



NOTICE OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE

TUESDAY 21 JUNE 2022, 2.00pm
VIA THE DIGITAL MEETINGS FACILITY

Agenda of Business

Apologies

Declarations of Interest

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

1. Election of Convener and Depute Convener
2. Guide to Scrutiny and Review (**pages 1-28**)
3. Internal Audit Report: June 2022 – Report by the Service Manager - Internal Audit (**pages 29-64**)
4. Annual Internal Audit Report 2021/22 – Report by the Service Manager - Internal Audit (**pages 65-70**)
5. Controls Assurance Statement 2021/22 – Report by the Service Manager - Internal Audit (**pages 71-76**)
6. Annual Treasury Management Review 2021/22 – Report by the Executive Director for Council Resources (**pages 77-90**)
7. East Lothian Mid-Market Homes LLP – Report by the Executive Director for Place (**pages 91-100**)
8. Council Improvement Plan 2021-2022 and Corporate Governance Self-Evaluation Update – Report by the Chief Executive (**pages 101-110**)
9. Corporate Risk Register – Report by the Chief Executive (**pages 111-144**)

**Monica Patterson
Chief Executive
John Muir House
Haddington**

14 June 2022

Guide to Scrutiny & Review

2

June 2022

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Introduction

Scrutiny is the term used to describe the way in which the performance, decisions and plans of the Council are examined by the Elected Members who are not part of the Cabinet. Scrutiny in its widest sense might also include audit, inspection and regulation. Although there is no set definition for what is meant by scrutiny, this Guide will provide some guidance on how it will be approached at East Lothian Council.

Numerous bodies perform some kind of scrutiny of local government, including Audit Scotland, Education Scotland, and the Care Inspectorate. These bodies provide 'external scrutiny'; equally important, if not more so, is the way that the Council scrutinises itself. Internal scrutiny by Elected Members took on much greater significance following publication of the Crerar Review in 2007. The Review recommended that rather than rely on the results of external scrutiny exercises 'The primary responsibility for demonstrating compliance and performance should rest with service providers.'

Rigorous scrutiny of the Council's achievement of Best Value by Elected Members is an essential part of the Council's governance arrangements, although it should not be conducted in a partisan manner. Audit, scrutiny, review of performance and policy review need not be done in a confrontational and oppositional way. As far as possible scrutiny should be a non-partisan, non-party political process. However, it is important to be aware, and accept that there remains a place for straightforward political opposition in the political arena of local government.

Four principles that were developed by the Centre for Public Scrutiny¹ underpin the Council's approach to scrutiny:

1. Scrutiny provides 'critical friend' challenge to executive policy-makers and decision-makers
2. Scrutiny enables the voice and concerns of the public
3. Scrutiny is carried out by 'independent minded governors' who lead and own the scrutiny role
4. Scrutiny drives improvement in public services

The Council's scrutiny arrangements were developed taking into account the criteria for good practice in scrutiny as set out by Audit Scotland in its Best Value Toolkit for Governance and Accountability (see Appendix 1).

¹ 'Overview and scrutiny in local government', Centre for Public Scrutiny

Scrutiny is a critical element of the Council's Improvement Framework, **Improvement to Excellence**. The framework is designed to ensure the Council meets its legal requirement to provide Best Value. It helps the Council address the four key questions:

- Are we doing the right things?
 - Are we doing them right?
 - How do we know how well we are doing?
 - Could we do things differently to be better?

Improvement to Excellence consists of five inter-related elements, which form the basis of continuous improvement.

1. **Setting clear outcomes and priorities** – what we need to do to achieve our vision and ambitions
2. **Service and improvement planning** – setting out how are we going to deliver and manage services, resources and improvement
3. **Performance management, monitoring and reporting** – monitoring how we are doing so we know what we need to improve
4. **Self-evaluation** – measuring how are we doing and what do we need to improve
5. **External assessment and accreditation** – how others see us and gaining external validation.

The scrutiny committees support the delivery of elements 3, 4 and 5.


1. Scrutiny in East Lothian Council

East Lothian Council has three committees that perform the 'scrutiny' function: the Audit and Governance Committee, the Policy and Performance Review Committee and the Police, Fire and Community Safety Scrutiny Committee. Appendix 2 provides details of the remits of these committees.

The Audit and Governance Committee has responsibility for scrutinising the Council's approach to risk and corporate governance. It also considers reports on the work of the Council's Internal Audit service and reports from the external auditors and Audit Scotland.

The Policy and Performance Review Committee covers all matters relating to the performance of the Council's services. The work of the Committee focuses on the review of performance and considering reports on matters of concern to the Committee seeking assurance that under-performance is being addressed. Members of the Committees will determine what items are included in the work plan with the help of the '*Selecting topics for scrutiny*' section of this guide.

The Police, Fire and Community Safety Scrutiny Committee scrutinises the performance of the Police and Fire and Rescue Services and other services that perform a community safety function in East Lothian. The Committee receives reports focussing on the performance of the Police and Fire and Rescue Services but will also consider reports on issues such as anti-social behaviour.



Critical Success Factors:

- Respect and positive relations between elected members
- Mutual trust and respect with officers
- Respect for roles and boundaries

Mark McAteer (Improvement Service),
presentation to Elected Members'
Workshop, 6th Sept. 2010

Responsibilities for decision making and for scrutiny are separated under the Council's Scheme of Delegation and executive decision making arrangements. Decisions are taken by the Council and by Cabinet, while decisions on certain matters relating to education are taken by the Council Committee for Education. Recommendations from any of the scrutiny committees may be referred to the Council, Cabinet or Education Committee for a decision to be made if necessary. The roles and responsibilities of elected members and council officers involved in scrutiny are detailed in Appendix 3.

Recommendations made by the scrutiny committees will be reported to the Cabinet or Council as appropriate if a formal decision is required to amend policy or practice. Alternatively recommendations will be made to the appropriate Head of Service if a decision falls within their delegated powers.

2. The Work Programme

The work of the scrutiny committees will be set-out in annual work plans. The Audit and Governance Committee's work plan will largely be governed by the Audit Plan and the annual cycle of audit reports. The Policy and Performance Review Committee's work programme contains a mix of on-going, regular items and items that have been selected for review by members.

The work programme of the Police, Fire and Community Safety Scrutiny Committee mainly consists of the performance reports presented by Police Scotland and the Fire and Rescue Service and reports requested by members on community safety issues.

On-going regular items

Some items will be reviewed on a regular annual or quarterly basis (e.g. external and internal audit plans, the annual accounts and quarterly performance monitoring reports); these will need to be factored into the programme at the appropriate intervals.

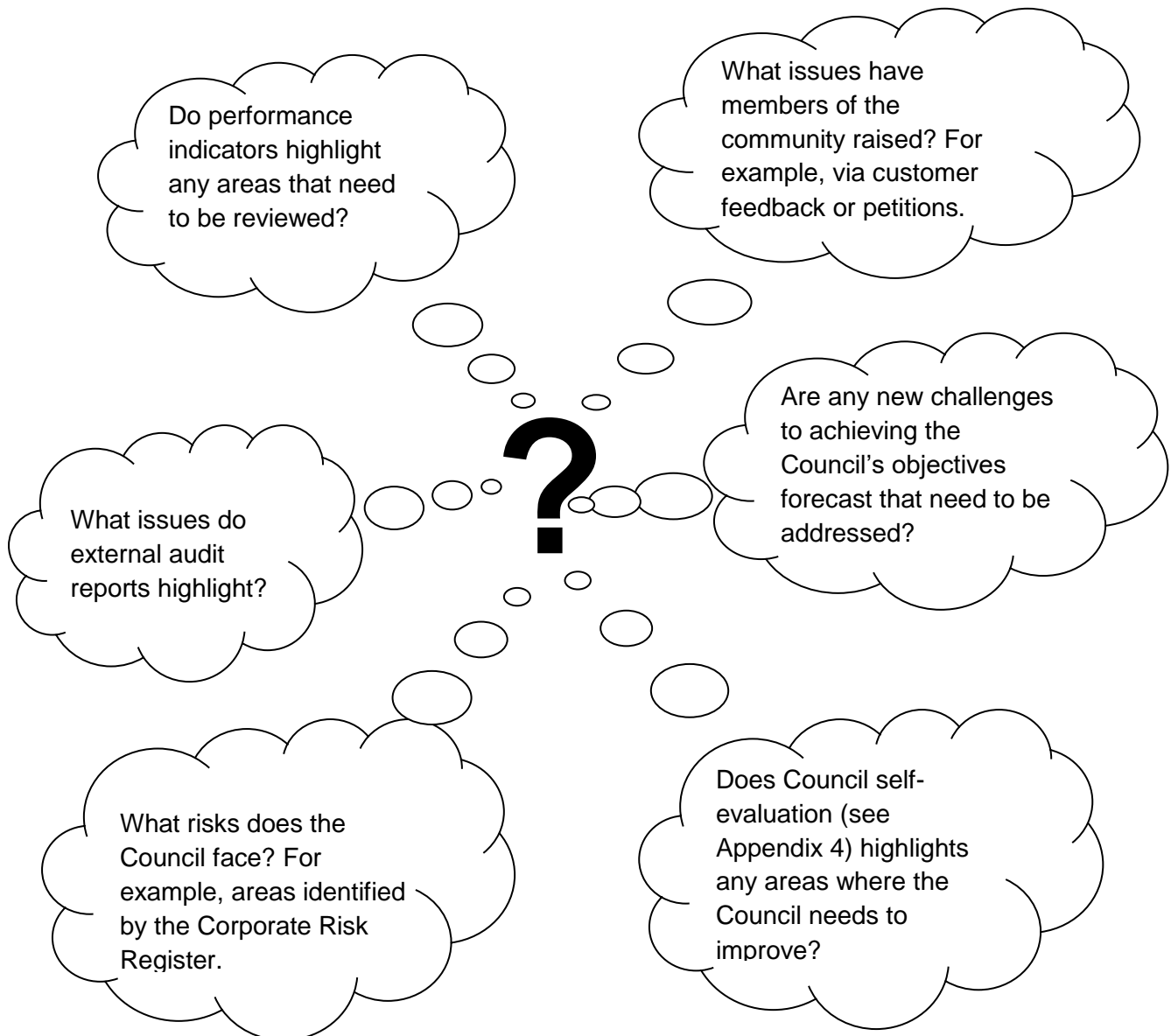
Regular items for scrutiny follow the annual planning and performance cycle with quarterly performance reports early in the second, third and fourth quarters and annual reports, if possible, at the end of the first quarter. Members will need to ensure that time is set aside in the work programme to allow for proper scrutiny of these regular items alongside other items.

