to mitigate against children and young people requiring to be placed externally at a later date.</p>	5	4	20	<p>Significant increase in capacity for severe and complex needs within the Secondary sector will be addressed through the new Wallyford Secondary school provision.</p> <p>Any future Primary School builds will take cognisance of the increasing demand in the primary sector.</p> <p>Additional capacity to be explored within existing provisions.</p> <p>ASN Service Level Agreements to be reviewed to mitigate risk of mainstream placement breakdown.</p> <p>As part of the Learning Estate Strategy ASN projections will inform future estate planning.</p>	3	3	9	<p>Executive Director for Education and Children's Services</p> <p>Head of Education</p> <p>Manager of Inclusion and Wellbeing</p>	<p>August 2023</p> <p>August 2025</p> <p>March 2022</p> <p>March 2022</p> <p>June 2022</p>	<p>Risk updated by Education Management Team January 2022 with current risk score remaining the same and residual score from 12 to 9.</p>
E2	<p><b>East Lothian Works (ELW) – Impact of Brexit, changes to ESF (European Social Fund) and potential reductions in Scottish Government Employability Funding</b></p> <p>ELW relies heavily on ESF funding to support delivery of employability programmes for adults. The Withdrawal Agreement between UK and EU states the UK continues to participate in the ESF programme until 2023, meaning we continue to receive the same level of funding as if the UK was a member of the EU until the end of the 2014-2020 programme period.</p> <p>Without a Transport budget for School to College Partnership this activity cannot be sustained, which would reduce the pathways for young people and could lead to reductions in Positive Destinations and the Participation Measure. Developing Scotland's Young Workforce is a statutory expectation.</p> <p>Scottish Government continue to devolve Employability Services and associated workload through No-one Left Behind (NOLB) and a diverse range of other grant funds. Funding was provided to</p>	<p>UK government has indicated that it is committed to ensuring there is no gap in funding following the no deal. In July 2018, the UK government extended a guarantee to cover all projects, including European Social Fund Projects funded by EU under the 2014-2020 programme period. The extension means that Scottish government continue to sign and fund new projects after EU Exit until programme closure providing additional certainty, guaranteeing investment in skills and employment to the end of the current European Social Fund programme period in 2023.</p> <p>Services are operating with COVID19 risk assessments and mitigations in place, in line with Scottish Government Guidance updates.</p> <p>The EL Works Service Review is now complete and the Service is aligned with regional and national priorities. Capacity to deliver is based on a cocktail of core and external funding.</p> <p>There is ongoing monitoring of the implications of BREXIT/ESF funding via the Connected Economy Group.</p>	4	4	16	<p>The UK Government intend to transition from the European Social Fund to the Shared Prosperity Fund. Local Authorities await the detail and implications of this.</p> <p>No One Left Behind phase two is being implemented by Scottish Government, with further devolution of responsibility through Phase 3 being planned. All grant and core funding is being utilised to meet compliance milestones.</p> <p>Communication with COSLA and SLAED in relation to funding and workload.</p>	3	4	12	<p>Executive Director of Education and Children's Services</p>	<p>June 2022</p> <p>April 2022</p> <p>February 2022</p>	<p>Risk reviewed by Education Service Manager January 2022 with current risk score increased from 12 to 16</p> <p>Risk reviewed by Head of Education and Service Manager July 2021 with no change to assessment of risk scores.</p>

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion/ Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating			
			L	I	L x I		L	I	L x I			
	<p>extend the ELW Team to provide the required capacity to achieve the expected outcomes and compliance. Having devolved the responsibilities, National SLAED forecasts suggest that funding is now being reduced, without associated reductions in workload or accountability, which may affect our ability to meet our statutory duty to support economic recovery, following COVID19. This would also result in a reduced capacity to deliver employability support for youths (DYW) and adults.</p> <p>NOLB devolves ongoing responsibilities and duties to the Council. ELW have recruited a strong team to deliver on these duties. However, these staff are on temporary contracts, with little comfort in terms of job security, resulting in a high turnover of staffing, creating ongoing instability within the service, there is also the risk of permanency at the end of the two year period.</p>	<p>Scottish Government are providing funding through the Young Person's Guarantee, the Parental Employability Support Fund and No One Left Behind. East Lothian Works are utilising this funding to create additional capacity within the service and to launch the Council's Workforce for the Future Strategy. A reduction in funding will affect the ability to support current initiatives.</p> <p>UK Government provided 55 fully-funded Kickstart employability placements to ELC as an umbrella organisation. 43 positions were filled and the funding will come to a hard stop in March 2022. Continuation of this activity is based on sustained and continued levels of Young Person's Guarantee (YPG) and No-One Left Behind (NOLB) funding.</p>										
E3	<p><b>Statutory Requirements - Education</b></p> <p>Failure to deliver the duties of Education and Children's Social Work Legislation may put a child at significant risk or result in children and young people not receiving their entitlement to education.</p> <p>This failure could be due to a lack of resources (financial, services or staffing), poor practice, lack of training, a failure to prioritise, non-compliance with procedures/guidance or failing to intervene early enough. This could result in reputational damage and an impact on budgets and staff morale.</p> <p>There are increasing requirements from the Government e.g.</p> <ul style="list-style-type: none"> <li>• Pupil/Teacher ratio,</li> <li>• 600/1140 hours of childcare and</li> <li>• ASL Act</li> </ul> <p>If appropriate solutions are not implemented, this could result in children and young people not receiving their entitlement to education and lead to a reduction in opportunities for young people with the consequence of parental dissatisfaction and damage the reputation of the Council. The opportunity is to create new propositions and service offerings.</p> <p>Scottish Government has announced a reduction in funding for the delivery of 1140 hours in session 2022-23.</p>	<p>Annual budget allocation is prioritised and monitored, while the Scheme of Devolved School Management determines allocation at School level.</p> <p>Detailed budget planning measures are in place together with monthly monitoring and validation in collaboration with finance colleagues and Head Teachers.</p> <p>Staffing is continually monitored to ensure the required Pupil to Teacher ratio at September Census point is met.</p> <p>Continue to ensure Head Teachers are mindful of the Pupil/Teacher ratios and monitor staffing levels more rigorously to mitigate against not meeting the required ratio.</p> <p>Continual updating of SEEMIS records to ensure accurate and up to date information is held.</p> <p>ELCC review has commenced as part of the delivery of 1140 hours to ensure SG requirements continues to be met.</p> <p>Early Years Strategy includes the required capital and revenue investment to deliver the Scottish Government's 1140hrs programme.</p> <p>A new Education management team structure is in place.</p>	3	4	12	<p>A review of all Education policies is planned to ensure compliance with all appropriate legislation. This will be a priority in the Education Service Plan and will be prioritised by level of risk, volume and subject of upheld complaints and compliance with new legislation.</p> <p>A review of the Scheme of Devolved School Management is taking place during 2021/22.</p> <p>The full cost of the ELC 1140 delivery model will now be reviewed and adapted to ensure it can be delivered within budget.</p>	3	3	9	<p>Executive Director for Education and Children's Services</p> <p>Executive Director for Council Resources</p> <p>Head of Finance</p> <p>Head of Children's services</p>	<p>June 2022</p> <p>April 2022</p> <p>March 2022</p>	<p>Risk reviewed by Education Management Team January 2022 with no change to assessment of risk scores.</p> <p>Risk further reviewed and updated November 2018 with current risk score reduced from 16 to 12.</p>