Items that have met the topic selection criteria for policy review

Some items for inclusion in the work programme will have passed through the topic selection criteria outlined previously. Topics that are identified as possible items for scrutiny through the selection criteria should be placed on to a reserve list to be periodically reviewed for priority and workload capacity.

3. Selecting Topics for Scrutiny and Review

Selecting topics to include in the work plan is an ongoing process. Some topics will be regular items, for example performance reports, while others will deal with a particular issue of particular interest to members. The following questions might help Members to identify potential topics for inclusion on the work plan.



Members may request reports from officers on the subjects chosen for scrutiny using a range of criteria including requiring further information on areas of concern or follow up reports updating members on progress with improvement actions to address poor performance.

Using a structured approach to determine subjects for scrutiny reports or review helps to avoid poor topic selection. Each potential topic for scrutiny should be subject to the same initial selection and rejection criteria.

Selection criteria	Rejection criteria
Improvements to services would be likely	The topic is already being addressed
High public concern shown through consultation	Scrutiny is unlikely to result in service improvements
Poor performing service	Matter is sub-judice or prejudicial to the Council's interests
Enhances the Council's priorities	The issue is more appropriately addressed by a body other than the scrutiny committees
High budgetary commitment	The objective cannot be achieved within given timescales
New guidance or legislation has recently been introduced	The subject is too broad to make a review realistic

The following subjects are examples of topics that have been the subject of reports or reviews carried out East Lothian's and other local authority's scrutiny committees:

- The role of the Council in tourism
- Asset management arrangements
- The implications of demographic changes
- Attainment in 5th and 6th years
- Management of Council house voids
- Delayed discharges
- Early intervention
- Carbon management
- Child protection services

Members need to be realistic in regard to the number of reports the Committee can consider within its work programme or structured reviews that the Committee will be able to undertake in any given year.

4. Conducting a Policy Review

Policy Review is the process of evaluating the effectiveness of a particular area of Council policy or service provision. These reviews are likely to hear evidence from key stakeholders and commission research or reports to understand how well policy is being implemented or how well services are being delivered.

Policy Reviews are generally conducted within a set timescale, often two or three meetings. Conducting a review over the course of more than one meeting allows lines of enquiry to develop and additional information to be provided if required.

Advanced planning is essential to the success of any policy review. Officers will require time to prepare any evidence or reports and stakeholders will need prior notice if Members would like them to attend a meeting. Policy Review exercises need to be well planned and should be included as part of the work programme.

When planning a policy review exercise members might like to consider the following:

1. Identifying the objectives and key issues

What do we want to achieve and what are the main issues that need to be addressed in order to achieve the objective?

2. Establishing the timeframe of the review

The overall timeframe of the review will need to be established and added to the work programme.

3. Outlining the stakeholders and evidence required

What evidence is required to achieve the outcomes, and who needs to be called as a witness?

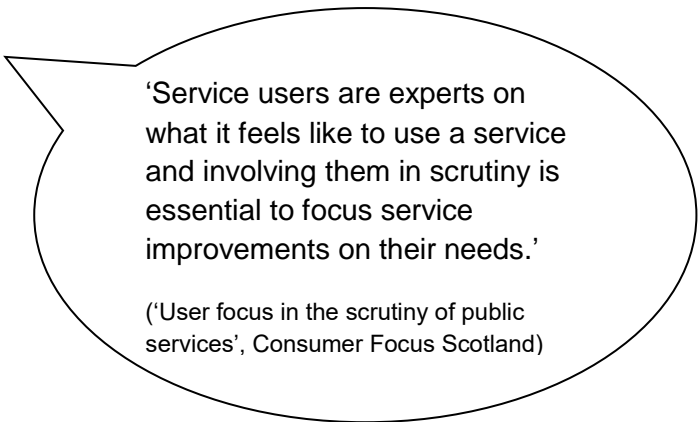
4. Considering the lines of enquiry

Once the objectives and the key issues have been decided, lines of enquiry should be determined to help focus the review and enable a consistent approach to a topic across meetings. Are you clear about the issue or problem and why it is the subject of the review and what are the terms of reference of the review?

Appendix 5 includes some specific key questions identified by Audit Scotland in the 'Overview of Local Government in Scotland, 2009'. The questions reflect areas of concern that are common across Local Government in Scotland. Members are encouraged to consider the relevance of these questions to any scrutiny work they undertake.

Scrutiny committees are encouraged to involve relevant stakeholders in policy reviews. Stakeholders can provide useful expertise and knowledge, while hearing directly about the experience of service users can provide a helpful reality check.

The needs of different stakeholders should be considered when planning their involvement in a review. Not all stakeholders will be comfortable, or able, to attend a meeting, therefore consideration should be given to whether their evidence can be provided by other means if necessary.



Which stakeholders might we involve?

Group	Examples
Service Users	East Lothian Tenants and Residents Panel (ELTRP) Parent’s Councils
Community Groups	Area Partnerships Community Councils Local business associations
Partners	Police Fire & Rescue Service NHS Volunteer Centre East Lothian (VCEL) Skills Development Scotland Edinburgh College
‘Experts’	Academics Improvement Service SOLACE COSLA Professional associations

Before concluding a Policy Review the Committee should invite the relevant Head of Service, portfolio holder and/ or Council Leader to discuss the draft findings and recommendations.

5. Scrutiny Techniques

Members might find some of the following techniques and tips useful when conducting policy reviews or scrutinising performance information.

Questioning styles – good practice

Open questions

Open questions encourage respondents to talk and expand upon the issue. Open questions allow respondents to describe a situation in their own words. The key prefixes for an open question are 'What?', 'How?' and 'Why?' Examples include:

- What do you consider the service does well?
- How did you establish x as a priority for the service?

Open Questions can also be formed through phrases such as:

- Tell me about a time when...
- Explain to me how you...

Using open questions can form a basis for asking further probing questions based on the answer to the initial question. For example:

- You say that you did... can you give me an example of how you carried that out?
- I was interested to hear you say... can you tell me more about that?

Hypothetical questions

Asking hypothetical questions can help to test out ideas for recommendations and can also be useful in obtaining evidence. For example:

- If x were possible how would this change your strategy?

Behavioural questions

Behavioural questions can help to get evidence of how an organisation might carry out a task in future by using examples of past behaviour. For example:

- What process has the organisation used in the past to achieve the outcome?

Questioning styles – try to avoid

Closed questions

Closed questions are those that can be answered in a single word. While closed questions can be useful in clearing up points of fact, they are unlikely to yield much further information.

- Does your organisation do x?

Leading questions

Leading questions make it clear to the respondent what answer is expected and are unlikely to yield genuine answers. For example:

- We know from experience that x works, what is your experience of x?

Asking a question in this format makes it very difficult for the respondent to give an honest answer.

Double-headed questions

Double-headed questions ask more than one question at a time. Double-headed questions can either confuse the respondent, or ensure that the respondent answers only the part of the question that they are comfortable with. Both questions might be valid lines of enquiry, but it would be more productive to ask them separately:

- If your organisation has the responsibility to do x how is this measured, and how does x fit into the national strategy?

Multiple choice questions

Multiple choice questions offer a number of possible answers, but do not ask for any real explanation. For example:

- Do you believe that x, y, or z is the best way forward?

6. Making Sense of Performance Data

A key role of the Policy and Performance Review and the Police, Fire and Community Safety Scrutiny Committees is to monitor, comment on and make recommendations based on quarterly and annual reports of performance.

East Lothian Council's performance reports contain the following features (Police and Fire and Rescue services performance reports will be presented in different ways):

Trend arrows

Trend arrows show whether performance has improved, worsened, or stayed the same in comparison to the previous period (i.e. the previous quarter, month or year depending on how frequently the indicator is reported).

Key to symbols







no change	↔ Little or no change (less than 4% variation)
red down	↓ Worsening performance (Indicator aim: HIGH)
red up	↑ Worsening performance (Indicator aim: LOW)
green down	↓ Improving performance (Indicator aim: LOW)
green up	↑ Improving performance (Indicator aim: HIGH)

RAG (Red, Amber or Green) status

The RAG status is designed to show whether an indicator is exceeding its target for the period timeframe. RAG status can also be used by performance managers to flag measures that have suddenly improved or dropped performance. RAG settings can be set to variable to reduce false alerts for measures that have a greater range of change, but not necessary a change in performance trends. It is important to note that a measure can be outwith target in the quarter, but the Year to Date (YtD) figure can be within target.

Key to Icons

RAG status

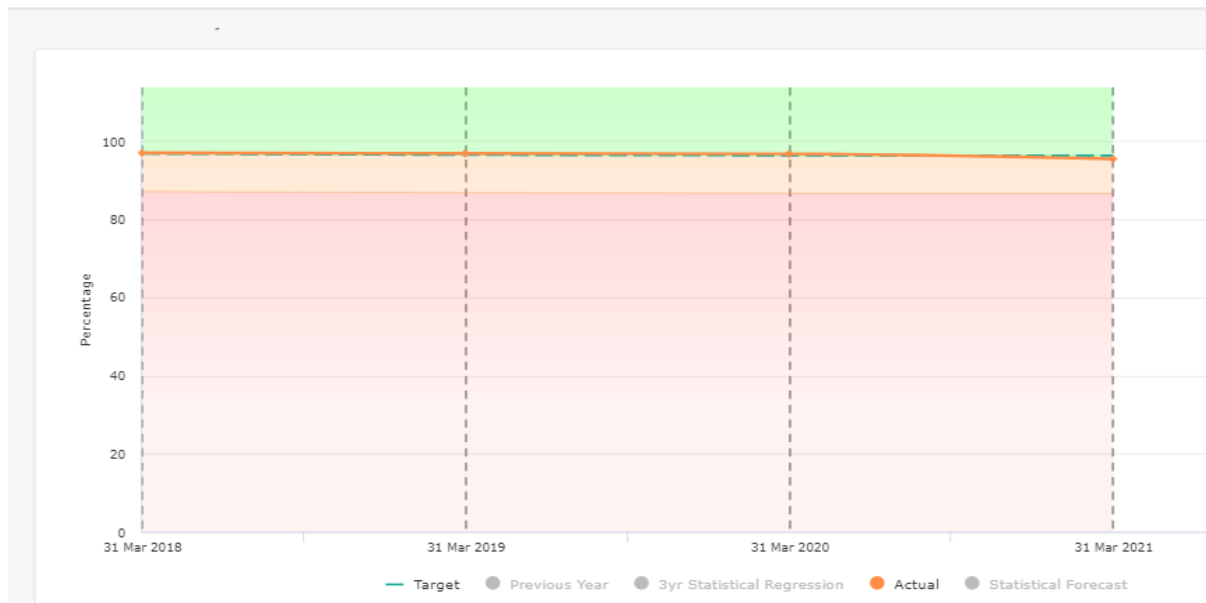
-  Performance within target
-  Performance within tolerance levels
-  Performance outwith target / tolerance levels
-  Missing data
-  No target
-  No data or target

Graphs

Graphs are used to show the long-term trend for an indicator. While the trend arrows show whether an indicator has improved or worsened since the last period, graphs can provide further context to help understand performance such as seasonal impacts. Graphs show whether any changes in performance are a short-term blip, or are the result of a long-term trend.