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion/ Review Frequency	Evidence held of Regular Review	
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		Additional Support Needs, Inclusion Policy, External Placement and GIRFEC processes are all in place and regularly monitored and reviewed by Education and Children's Services.											
E4	<p><b>Educational Attainment</b></p> <p>Failure to raise the standards of educational attainment for all will lead to a reduction in opportunities for young people such as entrance to Further and Higher Education or employment, with a consequence of parental dissatisfaction and damage to reputation of individual schools and the Education service.</p> <p>A failure to report positive findings in relation to the four national priorities set out within the national improvement framework and in the use of Pupil Equity Funding to close the attainment gap will lead to further scrutiny by external organisations such as Audit Scotland, Education Scotland and Scottish Government.</p> <p>The impact of lockdown due to COVID19 and schools being closed for the period March to June 2020 has resulted in a detrimental impact on learning for a cohort of pupils. The significant impact of the Omicron variant on attendance by staff and learners in schools has resulted in further periods of remote learning and will further exacerbate lost learning and progress in raising attainment.</p> <p>There is due to be an announcement by SG early 2022 regarding SQA examinations in 2022.</p>	<p>Each school has a School Improvement Plan, guided by the revised annual Education Service Plan (developed and delivered by Education Steering group in consultation with key stakeholders) with target setting for attainment.</p> <p>More rigorous and robust approaches for quality assuring school performance have been implemented and take into account new national guidance e.g. Pupil Equity Fund and National Improvement Framework. This will be further strengthened in school session 2021/22, with a proportionate level of challenge in school service level agreements based on attainment/ achievement/ PEF impact/ attendance/ engagement</p> <p>Curriculum frameworks have been developed across all areas to improve continuity and progression in learning with the broad general education.</p> <p>Raising Attainment Strategy has been developed along with Education Scotland Attainment Advisor.</p> <p>New improvement targets have been set for schools to increase attainment and improve performance.</p> <p>Scottish Government funding allocated for additional teaching and support staff to help address the impact of COVID19 on pupil learning.</p> <p>Collaboration continues through the South East Improvement Collaborative.</p> <p>School strategies in place for increasing expectations of pupils and families (including tackling the barriers to improving achievement and ensure pupil attendance i.e. reducing the attainment gap).</p> <p>A suite of data continues to be developed and refined to highlight KPIs, share with schools and agree performance improvement. Activities to improve attainment are reported at Education Committee as appropriate. Targets continue to be reviewed for</p>				<p>Continue to develop an authority wide model for the Senior Phase that incorporates all elements of the curriculum.</p> <p>Continue to develop partnership arrangements with QMU and Edinburgh College to broaden the curriculum as part of the Developing Young Workforce recommendations.</p> <p>East Lothian Works to work with Early Learning and Childcare Team to develop a career path for potential future Early Years Practitioners.</p> <p>Within the Raising Attainment Strategy a new Raising Attainment team has been appointed who will work with all Schools to support and deliver the priorities within the Strategy.</p>				Executive Director of Education and Children's Services	<p>June 2024</p> <p>February 2023</p> <p>June 2022</p> <p>August 2023</p>	<p>Risk reviewed by Education Management Team January 2022 with no change to assessment of risk scores.</p> <p>Risk further reviewed and updated November 2018 with current risk score reduced from 16 to 12.</p>	
			3	4	12				3	3	9		

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		<p>schools and the authority to ensure that they are realistic in the current climate.</p> <p>Continue to improve the transition of young people from mainstream education to work, training, further and higher education through working with secondary schools and East Lothian Works who are now part of the Education service.</p>										
E5	<p><b>Impact of Changing Demographic on School Estate</b></p> <p>There continues to be proposed LDP housing development, population growth and subsequent need to expand the schools' estate.</p> <p>Failure to respond to the changing demographics of the East Lothian population may lead to not having suitable school provision or sufficient capacity available in the short term.</p> <p>Risk to uncertainty with forward planning for new establishments where house development completion rates are slower than expected delaying the start date for new school buildings.</p> <p>An expanded demographic of children and young people will impact on increased service demand and have resource implications for Education and Children's Services.</p>	<p>Strategic Asset and Capital Plan Management (SACPM) is responsible for the managing and planning for the School Estate Management. Education feed into this activity by preparing pupil roll projections and class organisation profiles.</p> <p>SACPM and Education have entered into partnership with Hub South East to support with the development of the Learning Estate Strategy and Plan.</p> <p>Regular monitoring in place in SACPM to review programme for school requirements. Changes which may impact on capital investment escalated to Education &amp; Finance to consider.</p> <p>Strong communication links with parent councils and wider parent forums. Regular Education Asset Management meetings are held to manage the impact of potential housing development on the schools' estate.</p>	3	4	12	<p>The Council is making provision for significant capital expenditure to provide sufficient capacity for the expansion of the schools estate. A capital programme of circa. £150 Million is identified for the period to 2024, substantially funded by S75 contributions from new housing development.</p> <p>A Learning Estate Investment Management plan will be created to reflect the programme being taken forward identified as a result of the LDP and set out a plan for the future sustainability and management of the whole School Estate.</p> <p>Finance approval received to make temporary staff permanent and to enhance the PPP team.</p> <p>Additional specialist provision capacity is a key part of the learning estate review. Significant increase in capacity for severe and complex needs is included in the Wallyford Secondary school provision.</p>	3	3	9	<p>Executive Director for Education and Children's Services</p> <p>Head of Education</p> <p>Executive Director for Place</p> <p>Head of Finance</p> <p>Service Manager - Strategic Asset &amp; Capital Plan Management</p>	<p>April 2024</p> <p>September 2022</p> <p>June 2022</p> <p>July 2022</p>	<p>Risk refreshed by Service Manager – Strategic Asset &amp; Capital Plan Management September 2021 with risk scores remaining the same.</p> <p>Risk refreshed by Service Manager – Strategic Asset &amp; Capital Plan Management Jan'20 with current risk reduced from 16 to 12.</p> <p>Risk further reviewed and updated January 2019 with Residual Risk Score reduced from 12 to 9.</p>
E6	<p><b>School Premises Security</b></p> <p>If our School Premises are not properly safeguarded then unauthorised persons could gain entry and cause damage (fire, vandalism etc.) to property or persons which could lead to our assets being unavailable for use, facing potential closure and re-provision of care/teaching in alternative locations at increased cost to the Council and/or in need of repair in turn leading to adverse publicity.</p> <p>There are currently significant issues regarding school boundaries which require to be addressed.</p> <p>There is a lack of staff resources in Education and Strategic Asset &amp; Capital Plan Management to input to this work. Previous capital bids for a programme of</p>	<p>Security and safety risk assessments are carried out regularly at all Education premises while each school has its own individual security arrangements such as fencing, building access, CCTV etc.</p> <p>Business Continuity Plans in place.</p> <p>Insurance Renewal Programme.</p> <p>Head Teachers briefed on importance of their role as Head of Establishment to ensure security of buildings and that business continuity plans are up-to-date.</p>	3	4	12	<p>Finance approval received to make temporary staff permanent and to enhance the PPP team.</p> <p>The security of school grounds will be reviewed and will be prioritised in terms of risk and available capital and revenue budget.</p> <p>School building security plans are under review.</p>	2	4	8	<p>Head of Education</p> <p>Service Manager - Strategic Asset &amp; Capital Plan Management</p>	<p>April 2022</p> <p>July 2022</p> <p>April 2022</p>	<p>Risk reviewed by Service Manager – Strategic Asset &amp; Capital Plan Management September 2021 with scores remaining the same.</p>