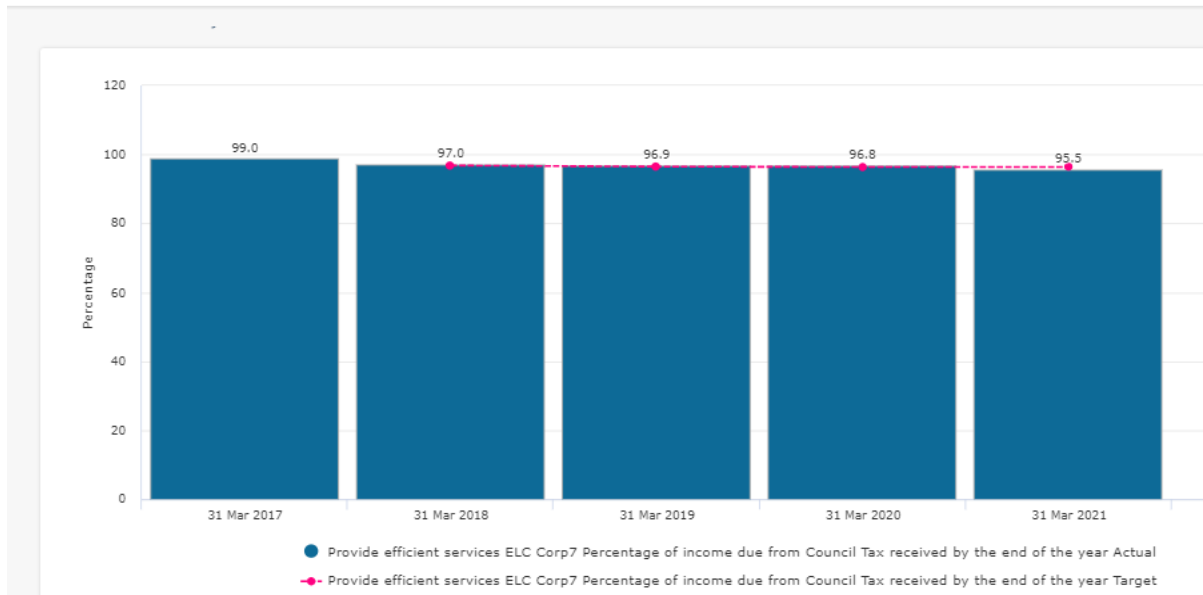
Line chart with RAG and Target

Measure: ELC Corp7 Percentage of income due from Council Tax received by the end of the year
Objective: Provide efficient services



Bar chart with Target

Measure: ELC Corp7 Percentage of income due from Council Tax received by the end of the year
Objective: Provide efficient services



Comments

Each indicator can include explanatory comments that are provided by the Service. The comments section should explain the reasons why the indicator has improved or worsened.

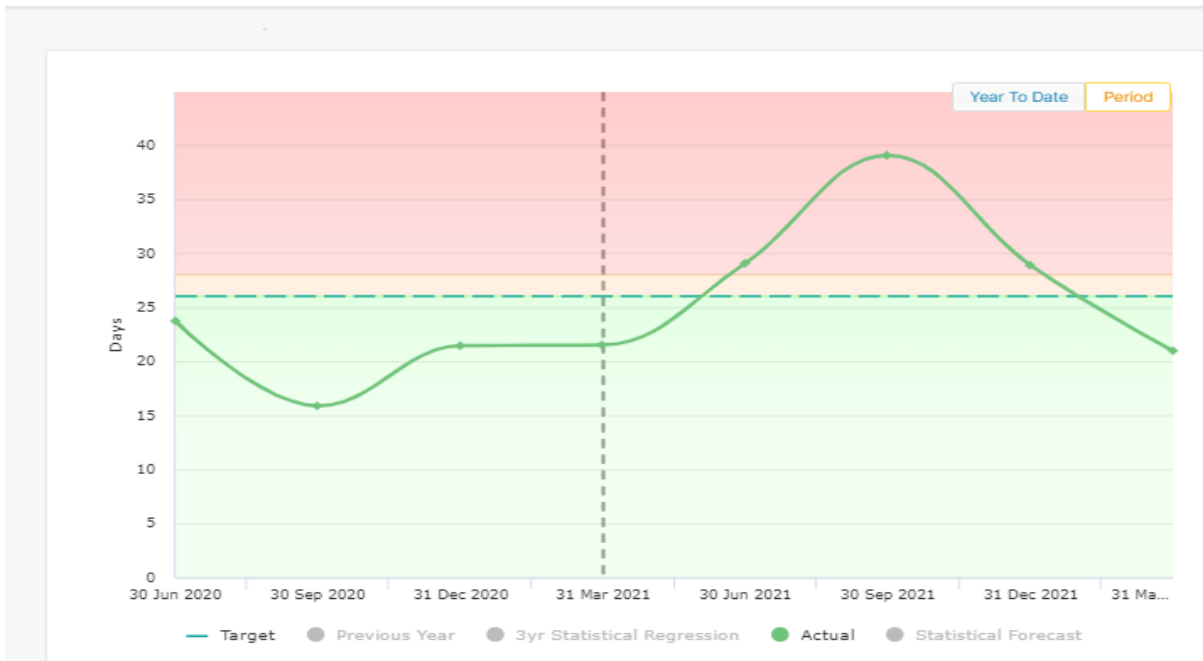
These comments can cover 4 areas:

- **Change in performance and performance against target**
- **Policy & resource impacts on performance**
- **Progress towards Objectives / Outcomes**
- **Details of improvement activity**

What to look for in a performance report

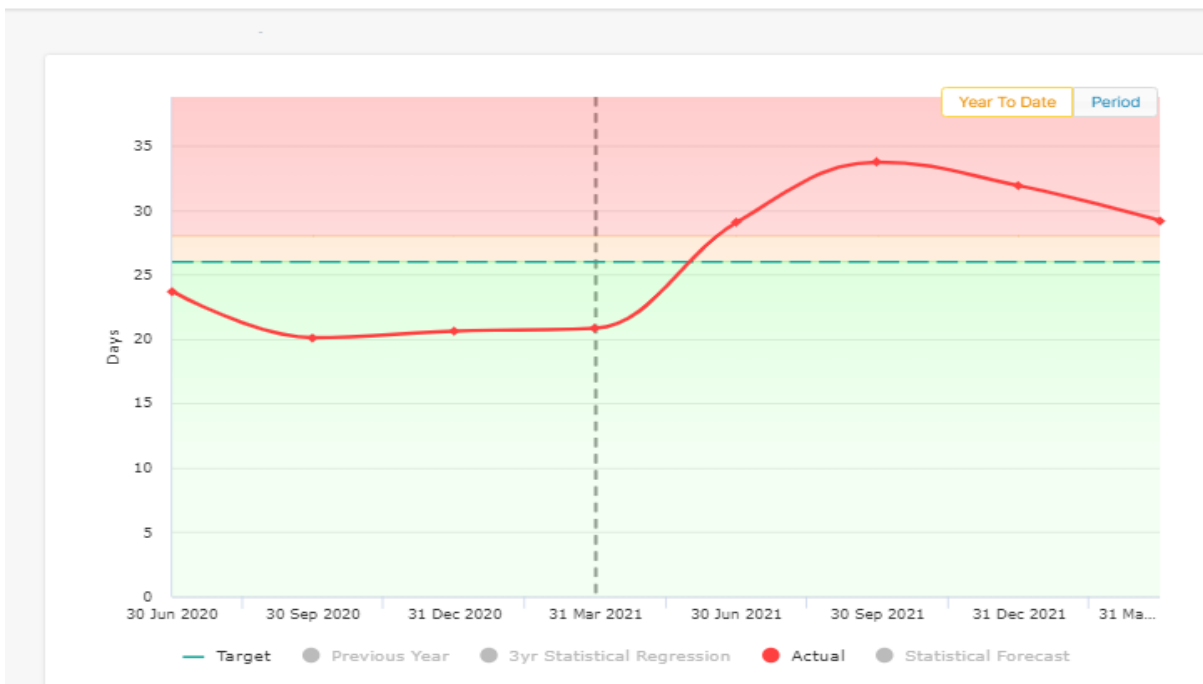
For the measure below (BEN01 - Benefits, Average time in days to process new Housing Benefits claims) we can see the profile for this measures is lower is better. The quarter performance has been consistent until June 2021 when quarter performance is outwith the threshold / target. RAG is in the red until the end of the financial year, where quarter performance improves and is now within target.

Measure: BEN01 Average time in days to process new claims in housing benefit
 Objective: Provide efficient services



For the same measure, the line chart below is showing Year to Date rather than period performance. Performance is still outwith target at the end of the financial year despite an improvement in the last period quarter performance. The trend is looking downwards (lower is better) towards the green RAG area.