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	work to address security issues have been unsuccessful.											
E7	<p><b>Expansion of Early Learning and Childcare (ELCC) to 1140 hours.</b></p> <p>There is a risk that there is an impact on the quality in existing early years' provision because the focus has been on expansion.</p> <p>There is a risk that Capital costs exceed budget availability. The ongoing impact of COVID could result in increased expenditure on capital projects being completed to the standard expected.</p> <p>Scottish Government has announced a reduction in funding for the delivery of 1140 hours in session 2022-23.</p>	<p>Ongoing work to monitor and enhance quality of Early Learning and Childcare delivery in schools settings and with partner providers.</p> <p>Continue to work with UNISON to achieve agreement on the revised Early Years Practitioner (Nursery nurse) remit.</p> <p>Baseline established and updated on quality across all provisions and ELCC across all settings will be supported and monitored by the Early Years' Team.</p> <p>Scottish Government National Standard and associated guidance in place and ongoing discussion/collaboration with partners.</p> <p>Ongoing work to determine the full costs of the current model for Early Learning and Childcare.</p>	3	4	12	<p>More robust processes will be put in place to monitor and review the quality of the service being provided.</p> <p>Using the Care Standards and HGIOELC once Education Scotland resume their inspections this will include early learning and childcare settings and partner providers. The findings will be used to improve the quality of provision in line with the National Care Standards</p> <p>The full cost of the ELC 1140 delivery model will now be reviewed and adapted to ensure it can be delivered within budget.</p>	2	4	8	<p>Executive Director for Education and Children's Services</p> <p>Executive Director for Council Resources</p> <p>Head of Finance</p>	<p>June 2022</p> <p>June 2022</p> <p>June 2022</p> <p>March 2022</p>	<p>Risk reviewed by Education Management Team January 2022 with no change to assessment of risk scores.</p> <p>Risk reviewed and refreshed at a Risk Session with managers 11 December 2020 (further refreshed Feb'21) with Current Score reduced from 16 to 12 and residual score from 12 to 8.</p>
E8	<p><b>Additional Support Needs</b></p> <p>There continues to be an increase in the number of children with Additional Support Needs across the County due to population growth and increased awareness and assessment of Children and Young people's Additional Support Needs resulting in increased demand on the ASN Service Area and specialist provision.</p> <p>Increased pressure on specialist provision and staffing issues as a result of COVID leads to no capacity within current specialist resources. This could lead to an increase in references to the ASN tribunal and increased financial pressures through the need for enhanced packaged of support and the use of external provision.</p> <p>Applications for Exceptional Needs has increased significantly over the past five years in line with national trends whilst the budget available to the service has not increased at the same rate. This has an impact on the learning and progression of young people with ASN.</p> <p>This is contributing to the need to place children out with East Lothian for care and education resulting in significant</p>	<p>The Council continues to monitor and track the nature and level of need across all establishments in order to target resources effectively.</p> <p>Regular budget monitoring meetings with Education and Finance managers as well as school reviews to monitor and review compliance with policies and guidance.</p> <p>Key policies in place to reflect national guidance &amp; statutory duties in line with ASL Act 2009 and Equality Act 2010 and training in place to support the implementation of all new policies and guidance.</p> <p>The Educational Psychology Service resource allocation model operates across all educational establishments and is targeted at the children and young people with the greatest need.</p> <p>Monthly monitoring of attendance, exclusion and physical restraint data at school level.</p> <p>Senior officer resource group (SORG) has been established.</p> <p>Early Intervention Support Team (EIST) in place. This team will offer enhanced</p>	3	4	12	<p>Significant increase in capacity for severe and complex needs within the Secondary sector will be addressed through the new Wallyford Secondary school provision.</p> <p>Produce ASN projections data to help inform future estate planning.</p> <p>As part of the review of Devolved School Management the methodology for the allocation of Predictable Needs funding will be reviewed and consideration given to amending the process in order to achieve equity and fairness of distribution of resources.</p>	2	4	8	<p>Executive Director for Education and Children's Services</p> <p>Head of Children's Services</p> <p>Service Manager, Inclusion and Wellbeing</p>	<p>August 2023</p> <p>June 2022</p> <p>April 2023</p>	<p>Risk reviewed by Education Management Team January 2022 with no change to assessment of risk scores.</p> <p>Risk reviewed December 2020 with current score reduced from 16 to 12 and residual score from 12 to 8.</p>