Measure: BEN01 Average time in days to process new claims in housing benefit
 Objective: Provide efficient services



Questions to ask when considering performance data:

These are some questions you should think of asking when considering performance data:

- What information could I do without?
- Is the information easy to understand?
- Can I interpret what the key messages are?
- Would a different method or presenting help me interpret the information?
- Do I challenge officers to explain the information?
- Do I challenge officers to provide missing information?

Using performance indicators

Performance indicators should be used to identify areas for further investigation and review. There are many different type of indicators that can help to determine progress against objectives and performance improvement.

Process – Similar to the example measure used earlier, this type of indicator can help to measure the efficiency or productivity of a business process that might impact on customer satisfaction

Input / Output - Measures costs and resources needed to provide services and the output or results of operational activities

Outcome – measures the benefits of performance as an outcome of operational activity. Eg employee satisfaction measures. This type of measure is usually found in corporate plans and strategies with more detailed measures in action plans.

Individual performance indicators should be considered in conjunction with other related or different types of indicators and contextual information. Rarely will an individual indicator adequately describe performance on its own. Other sources of information that could be used in conjunction with an indicator might include other performance indicators, source data, previous committee reports and customer feedback. Most measures will have a mix of performance that may indicate the effectiveness, efficiency and quality of a service is being provided.

Appendix 1: Best Value Toolkit – Governance and Accountability

Audit Scotland has outlined what constitutes good practice in scrutiny as part of their Best Value Toolkit on Governance and Accountability. The Toolkit forms one part of a set of documents that clarify the criteria against which Councils will be judged as part of Best Value Audits.

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY

	Basic practice	Better practice	Advanced practice
5. How well do challenge, scrutiny and review processes ensure a range of informed views are sought and actively considered to aid decision making and improvement?			
5.1 How effective, objective and transparent is the scrutiny and challenge of decisions and policies?	<p>There is sufficient opportunity for objective challenge and questioning of decisions by members before they are taken or confirmed, built into policy development and decision making processes. There is a process to challenge and rethink decisions in exceptional circumstances.</p> <p>Some member challenge to policy or decisions takes place. It incorporates a dispassionate exploration of issues, alongside any challenge to decisions on grounds of politics or principle.</p> <p>The nature and extent of the scrutiny and challenge that has taken place is transparent.</p>	<p>The organisation regularly reviews how effectively it scrutinises decisions, making continuing improvements to processes and support for members.</p> <p>Independent members actively challenge key decisions before they are taken or confirmed in an, objective and constructive manner. This scrutiny is treated seriously by decision makers, with time taken to explore the issues raised.</p> <p>Scrutiny processes are structured and well managed as part of a systematic approach. Challenge is focussed on significant issues and does not unduly delay decisions.</p>	<p>Effective, objective and transparent scrutiny and challenge of policy development and decision making is embedded in the organisation’s culture and ways of working.</p> <p>Members and senior officials that are responsible for decision making actively seek informed and constructive challenge, value and respond positively to this.</p> <p>Members and senior officials routinely challenge each other in an objective, effective and open manner – achieving an appropriate balance between challenge and timeliness of decision making.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY

	Basic practice	Better practice	Advanced practice
<p>5.2 How effective, objective and transparent is scrutiny of the organisation’s performance and the effectiveness of its policies and procedures?</p>	<p>There is sufficient opportunity for members to review and objectively challenge the performance of the organisation and the implementation of policies and decisions through:</p> <ul style="list-style-type: none"> • ongoing monitoring of quality, performance, implementation and management processes • post implementation reviews of policies and improvements. <p>Time is set aside on agendas for this purpose and members are provided with appropriate and objective reports.</p> <p>Some challenge takes place, including questioning of responsible senior officials about important aspects of performance and management effectiveness.</p> <p>The nature and extent of the scrutiny and challenge that has taken place is transparent.</p>	<p>The organisation regularly reviews how effectively it scrutinises performance, making continuing improvements to processes and support for members.</p> <p>Scrutiny is led by independent members who take a constructive and objective approach. Senior officials are held to account in a meaningful way, and are open and helpful in their response to questioning.</p> <p>Challenge is based on objective sources of evidence and effort is targeted at significant issues related to the priorities and the overall objectives of the organisation.</p> <p>Scrutiny leads to the identification of areas for improvement. Members responsible for scrutiny follow-through to make sure appropriate action is being taken and whether it has been effective. They report their activity and significant exceptions to all members.</p>	<p>Effective, objective and transparent scrutiny of performance is embedded in the organisation’s culture and ways of working.</p> <p>Members and committees that lead and undertake performance scrutiny functions are well supported and respected. They have a clear understanding of the issues and aspects of performance that are important to the success of the organisation, and robustly challenge and hold to account in these areas.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY

	Basic practice	Better practice	Advanced practice
5.3 How effective is the Audit committee?	<p>An audit committee has been established and meets regularly. Its remit and operation meets the minimum applicable standards for the organisation. It has the right to report to and be heard by all members.</p> <p>An appropriate focus is given to the risk management, internal control and financial management & reporting.</p> <p>Internal and external auditors attend meetings and submit reports summarising their plans and the results of their work.</p>	<p>The audit committee regularly reviews its own performance against best practice and takes action to continuously improve its effectiveness. It reports annually to all members and can demonstrate good performance.</p> <p>The committee specialises in scrutiny of risk management, including the effectiveness of financial management and reporting. Wider scrutiny of performance is dealt with elsewhere.</p> <p>At least one member of the committee has recent financial experience.</p>	<p>The audit committee's role is well understood and valued across the organisation. It is seen as apolitical and authoritative.</p> <p>Members of the committee are well informed, and skilled in effective challenge and open discussion. They are able to confirm to other members that the right processes are in place to give confidence that financial stewardship and overall governance arrangements can be relied upon.</p>
5.4 How well does the Internal audit function provide assurance to management on the integrity of the organisation's corporate governance framework and identify areas for improvement?	<p>The organisation has established an internal audit function with sufficient status and resources to review and report on key aspects of the system of internal control.</p> <p>The Internal Audit function complies with relevant minimum standards and the head of internal audit has unfettered rights of access to members and senior officials.</p>	<p>The Internal Audit function maintains a recognised quality accreditation, actively reviews its own effectiveness, and continuously improves.</p> <p>The Head of Internal Audit respected and authoritative, and is consulted on governance and internal control arrangements for new and existing business initiatives during the development phase.</p>	<p>The internal audit function can demonstrate the highest standards of performance. The value and impact of its work is recognised by all members and senior officials.</p>

BEST VALUE TOOLKIT: ASSESSMENT MATRIX – GOVERNANCE & ACCOUNTABILITY

	Basic practice	Better practice	Advanced practice
5.5 How effective is the organisation's annual review of its overall corporate governance arrangements?	<p>The organisation completes an annual review of its corporate governance arrangements that meets the relevant minimum standard. It publishes details of this review in line with requirements placed on it.</p> <p>The review is informed by the work of internal audit, the audit committee and reports from external auditors and the conclusions are consistent with this.</p> <p>The review is effective in identifying significant concerns and action is taken to address these.</p>	<p>An annual governance statement is published, summarising the extent of and conclusions from a review of the effectiveness of the system of internal control.</p> <p>It is underpinned by a robust approach to review and is signed by the most senior member and most senior official on behalf of the organisation.</p> <p>No significant control weakness exist. The review process is itself reviewed regularly.</p>	<p>The overall review of governance is underpinned by ongoing review of control frameworks operated across the organisation and any subsidiaries.</p> <p>Senior officials are committed to an effective review of internal control in their own areas of responsibility. They show an understanding of the nature and value of the control framework and act promptly to address any areas of concern.</p>
5.6 How well does the organisation respond to external review and scrutiny?	<p>Relevant staff engage constructively and professionally with external auditors and other scrutiny bodies, making genuine attempts to answer questions and provide evidence that is requested.</p> <p>Reports by external auditors and other scrutiny bodies are considered by relevant members and senior officials, and action is taken to address any significant issues that are raised.</p> <p>Where external scrutiny identifies any significant areas of concern or weakness, members and senior officials engage with the relevant scrutiny body to better understand how to address the issues raised.</p>	<p>The organisation engages meaningfully with external audit and other relevant scrutiny bodies about their plans, providing views on where external reviews would add most value alongside internal review and improvement activity.</p> <p>The views and support of external auditors and inspectors are sought in relevant circumstances, and members and senior officials display a real understanding of their role and remit.</p> <p>The organisation systematically considers the wider implications of significant issues raised in external reports (for example whether similar concerns exist in other areas of the organisation).</p>	<p>The organisation systematically reviews the findings and conclusions of reports about other organisations and any national or cross-cutting reports, to considering potential implications for it and opportunities to apply best practice.</p> <p>Members and senior officials value the independent challenge and assurance provided by proportionate and risk based scrutiny activity. They respond to this in a manner that strengthens the organisation's own review and improvement activity.</p>

Appendix 2: What do the scrutiny committees do?

Audit and Governance Committee

Audit responsibilities

1. Risk and Internal Controls

- (a) Promote Council policy on risk management by reviewing the delivery of the Risk Management Strategy, reviewing the business and strategic risk assessment arrangements and procedures and the Corporate risk Register;
- (b) Promote, review and monitor internal controls, financial and otherwise, within the Council in order to provide reasonable assurance of the effectiveness and efficiency of operations and compliance with relevant statutes, directions, guidelines and policies;
- (c) Develop an anti-fraud culture within the Council to ensure the highest standards of probity and public accountability;
- (d) Approve the annual Internal Audit assurance report and the statement of internal controls for inclusion in the annual accounts.

2. Review of Audit Functions

- (a) Determine the scope of the annual audit plan and ensure it is directed in accordance with the approved business risk assessment;
- (b) Examine and review the External Audit Planning Memorandum and review the overall performance with regard to quality, productivity and the fees charged;
- (c) Review the activities of the Internal Audit function and monitor overall performance in terms of quality, productivity and effectiveness;
- (d) Ensure that the Internal Audit function is sufficiently resourced to provide a systematic review of internal controls and a full assessment of significant investigations;
- (e) Examine Internal and External Audit reports, and ensure weaknesses identified are adequately addressed by management and recommendations are actioned;
- (f) Ensure that there are effective relationships between Internal and External Audit and inspection agencies, and that the value of the audit process is actively promoted.

3. Financial Matters

- (a) Review the Council's financial performance as contained in the annual statement of accounts;
- (b) Review the audit certificate/wording of any matters reported;
- (c) Review the annual report to Members from the External Auditor;
- (d) Review the implementation of audit recommendations;
- (e) Ensure that issues raised in previous financial years have been addressed.
- (f) Review and monitor treasury management arrangements

Governance responsibilities

4. *All matters relating to the performance of the Departments and Council as a whole, including, but not limited to:*

Community

- Strategic vision and direction setting by Members
- Integration of strategic vision, direction and Community Planning priorities and actions into internal planning mechanisms
- Public performance reporting and public accountability
- Transparency of decision-making processes
- Consultation and communication with communities

Service Delivery Arrangements

- Corporate planning approach and performance against corporate actions and targets, including financial position and performance and asset management
- Performance management system and corporate performance information monitoring
- External scrutiny/assessment recommendations and resulting action planning
- Management of joint working
- Best Value reviews and option appraisal
- Contracting issues

Structures and Processes

- Monitoring of decision-making structures and mechanisms
- Monitoring of policy development and implementation
- Clarity of key roles and responsibilities

Governance

- Corporate Governance
- Annual Governance Statement

Policy and Performance Review Committee

Remit and Powers

All matters relating to the performance of all the Council's services including, but not limited to:

- Vision and direction setting by members
- Integration of vision, direction and Community Planning priorities and actions into internal planning mechanisms (including Service Plans)
- Mechanisms and Initiatives for Improvement (e.g. Benchmarking)
- Public Performance Reporting and public accountability
- Consultation and communication with communities
- Planning and performance against actions and targets including financial position and performance, priority/risk based resource management and asset management
- Mainstreaming of equality issues and sustainable development
- External scrutiny/assessment recommendations and resulting action planning
- Management of joint working
- Best Value reviews and option appraisal
- Contracting issues
- Scrutiny of policies identified through an annual work plan or other aspect of its work

Police, Fire and Community Safety Scrutiny Committee

Remit and Powers

The following business and functions are delegated by the Council to the Community Safety Committee:

- To carry out scrutiny of the performance of the Police and Fire & Rescue services in East Lothian with specific reference to each organisations' Local Plan.
- To receive and comment on local quarterly performance reports from Police Scotland and the Scottish Fire & Rescue Service.
- To engage in the development of Police Scotland and the Scottish Fire & Rescue Service Local Plans.
- To consider and respond to national level strategy and policy discussions of Police Scotland and the Scottish Fire & Rescue Service.
- To scrutinise and monitor the Service Level Agreement between the Council and Police Scotland
- To receive and comment on reports on the performance of any other services performing a community safety function in East Lothian.

Appendix 3: Roles and responsibilities

Conveners of Scrutiny Committees

- Chairing the Committee, co-ordinating its activities and taking a lead role in its work
- Providing leadership in relation to monitoring the Council's strategies, performance and service delivery and contribute to the effective governance of the Council
- Giving direction to senior officers of the Council in respect of matters within the remit and powers of the Committee
- Contributing effectively to the Council's scrutiny, policy and performance review processes by ensuring the questioning of relevant officers on the strategies, policies and performance of the Council and its service
- Encouraging and supporting participation and debate by all other committee members and ensuring that they contribute effectively to the work of the Committee
- Ensuring adequate scrutiny of reports from the Council's auditors and Audit Scotland on Council performance
- Identifying cross-cutting issues and ensuring a corporate approach to scrutiny in these areas
- Ensuring that effective working relationships with all councillors, officers and relevant partner organisations are developed and maintained
- Leading on the selection of witnesses to policy and performance reviews and determining whether evidence is to be given orally or in writing
- Leading on determining a timetable for the Committee's work

Members of the Committees

- Selecting topics for scrutiny and policy review
- Participating constructively in the activities of the Committee
- Determining which stakeholders they would like to attend the meetings
- Examining the basis on which major decisions are taken and ensure that they are consistent with Council policy
- Monitoring the effect of national legislation on the Council
- Holding councillors and officers to account in respect of their implementation of Council policy
- Investigating the quality and performance of services provided by the Council
- Engaging with members of the public and key stakeholders to inform areas of scrutiny work
- Making recommendations for improvement to Council / Cabinet

Committees Section

- Preparing and arranging meeting rooms and facilitate meetings
- Determining dates and deadlines for meetings

- Producing minutes and notes of meetings and meeting agendas

Service Manager/ Performance Officer

- Preparing performance reports
- Providing reports and advice on corporate planning
- Reporting upon the Council Improvement Plan

Services

- Providing reports as requested by the Committees
- Attending Committees to assist with their enquiries when requested
- Accounting for relevant performance indicators

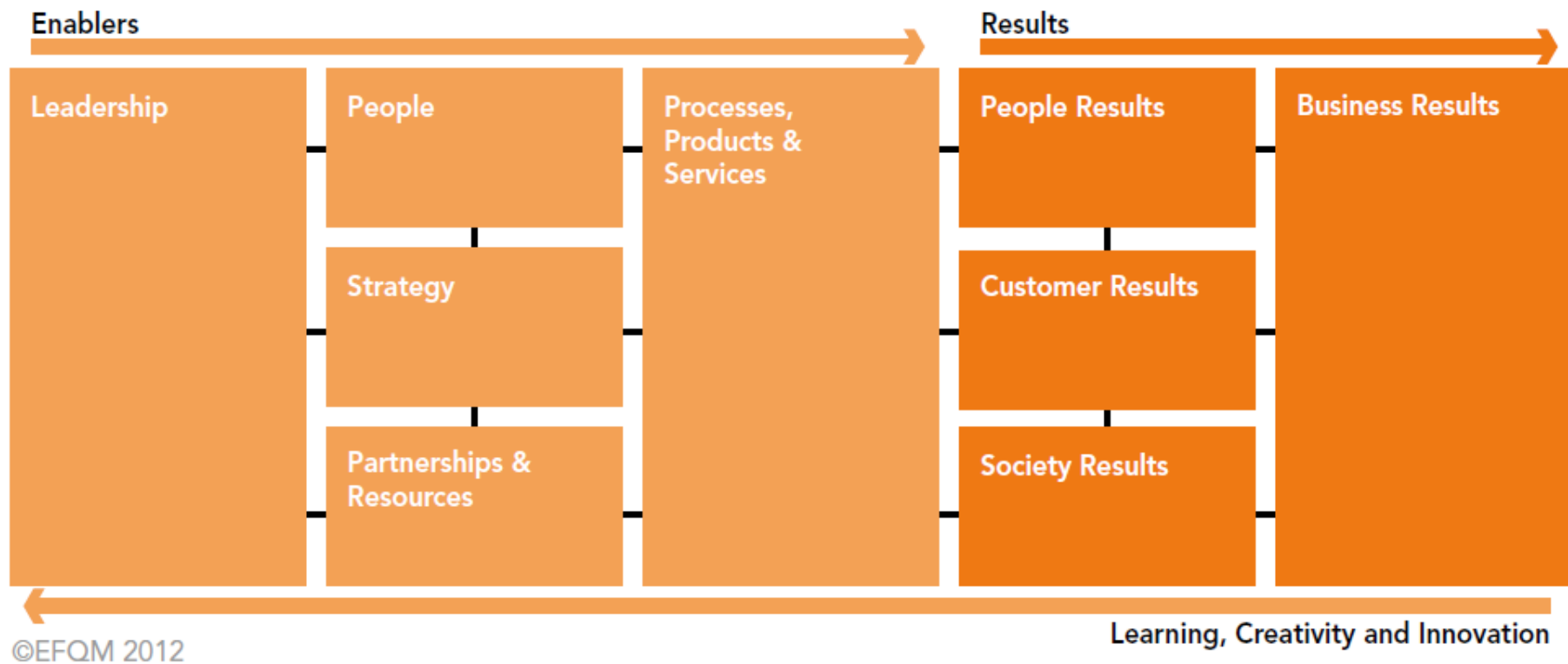
Stakeholders

- Members of the public, including service users, and representatives of partner organisations can be invited to attend the scrutiny committees to assist members in their work by giving evidence and taking part in the discussion and consideration of topics

Appendix 4: Self-Evaluation

The Council's self-evaluation process which helps the council and services assess how we are doing and what we need to improve is based on the principles of the **European Foundation For Quality Management (EFQM)**. This framework enables us to understand the cause and effect relationships between what we do ('enablers') and the results we achieve.

The EFQM model comprises five 'Enabler' criteria and four 'Results' criteria:



Appendix 5: Key Questions for Elected Members²

Longer-term planning	<ul style="list-style-type: none"> • To what extent are we planning for beyond the current year taking into account financial projections and other intelligence? • How robust are plans to achieve the savings required to meet our priorities? • To what extent do we have a clear plan for achieving the most appropriate size of workforce and skills needed to deliver our goals? • To what extent do we have a clear plan for ensuring that expenditure and investment in our asset base achieves value for money and most appropriately supports the delivery of our goals
Decision-making and prioritisation	<ul style="list-style-type: none"> • How clear are we about the priorities of local people? • How good is our information on performance and the costs of providing different levels and quality of services to assist us in setting priorities and taking decisions? • What action are we taking to prioritise spending? • How aware are we of the relative risks and rewards associated with our decisions, and how well placed are we to manage identified risks?
Outcomes	<ul style="list-style-type: none"> • To what extent are we considering the impact of the recession on our service outcomes and our commitments in our Single Outcome Agreement? • How are we comparing our service outcomes with others, for example by benchmarking? • What evidence do we have that our service outcomes represent best value?
Keeping informed	<ul style="list-style-type: none"> • How well are we kept informed of the impact of the recession on our finances and service performance? • How effectively are we monitoring and planning for changes in demand for services? • Are our training and development needs fully addressed?
Working with others	<ul style="list-style-type: none"> • How well are we working with our partners and/or neighbours to deal with pressures caused by the recession? • Are we exploring all possible options for the delivery of local services? • What quantifiable efficiencies or improvements are resulting from working with others?