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	financial pressures in the External Residential Care and Education budget.	<p>support to mainstream placements and mitigate against children and young people requiring to be placed externally at a later date.</p> <p>Revised multi-agency GIRFEC Pathway in place to ensure children's needs are identified at an early stage and intervention is effective in reducing risk and need.</p>										
E9	<p><b>IT Infrastructure</b></p> <p>The IT infrastructure may not be sufficient to support the use of digital technologies moving forward.</p> <p>A failure to address this could result in a lack of infrastructure to address the use of digital technology and impact on the ability to enhance learners' digital literacy skills.</p> <p>There is also a risk that a lack of investment in digital technologies may impact on our ability to attract staff to teach in our schools and also inequity in provision in relation to access to technology for our pupils.</p> <p>The lack of appropriate technology may inhibit social workers communicating effectively with clients and therefore poses a risk. The inability of social workers to communicate effectively with partner agencies would also pose a risk to our children and families.</p>	<p>Collaborative working between IT ICT and Education continues in respect of addressing the needs of schools and the wider services.</p> <p>The rollout of Microsoft Teams has overcome the barriers to virtual multi-agency working.</p> <p>A Temporary Education Support Officer (Digital Learning) was recruited by the South East Improvement Collaborative with part of this role being to support the implementation of digital learning across the school learning estate.</p> <p>A permanent appointment of Education Support Officer (Digital Learning) to lead on the implementation of the Digital Learning Strategy</p> <p>Review undertaken and a draft paper produced on Digital Learning and Teaching Strategy.</p> <p>Work with schools to encourage them to promote the effective use of current and future ICT resources.</p> <p>The Council received a Scottish Government funded grant to support the purchase of digital devices and connectivity solutions to support digital inclusion amongst disadvantaged children and young people.</p> <p>An on-line learning environment for all students to reflect the way young people can now learn is in place and proving successful.</p> <p>The Council has a partnership agreement with Education Scotland Technology Team to assist with the delivery of enhancing staff and pupils' digital skills.</p> <p>The IT hardware has been expanded and upgraded meaning every worker has a laptop, smart phones and can meet remotely.</p>	3	4	12	<p>Finalise and implement the Digital Learning and Teaching Strategy.</p> <p>A programme of staff development will be developed to further upskill the workforce in schools to support the delivery of digital learning.</p> <p>Further explore collaboration with Education Scotland and SEIC to support the delivery of digital learning across our schools.</p> <p>ELWorks will look at access to Glow.</p>	2	4	8	<p>Executive Director of Education and Children's Services</p> <p>Service Manager - IT Infrastructure</p>	<p>August 2022</p> <p>August 2022</p> <p>August 2022</p> <p>February 2022</p>	<p>Risk reviewed by Head of Education and Service Manager July 2021 with no change to assessment of risk scores.</p>





## East Lothian Council 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 fulfill 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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**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 15 February 2022

**BY:** Chief Executive

**SUBJECT:** Children's Services Risk Register

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**8**

## **1 PURPOSE**

- 1.1 To present to the Audit and Governance Committee the Children's Services Risk Register (Appendix 1) for discussion, comment and noting.
- 1.2 The Children's Services Risk Register is 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 Children's Services Local Risk Working Group (LRWG).

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Audit and Governance Committee notes the Children's Services Risk Register and in doing so, the Committee 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 Children's Services 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 Children's Services and are likely to be a feature of the risk register over a number of years.

## **3 BACKGROUND**

- 3.1 The Risk Register has been compiled by the Children's Services LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing 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 current Children’s Services Risk Register includes 1 Very High, 3 High risks, 6 Medium risks and 4 Low Risks. As per the Council’s Risk Strategy only the Very High and High risks are being reported to the Committee.

#### **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 Children’s Services LRWG 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 Appendix 1 – Children’s Services Risk Register 2022

7.2 Appendix 2 – Risk Matrix 2022

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<b>DATE</b>	03 February 2022	