² An Overview of Local Government in Scotland 2009; Accounts Commission, 2009

REPORT TO: Audit and Governance Committee
MEETING DATE: 21 June 2022
BY: Service Manager – Internal Audit
SUBJECT: Internal Audit Report – June 2022

3

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit reports issued 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 February 2022 to June 2022 as contained in Appendix 1;
 - ii. the main findings and recommendations from the Internal Audit Assurance review undertaken in the period from February 2022 to June 2022 as contained in Appendix 2;
 - 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: Low Value Purchasing, Property Maintenance Stores, COVID-19 Grants, Scottish Welfare Fund and Risk Management.
- 3.2 The main objective of the audits was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audits is contained in Appendix 1.
- 3.3 In addition since the last meeting of the Committee an Assurance review of the Digital Learning and Teaching Strategy has been completed. The main findings and recommendations from the Assurance review are contained in Appendix 2.

- 3.4 As the Assurance exercise is not a complete audit of this emerging process it has not been assessed with an assurance level. However appropriate recommendations have been made.
- 3.5 For the audit reviews undertaken, Internal Audit has provided management with the following levels of assurance:
- Low Value Purchasing – Limited Assurance
 - Property Maintenance Stores – Limited Assurance
 - COVID-19 Grants – Reasonable Assurance
 - Scottish Welfare Fund – Reasonable Assurance
 - Risk Management – Reasonable Assurance

Progress Report 2021/22

- 3.6 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

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DATE	10 June 2022

Appendix 1 Executive Summary: Low Value Purchasing

Conclusion: Limited Assurance

The control environment in place for low value purchasing is reliant on the controls in place for processing invoices which remain mostly appropriate. However significant improvements in the authorisation of purchases when the original purchase orders are being processed, and set up of suppliers is required as part of the relaunch of procurement procedures across all Council services. Systems improvements are required in order to provide greater capability to monitor all expenditure and assist in the prevention of incorrect payments. Purchase card controls that have been de-prioritised as a result of business continuity require to be reintroduced.

Background

The Council's procurement process indicates that East Lothian Council has a number of contracts in place with suppliers of goods, providers of services and contractors for construction works. The contracted suppliers offer the best overall value for money as well as reduced risk for the Council, so it is important that these suppliers are used where a contracted supplier is in place.

However routes for purchasing decisions still allow for use of a manual purchase ordering process off the corporate PECOS system, which due to systems compatibility issues only accounts for 18% of the Council expenditure, much of the other expenditure is operated through different service based systems, and the Council also makes use of purchase cards. Controls in place to prevent the use of non-contract suppliers and unregulated procurement are not as effective when purchases are made through these processes.

During the COVID-19 pandemic business continuity period there have been increased risks of more unregulated expenditure due to more home and remote working resulting in lower direct supervision/training of staff and increased potential for contracted suppliers to be unable to deliver the goods and services required of the Council. In addition resourcing constraints and other COVID priorities within the Finance and Procurement teams have resulted in prioritisation on monitoring of higher value expenditure.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Corporate Accounting and the Service Manager – Procurement**:

- Current procurement procedures and purchase card procedures are recognised as being out of date and have been removed from general circulation on the Council intranet. *Management had already planned to revise and reissue these procedures and will do so **by December 2022**.*
- Systems improvements are required in order to improve the monitoring of lower value expenditure and to include systems to ensure expenditure against contracted suppliers can be monitored against contracts, and that greater monitoring of purchase card expenditure is also required to prevent the use of the cards for items that should be purchased through other routes. *The P2P project and work by procurement are already underway to resolve systems issues, immediate changes are being made where possible however further systems improvements are required to provide full monitoring capability through the length of the P2P project, in addition further monitoring of purchase card expenditure will be implemented **by September 2022**.*
- Improved monitoring of New Supplier requests is required as evidence that they are being requested for set up through procurement after invoices have been issued has been identified, in addition for certain payment requests further segregation between supplier set up and payment processing is required to be implemented. *Management have agreed to the recommendations to improve processes which will be implemented **by December 2022**.*

Executive Summary continued: Low Value Purchasing

Summary of findings & recommendations (continued)

- Council procurement procedures should ensure that specific instructions are issued concerning the requirement for all purchases to clearly have two members of staff formally approve all expenditure including a requisitioner and an authoriser for all purchases, a clear audit trail was not in place for the original purchase request being requested and then authorised in 62% of the 2021/22 small value purchases tested, although all were for legitimate Council purposes. *Management have agreed to publicise this as part of the corporate procurement procedures by December 2022.*
- The Council currently has 358 live purchase cards, however 104 of these cards have not been used in the last five months, in addition multiple examples of use of purchase card transactions being broken up in order to avoid expenditure limits have been identified. Management of purchase card issues and expenditure limit changes have not been prioritised due to business continuity measures. *Management have agreed to implement improved monitoring and control arrangements for purchase cards by September 2022.*
- During the audit payment of a grant was found to have been made incorrectly due to manual entry errors, as has been previously reported due to manual entry processes in place for payments regular errors occur. Consideration should be given to providing more automated payment processes to improve this issue. *Management have agreed to include this within the objectives of the P2P project and implement new checks by September 2022.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	19	-	19
Prior Report	N/A	N/A	N/A	N/A*

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

Materiality

East Lothian Council during 2021/22 had £206.5 million of both capital and revenue expenditure, paid in excess of 79,000 invoices, of which £132.5 million (64%) was for individual invoice items of less than £50,000.

Headlines

Objectives	Conclusion	Comment
1. Adequate processes and procedures are in place for manual ordering and purchase card purchases.	Limited	Whilst quick reference guides exist and are available to all Council staff on the intranet covering both procurement processes and purchase cards, full Procurement procedures and Purchase Card procedures are neither up to date nor are they visible to staff as they have been taken off the Council intranet. Plans are in place to update both of these documents, however resource restrictions and business continuity processes has meant that this has not yet occurred.
2. Adequate monitoring of the purchases being made through manual orders and purchase cards is in place to ensure expenditure is being fully controlled through appropriate contracts for expenditure levels.	Limited	Monitoring of all purchases is completed by Procurement on a quarterly basis for expenditure that is not via purchase card and annually includes purchase card expenditure. However this analysis does not allow for spend to be fully analysed against spend on contracts, only against contracted suppliers. It is noted that in a number of cases purchase cards were being used for items of expenditure clearly identified as incorrect, there is a need for greater frequency of review for purchase card purchases. Resource constraints have impacted the operation of previous reviews completed of this expenditure.
3. Adequate segregation of duties is in place to maintain control of expenditure through manual ordering and purchase card expenditure.	Limited	Council systems are not in place to ensure that purchases are supported by a requisition and a purchase order in all cases. From a sample of 45 payments only eight were supported by appropriately authorised purchase orders and requisitions, although nine were utilities payments that are supported by a different system. Whilst all of the payments covered legitimate Council purchasing, ensuring appropriate procurement routes is not in place in all cases and an example was found of annual payments being made against a contract that was originally agreed in 2007 and has not been fully market tested since then.
4. Adequate controls are in place to prevent inappropriate or fraudulent expenditure through manual order or purchase card purchases.	Limited	As a result of errors caused by manual input transactions the Council makes errors in payments on occasions and requires time and resource to recover payments made incorrectly, in addition to one example found during testing in excess of £100,000 of error payments as a result of manual keying entry are established every two years as part of the NFI exercise. Improved systems that reduces the need for manual input processes for payments and has authorisation of purchases completed at the beginning of the purchasing process, not following receipt of invoices, has been recommended. Current use of purchase cards found that there were at least 26 cases of expenditure being made in more than one transaction in order to avoid individual transaction limits. In addition the Council has 358 issued purchase cards, however 104 of these cards have not been used in the last five months.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Procurement review all Council expenditure annually and the majority of expenditure on a quarterly basis. In order to identify aggregate expenditure that requires further procurement activity.
2.	Adequate segregation of duties exists in the authorisation and payment of Council invoices.
3.	The majority of Council expenditure is incurred with suppliers that the Council has a contract with.

Recommendation Grading/Overall Opinion Definitions

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

Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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: Property Maintenance Stores

Conclusion: Limited Assurance

The Council has in place a control process for managing the purchase, storage and issue of property maintenance stores materials, however key areas of that process require improvement, including: requisition and purchase processes, receipting of goods, manual stock adjustments, security of the stores area, recording and reconciliation of stock issued outwith normal working hours. Control of systems that are now end of life need to be managed through until new systems are in place to replace them.

Background

The Council maintains a Property Maintenance Stores at the site at Penston House, Macmerry Industrial Estate. The stores maintain a stock of items covering the majority of the needs of the Property Maintenance service teams including separately recorded stock for building materials, blacksmiths, electrical, glaziers, painting, plumbers, joinery and wood shop. Small levels of certain stock are maintained in some of the service fleet for completing particular jobs. Stores issue materials during normal working hours and an arrangement is in place to provide supervisors with stores access outwith normal hours when emergency work is required. Covid working environments and resource shortages within the stores team have had significant impacts on the normal working operations over the last two years, however, work is already underway to resolve the resourcing issues and working environments are beginning the process to full recovery.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Property Maintenance**:

- In addition to the current procedures available, procedures for the issuing of stores materials, returning of items and verification of deliveries require to be created and made available to all staff. *Management have agreed to complete this by September 2022.*
- Current processes for ordering stock require review to ensure that segregation of duties is always maintained, with documented escalation and authorisation routes for larger purchases and documented receipting of goods in all cases. *Management have agreed to implement these recommendations in full as soon as possible with all to be in place by December 2022.*
- Clear processes to ensure that handheld stock recording units are only operated by one individual on a daily basis need to be implemented and processes to ensure that this end of life system remains secure should be developed. *Management have already implemented new processes on use of the handheld stock recording units and are working with IT to have secure processes in place by September 2022.*
- Authorisation processes for manual stock adjustments should be reviewed to ensure that they are always followed on a timely basis. *Management have agreed to implement these changes by September 2022.*
- At the time of the audit more staff members had the ability to access the stores area than was required, whilst reviews have already reduced this number significantly, further process changes and reviews should be undertaken to ensure that the minimal required level of staff have access to the stores area. *Management have agreed to all of the recommendations being completed by December 2022, although some actions are already in place.*
- In order to ensure that there is appropriate protection provided by CCTV coverage of the stores area, consideration should also be given to increasing the coverage and the length of time recordings are maintained in line with other procedural changes. *Management have agreed to review and complete the required changes by December 2022.*
- In order to ensure that stock records and property records are complete and materials used are accurately recorded on a timely basis, changes are required to the process of recording out of hours issues of stock items. *Management have agreed to review and implement revised processes by September 2022.*

Executive Summary (continued): Property Maintenance Stores

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	25	1	26
Prior report	N/A	N/A	N/A	51*

* The full prior report was from 2003 and no recommendation gradings were recorded in Internal Audit Reports at that time.

Materiality

The stock count completed in April 2022 agreed a value of approximately £340,000 of stock maintained. Approximately £1.6 million of expenditure is made on stock items from around £2.4 million of expenditure on property maintenance materials on an annual basis.

Headlines

Objectives	Conclusion	Comment
1. Clear, accessible, relevant and appropriate Council stock management policies and procedures are in place.	Reasonable	There are written Property Maintenance Stores Procedures which clearly set out procedures for 24 processes, from the raising of purchase orders through to the checking and matching of invoices. However, there are no written procedures for the issuing and return of goods, although staff receive on the job training at the stores counter.
2. Stock reordering is completed in accordance with procedures and provides best value for relevant stock items, with an approved audit trail on the need for stock items.	Limited	Procedures for reordering of stock are reliant on stores staff having a good awareness of required items and do not provide for demonstrable segregation of duties and a clear audit trail from requirement through to delivery of goods, due to restricted resource over the last 18 months. Recommendations have been made to improve processes to ensure that stock levels are monitored against stock records and that segregated purchasing decisions are then made by authorised staff and that clear goods received documentation is obtained and maintained in all cases.
3. Stock records are maintained in a complete and accurate manner, with appropriate stocktaking being completed on a regular basis.	Limited	Regular stocktaking is completed in an organised and controlled manner for property maintenance stocks. However, one stocktake was not completed in March 2020 due to COVID restrictions at that time. It is recommended that in such an event that a stocktake is completed as soon as possible following a delayed stocktake. Processes for uploading the end of life handheld stock scanners should be reviewed to ensure they remain secure for the Council network and each stores staff member should only be allocated a barcoder that only they use on that day.
4. Appropriate segregation of duties is maintained throughout the stock management process.	Limited	Clear segregated processes require to be developed between the requisitioning of stock items and authorisation of purchase orders. From a sample of 30, in six cases requisitions, purchase orders and goods received notes had been entered by the same individual on the system and in four cases requisitions and purchase orders had been completed by the same individual. Clear segregation of duties between staff in entering and reconciling stock adjustment figures also needs to be implemented.
5. Stock is maintained in a secure and suitable location for the stock items, with access limited to appropriately restricted staff.	Limited	The stores area has access through two doors, one of which is utilised for making stores issues during working hours and one on an out of hours basis. The audit identified 91 staff members with access to the stores, on review during the audit this has been reduced to 56 and should be reviewed further. Review of the door access restrictions including process for controlling access, and improvements to CCTV coverage need to be considered to improve the security of the stock maintained, and the security of the staff working environment.
6. Adequate processes are in place and operating for stock management monitoring and reporting.	Reasonable	Monthly reconciliations of stock figures are undertaken within Property Maintenance and Finance, however improvements in the reconciling of stock items being issued on standby have been recommended.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Full stocktakes are completed twice a year of all property maintenance stocks and the latest stocktake completed in April 2022 established that there were minimal differences between the stock held and the stock records maintained.
2.	Monthly reconciliations of stock records to the ledger are completed by Finance in conjunction with Property Maintenance staff.
3.	Stock is maintained in an area that can be secured and provides appropriate space and racking facilities for the stock to be maintained currently.

Recommendation Grading/Overall Opinion Definitions

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

Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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: Covid-19 Grants

Conclusion: Reasonable Assurance

The internal controls in place for Covid-19 grants are generally reliable, however there are some improvements that can be made to provide a fully effective control process, including introducing procedures to assist with any future grant funding, transferring Covid-19 grant application forms to a secure network file location and reviewing the eligibility of the grant award in a small number of cases – if appropriate the Council should consider requesting a refund from the applicant.

Background

The Scottish Government introduced a number of grants and reliefs in response to the Coronavirus pandemic to help support businesses impacted by the Covid-19 control measures put in place. The Council administered a total of 23 Covid-19 grant schemes in 2020/21 and 2021/22 and had responsibility for assessing if applicants were eligible for payment based on the guidance issued. Where an applicant disagreed with the decision to reject the award of a grant, they could submit an appeal in writing to the Council requesting that they reconsider the decision.

As part of the review, Internal Audit examined six Covid-19 grants including the Strategic Framework Business Fund (SFBF), Local Authority Discretionary Fund, Route Map Extension Restrictions Fund and the Taxi Driver and Operator Support Fund – five of the grants were administered by the Economic Development Team and one grant was administered by the Licensing Section.

Summary of findings & recommendations

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

- Due to the rapid development of the processes, there was a lack of detailed procedures in place to provide clear guidance to staff responsible for administering Covid-19 grants. *Management have agreed to produce generic Covid-19 grant procedures by August 2022.*
- The existing arrangements in place for filing Covid-19 grant application forms require review – in a number of cases, application forms were being held in email enterprise vaults and had not been transferred to a secure network file location to allow appropriate access for any subsequent enquires. *Management have agreed to transfer the application forms to a secure network file location by August 2022.*
- In five cases, a review of the eligibility of the grant award requires to be undertaken, with more evidence being requested in some cases, and if appropriate the Council should consider requesting a refund from the applicant. *Management have agreed to undertake a review of the eligibility of the grants awarded by August 2022.*
- The register functionality of the Glamis system is currently unable to produce a list of taxi drivers and operators that hold a valid licence. *Management have agreed to undertake a review of the Glamis system by June 2022.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	9	-	9
Prior Report	N/A	N/A	N/A	N/A*

* No prior report exists for Covid-19 Grants.

Materiality

The Council distributed approximately £29.6 million on Covid-19 grants in 2020/21, of which £27.6 million was support for local businesses, including £17.6 million for Business Support Grants and £8.6 million for the SFBF. A further £10.4 million of Covid-19 grants was distributed by the Council for 2021/22, including £6.5 million of SFBF funding, £1.3 million of Discretionary funding, £1.3 million of further specific Hospitality and Leisure funding and **41**£0.6 million for the Taxi Driver and Operator Support Fund.

Headlines

Objectives	Conclusion	Comments
1. Adequate arrangements are in place to ensure that a valid application form is held for each grant payment.	Reasonable	From a sample of 50 Covid-19 grant payments selected for review, we checked to ensure that a valid application form was held on file, we found that in all cases a valid application form had been submitted where applicable, confirming that the applicant met the relevant eligibility criteria for the fund. However in a number of cases, we found that application forms were being held in email enterprise vaults and had not been transferred to a secure network file location, resulting in difficulties retrieving the evidence.
2. Appropriate evidence is held to support the award of the grant payment.	Reasonable	Appropriate supporting evidence had been provided by the applicant in 45 cases reviewed, including photographic ID, business bank statements and proof of trading, and the Covid-19 grant had been correctly awarded. However for the remaining five cases, a review of the applicant's eligibility requires to be undertaken and if appropriate the Council should consider requesting a refund. There was a lack of detailed procedures in place to provide clear guidance for the administration of Covid-19 grants. The register functionality of the Glamis system is unable to produce a list of taxi driver and operator licence holders.
3. Adequate separation of duties exists between the decision to award the grant and the authorising of the payment.	Reasonable	From a sample of six Covid-19 grant schemes examined, we found that adequate separation of duties exists between the decision to award the grant and the authorisation of the payment files. However, we found that the Licensing Section had created a number of separate payment files on the same day for the Taxi Driver and Operator Support Fund to ensure that the authorisation limit remained below £20,000, rather than requesting approval from a more senior member of staff with a higher authorisation limit.
4. An appropriate appeals process is in place for grant applications that have been rejected.	Substantial	The Council had set up an appeals procedure for grants that required the submission of an application form. Where an applicant disagreed with the decision to reject the award of a grant, they could submit an appeal in writing to the Council requesting that they reconsider the decision. Decisions were reviewed by a senior member of staff and the applicant was subsequently informed of the outcome.
5. Adequate arrangements are in place to prevent fraudulent grant payments being made.	Reasonable	Adequate arrangements were in place to prevent fraudulent grant payments being made, including requesting that the applicant provide their Non-Domestic Rates account number, liaising with other service areas, requiring that a business bank statement and evidence of trading was provided, checks being made to Companies House where applicable and the grant assessors undertaking online checks to verify if the applicant had a business website. However, in a small number of cases, our testing highlighted that further checks should have been undertaken on the evidence provided.
6. Covid-19 grants had been communicated to recipients appropriately and equitably as per the guidance.	Substantial	Appropriate processes were in place for communicating Covid-19 grants, we found that grants had been promoted on the Council's website and in the local press. Service areas also contacted businesses directly by email inviting them to apply for grant funding and informing them of the deadline for applications. This included grants with more than one round of funding and service areas made contact with businesses to ensure that they were made aware of the additional funding available.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	An appropriate appeals process was in place for grant applications that had been rejected.
2.	Adequate arrangements were in place to prevent fraudulent grant payments being made, including requiring that a business bank statement and evidence of trading was provided, checks being made to Companies House where applicable and the grant assessors undertaking online checks to verify if the applicant had a business website.
3.	Adequate separation of duties exists between the decision to award the grant and the authorisation of the payment.
4.	Appropriate processes were in place for communicating Covid-19 grants, including grants being promoted on the Council's website and in the local press. Service areas also contacted businesses directly by email inviting them to apply for grant funding.

Recommendation Grading/Overall Opinion Definitions

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

Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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: Scottish Welfare Fund

Conclusion: Reasonable Assurance

The Council has appropriate processes and procedures in place to ensure that applicants receive an appropriate level of funding. Checks are in place to ensure that applicants only receive funding in accordance with the limits set out in the legislation. The system records all elements of the discussion before a decision is taken regarding awarding the funding, together with an indication as to which funding is to be awarded. However improvements can be made in the maintenance of procedures, evidence, appeals recording and validation of payments.