**Children's Services Risk Register v7** Date reviewed: 01 February 2022

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			L	I	L x I		L	I	L x I			
CS1	<p><b>Children's Services Activity Pressures</b></p> <p>Service Activity pressures see demand for services outstrip available budgetary and staffing resources leading to unmet client need and risk to client safety and independence, potentially generating reputational risk for the Council as well as failing to meet statutory responsibilities.</p> <p>There is a current issue in relation to the lack of capacity to meet the needs of those with Additional Support Needs in schools. This is contributing to the need to place children out with East Lothian for care and education resulting in significant financial pressures in the External Residential Care and Education budget.</p> <p>Internal fostering resources are unable to meet the current demand. External foster placements are considerably more expensive. The addition of new foster carers to the fostering pool is being compromised by the attrition rate in existing carers. Foster care recruitment is a national challenge and ELC campaigns are resulting in reduced levels of interest.</p> <p>The dispersal of asylum seeking children throughout the UK transfer scheme will result in more UASC being settled in East Lothian which will place further pressure on the Aftercare service accommodation and support budget.</p>	<p>Work continues to accurately forecast trajectory of need and our capacity to meet legislative requirements and inform service development and financial planning.</p> <p>Strengthened scrutiny of decision making and access to resources for individual children and young people through Senior Officer's Resource Group (SORG).</p> <p>Education and Children's services are working more collaboratively to support Early Intervention and prevention for our most vulnerable children and young people to mitigate against children and young people requiring to be placed externally at a later date.</p> <p>Introduced comprehensive budget monitoring arrangements.</p> <p>Investment in preventive services aimed at reducing demand.</p> <p>Foster care recruitment campaigns are underway with a review of the most effective approaches.</p> <p>Implementing a performance management and quality assurance framework.</p> <p>Phase One of the review of services to vulnerable children has been completed and actions have been progressed.</p>	5	4	20	<p>Wider collaboration between Council and Partner Services and operational teams to develop new systems and processes and deliver core services within budget.</p> <p>Children's Services is undergoing a service redesign.</p> <p>Phase Two of the review of services to vulnerable children has now become a Transformation Programme looking at services to all children in East Lothian and aimed at prevention and early intervention.</p> <p>The foster care team is seeking to increase capacity and joint working with the communications team in developing new and innovative ways in encouraging potential foster carers to come forward.</p> <p>Children's services is developing our Kinship care service in partnership with Children 1st in an attempt to find alternatives to children coming in to foster care from within their own families.</p> <p>Having strengthened the Kinship Care service we are going out to procure the kinship care support service.</p>	4	3	12	<p>Executive Director for Education and Children's Services</p> <p>Head of Children's Services</p>	<p>December 2022</p> <p>March 2022</p> <p>March 2022</p> <p>March 2022</p> <p>March 2022</p> <p>March 2022</p>	<p>Risk reviewed by Children's Services Management team January 2022 with no change to risk score.</p>
CS2	<p><b>Statutory Requirements – Children's Services</b></p> <p>Failure to deliver the duties of Children's Social Work Legislation may put a child at significant risk of harm or result in children and young people not receiving their entitlement to supports and services from the council.</p> <p>This failure could be due to a lack of resources (financial, services or staffing), poor practice, lack of training, a failure to prioritise, non-compliance with procedures/guidance or failing to intervene early enough. This could result in poor outcomes, for example being unable to provide services that would enable a child to remain within their family) reputational damage and an impact on budgets and staff morale.</p>	<p>Annual budget allocation is prioritised and monitored.</p> <p>Redesign of children's services is underway with the primary aim of improving how the service delivers better outcomes for children and young people and meets its statutory requirements.</p> <p>Detailed budget planning measures are in place together with monthly monitoring and validation.</p> <p>Strategy to increase local Fostering capacity is being implemented and Kinship Care policy and approach is being reviewed and strength. Regulated care services are inspected regularly resulting in improvement plans.</p>	3	4	12	<p>Implementation of phase 2 of the vulnerable children's project is being carried into the Transforming Services to Children programme in order to address the broader strategic recommendations that will support the service to deliver statutory requirements within budget.</p> <p>A capital investment bid for IT has been submitted for the replacement of Mosaic and IIE. A steering group has been established to take forward the tender specification. A project risk register has been developed for the next three years for the transition to a new system.</p> <p>Commitment to finalise the care leavers' protocol with housing services (March 2022). Joint session</p>	3	3	9	<p>Executive Director of Education and Children's Services</p> <p>Executive Director of Council Resources</p> <p>Head of Finance</p> <p>Head of Children's Services</p> <p>Head of Housing</p>	<p>September 2022</p> <p>March 2024</p> <p>March 2022</p>	<p>Risk reviewed by Children's Services Management team January 2022 with no change to risk score.</p> <p>New Children's Service specific Risk created by CS Managers December 2020.</p>

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion/ Review Frequency	Evidence held of Regular Review
			Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating			
			L	I	L x I		L	I	L x I			
	<p>There are increasing requirements from the Government e.g.</p> <ul style="list-style-type: none"> <li>Continuing Care</li> <li>Implementing the Promise</li> <li>the Scottish Child Abuse Inquiry</li> <li>Scottish Child Interview Model</li> <li>SDS</li> <li>New National Child Protection Guidance</li> </ul> <p>The dispersal of asylum seeking children throughout the UK transfer scheme will result in more UASC being settled in East Lothian.</p> <p>Lack of suitable accommodation for care experienced young people requires the use of unregulated B&amp;B /commercial accommodation. Young people having to stay in B&amp;B over extended periods is a breach of our statutory duties.</p>	Additional Support Needs, Inclusion Policy, External Placement and GIRFEC processes are being reviewed by Education and Children's Services.				<p>completed with the Rock Trust, children's services and housing services. Work is underway to increase the capacity of appropriately regulated emergency accommodation that care leavers can access.</p> <p>A further review of all children's services policies and procedures will be carried out in line with new national strategy including The Promise and UNCRC.</p>						
CS3	<p><b>Safe Professional Social Work Practice</b></p> <p>Failure to fulfil our duty of care could result in the death, serious harm or detriment to a person. This could in turn result in prosecution, having to pay compensation and a negative impact on the reputation of the Council.</p> <p>This failure could be due to a lack of resources (financial, services or staffing), poor practice, a failure to prioritise or non-compliance with procedures/guidance and a failure to resource learning and development function within Children's Services and Public Protection Committee.</p> <p>Children's lives and safety put at risk due to a failure by staff to record or access salient information which may be due to a lack of understanding of the functions of Mosaic and E-IRD or the failure to share appropriate chronologies and risk information with partner agencies. Currently Olivebank staff are unable to access Mosaic.</p> <p>Risk to case transfers from other LAs failing to provide the appropriate information on the child/family.</p>	<p>Prioritise maintenance of adequate staffing levels for Child Protection and other work with vulnerable children</p> <p>Briefing sessions, specialist training and support are in place.</p> <p>Regular formal supervision in place for all staff including completion of PRD's focusing on specific and agreed development needs.</p> <p>Services comply with required professional registration standards for all staff e.g. SSSC.</p> <p>"Safer Recruitment" practices and PVG Checks embedded.</p> <p>Monthly monitoring of staffing levels.</p> <p>Public Protection Office and Committee oversee core elements of Child Protection performance, improvement, policy and procedure.</p> <p>Regular monitoring and learning from incidents including through initial and significant case reviews.</p> <p>Children's Services practice guideline standards have been refreshed and are being rolled out.</p> <p>The Safe and Together domestic violence support model continues to be embedded and rolled out to new employees.</p>	3	4	12	<p>A workforce development plan with Education has begun.</p> <p>The Signs of Safety Practice model is being reviewed and implemented further across the service.</p> <p>Working with IT to move the server from Education to Corporate to allow access to Mosaic.</p>	3	3	9	Chief Social Work Officer	<p>December 2022</p> <p>March 2022</p> <p>March 2022</p>	Risk reviewed by Children's Services Management team January 2022 with no change to risk score.

Risk ID	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Risk Owner	Timescale for Completion/ Review Frequency	Evidence held of Regular Review
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			L	I	L x I		L	I	L x I			
		<p>All Regulated Services inspected, improvement plans produced with regular quality assurance review meetings.</p> <p>A quality assurance framework has been developed and implemented.</p> <p>A three year rolling programme of file audits has been implemented.</p> <p>Leadership training has been rolled out to team leaders and senior practitioners. This includes the promotion of resilience.</p>										
CS4	<p><b>Impact of Increased Levels of Poverty on Children's Services</b></p> <p>There is an anticipation that following the lifting of COVID restrictions and the removal of the UC uplift, the ending of the furlough scheme and the projected higher levels of unemployment that more families will require social work support.</p> <p>Our existing at risk families will require 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>The increase in referrals for domestic abuse will see more children suffering trauma and further impacted due to poverty if moving from the family home.</p>	<p>The Council has a Recovery and Renewal Group in place with a range of supporting activities including Poverty Strategy.</p> <p>Head of Children's Services attends the Recovery and Renewal Group and will progress any Children's Services specific issues.</p> <p>Children's Services has received some ring-fenced COVID funds and is bidding for Scottish Government Winter COVID funds where relevant and appropriate.</p>	4	3	12	<p>The Transforming Services for Children Programme will be a whole systems (Council Wide) approach and the redesign of Children's Social Work Service is aimed at ensuring all services are preventive and support early intervention to reduce need.</p>	3	3	9	Head of Children's Services	September 2022	Risk reviewed by Children's Services Management team January 2022 with no change to risk score.

## East Lothian Council 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 fulfill 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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