Background

The Scottish Welfare Fund (SWF) had been delivered by local authorities under a voluntary agreement since 2013, with decision makers considering applications in accordance with interim guidance issued by Scottish Ministers. The Welfare Funds (Scotland) Act 2015 and subsequent legislation places the SWF on a statutory footing from 1 April 2016. The Welfare Funds legislation provided for 2 types of funding, a Crisis Grant or a Community Care Grant. Subsequently a Period Poverty Grant was also introduced and when the pandemic started a Self Isolation Grant was added to the funding available. Prior to the start of the pandemic in 2020 the Council had been spending approximately £500,000 from the Fund, however this rose to £870,000 over the next 2 years with additional funding being provided from the Scottish Government. The Council is reviewing funds available and making increased funding available to support the East Lothian Poverty Plan 2021-2023 which will allocate further funds for Low Income Households. This is a result of recognising the risk that unless additional funding continues to be received, in light of the increasing Cost of Living crisis, the previous level of funding may not be sufficient to meet the demands for SWF moving forward. Prior to the pandemic grants were paid in cash at Council offices on the production of identity documentation, however that has now been altered to faster payments directly into bank accounts, in most cases, and the intention is to continue this process for most applicants.

Summary of findings & recommendations

The following key finding and recommendation was highlighted, which have all been **agreed by the Service Manager – Revenues**:

- Whilst all guidance provided by the Scottish Government has been adopted and is being utilised by the SWF team, additional internal procedures for some key SWF processes would assist in providing further assurance. *Management have agreed to develop procedures in these areas by **October 2022**.*
- In some cases additional evidence in support of a SWF application was provided by the applicant, but this could not be readily retrieved in all cases. The current storage of this evidence within emails will not allow them to be retained for the duration of the retention policy. *Management have agreed to establish a process of maintaining evidence within the decision record by **October 2022**.*
- A clear record of appeals should be retained showing which staff were involved. *Management have agreed to put this in place by **October 2022**.*
- A verification process should be put in place to ensure that when payments are made to third party accounts, assurances that the funds will be passed to the correct claimant have been provided. *Management have agreed to alter processes and have this in place by **October 2022**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	5	-	5
Prior report (January 2014)	-	8	-	8

Materiality

In the last 2 years the Council has processed Scottish Welfare Fund applications:

	Individuals	Applications Received	Funding Paid
2020/21	2,259	5,276	£810,889
2021/22	2,399	6,274	£921,511

Headlines

Objectives	Conclusion	Comment
1. Clear, accessible, relevant and appropriate policies and procedures are in place, for the processing of grants in accordance with Scottish Government guidance.	Reasonable	Guidance covering the operation of the Scottish Welfare Fund has been provided by the Scottish Government and is readily available to all staff on the shared area. No additional guidance and procedures are available covering areas such as appeals, budget monitoring and bank account verification and this should be put in place to ensure consistency of approach. Budget monitoring is undertaken on a monthly basis and where necessary adjustments are made to ensure funding is available.
2. A complete, accurate and secure record is in place containing all relevant details of all funding applications received, including those that were ultimately rejected.	Reasonable	A system was developed to manage the Scottish Welfare Fund and this securely holds a complete record of all applications received.
3. Adequate processes are in place to confirm the validity of funding applications, including appropriate evidence requirements.	Reasonable	Processes have been put in place to ensure that the validity of applications is confirmed and that evidence is obtained to confirm applicant's income. Currently any evidence received as part of an application is stored on a shared email folder, which will not allow them to be retained in accordance with the Council's retention policy.
4. Processes are in place to demonstrate proper consideration has been given to each application and that decisions are clearly documented, with appropriate segregation of duties in place prior to payment.	Reasonable	The Scottish Welfare Fund system contains adequate evidence to confirm the decision that has been made and the level and source of funding that was awarded. A spreadsheet is maintained to record all payments being made and this clearly indicates the member of staff who approved the application and the person who finally approved the payment. A process has been put in place to allow claimants to appeal against decisions made, however the appeals process is not documented.
5. Appropriate processes are in place to prevent the risk of fraud including validation of bank details.	Reasonable	Procedures are in place to ensure that multiple applications for Crisis Grants are only paid in exceptional situations and that applications made within 28 days of a previous Crisis Grant are also only paid in exceptional circumstances. The process allows claimants to use a third party bank account to receive their grant, however no pre-verification that this third party will pass funding on is indicated as part of the process. A change of process that allows for third party payment and includes verification is now to be implemented.
6. Appropriate guidance for applicants is widely available to ensure that eligible people are aware of the funding.	Substantial	Access to funding provided as part of the SWF is clearly advertised on the Council's website. On an annual basis a leaflet on financial hardship is produced and within this is reference to the SWF. These leaflets are distributed to appropriate groups including internally and third sector organisations who promote SWF to appropriate individuals. In addition this leaflet was also published in the local press.

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	The Council Tax and Benefits page on the Council's website contains a direct link to the Scottish Welfare Fund, which contains basic information about the Crisis Grant and the Community Care Grant, together with details as to who can apply for this funding. A direct link to the application form is also shown on the same page.
2.	As part of the change to a fully statutory service the Scottish Government issued guidance for running the Scottish Welfare Fund, which has been updated on a regular basis. The Council has fully adopted the guidance issued by the Scottish Government.
3.	An appeals process is available and has been publicised on the Council's website to allow applicants to request a review of the funding decision made.
4.	Budget monitoring is carried out on a monthly basis and where necessary funds are transferred amongst the monthly profiles to ensure funds are available to meet demands. Escalations are made if demand for funds increases beyond expectations.

Recommendation Grading/Overall opinion definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.
Levels of Assurance	Definition
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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: Risk Management

Conclusion: Reasonable Assurance

Risk management is conducted in a controlled and timely manner across all services within the Council. Some delays in updating actions or reviewing risks have been noted. The improvements in risk management systems that are currently being implemented will provide management with improved timely reminders and allow for enhanced monitoring of the nature of these updates. Governance structures for risk management are in place and operating effectively and should continue to focus on ensuring that Council risks remains within a tolerable risk appetite.

Background

The Council provides a wide range of services and these services bring with them strategic and operational risks. Each service has developed a separate risk register which covers risks that are appropriate to the activities undertaken by that service. The Corporate Risk Register highlights those risks that are considered to have the greatest impact on the way the Council carries out its objectives.

East Lothian Council regards risk as the threat that an event or action will adversely affect the Council's ability to achieve objectives and the successful execution of strategies. The Council has agreed that the Corporate Risk Management Group (chaired by the Head of Communities) is the lead Group overseeing the development, implementation and maintenance of risk management across all services. Risks will be recorded within the Corporate Risk Register, service risk registers or project risk registers.

Substantial work is underway to change the risk management system being operated, to allow for improved capabilities for timely reporting of up to date risk information.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by the Service Manager – Protective Services**:

- Updating of risk and timescales for control improvements is in a small number of cases not undertaken on as timely a basis as possible; the Risk Management team are implementing improved systems to facilitate this. *Management will ensure that planned systems improvements are monitored throughout the implementation commencing in September 2022.*
- *Continued monitoring and assurance that any very high risks remain within the Council risk appetite is required. Management have agreed that this will continue to be monitored through the current governance processes.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	1	1	2
Prior report (November 2019)	-	6	-	6

Materiality

At the time of the audit the Council's service area risk registers had a total of 225 risks covering 9 service areas of which 62 were classified as a current very high or high risk, with 18 having a very high or high residual risk. The Corporate Risk Register contained 25 risks of which 16 had a current very high or high risk rating and 14 had a very high or high residual risk rating.

Headlines

Objectives	Conclusion	Comment
<p>1. Adequately recorded updates are made to the risk registers of each service area on a timely basis, to ensure that risks are effectively identified and graded.</p>	Reasonable	<p>From a sample of three service area risk registers selected, all three risk registers had clear evidence that they been reviewed at least three times in the past year and in one case evidence indicated seven reviews had been completed within the year. However it was noted that in one risk register two risks had not been updated since July 2020 and August 2019 for medium/low risks. In both cases these risks had improved control elements targeted to deliver in the last year. The risk management system currently being implemented will introduce improved reminders to staff to update progress on control improvements and update the risk scoring on a more timely basis.</p>
<p>2. Adequate controls are recorded against each risk in line with the recorded risk appetite of the Council.</p>	Reasonable	<p>The Council has a clear risk appetite that is always communicated in Audit and Governance and Council reporting of risk registers, which identifies that a Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position. The HSCP risk register which is maintained separately to the Corporate Risk Register on the NHS Datex system identifies one risk that has a residual Very High risk rating. The Audit and Governance Committee of the Council has confirmed that the HSCP risk remains within the risk appetite of the Council, however this will require regular review.</p>
<p>3. Evidence of continued operation of key controls is maintained within services when identified against key risks.</p>	Significant	<p>A sample of six risks was selected and evidence provided of the ongoing maintenance of the controls identified within the risk register in all cases. On a sample basis all key ongoing controls identified in the service risk registers are operating as described.</p>
<p>4. Adequate arrangements are in place to provide timescales for identified additional controls required to reduce risk levels, and implementation to these timescales is monitored appropriately.</p>	Reasonable	<p>From the sample of six risks selected, the additional controls identified to reduce risk scores were reviewed and in all cases the controls were well underway for implementation. In two cases, full implementation of the controls was not fully in place for the identified timescales as a result of either competing priorities or external partners not being in a position to finalise elements of work undertaken internally. The implementation of the new risk management software will assist in providing more up to date reporting when implementation timescales have to be extended.</p>

Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	Risk registers across all services and the Corporate Risk Register are regularly updated throughout the year and publicly presented to the Council's Audit and Governance Committee as part of the regular governance reviews that include Council management at all levels.
2.	Work is well underway to enhance the current risk reporting available with the implementation of new risk management software.
3.	Control risk measures identified as in place were found to be operating as described for all measures tested.

Recommendation Grading/Overall Opinion Definitions

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

Levels of Assurance	Definition
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No Assurance	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.



East Lothian Council Assurance Review

From:	Duncan Stainbank, Service Manager – Internal Audit Stuart Allan, Senior Auditor
To:	Lesley Brown, Executive Director for Education and Children’s Services Nicola McDowell, Head of Education Richard Parker, Service Manager – Education (Strategy and Operations) David Reid, Education Support Officer (Digital Learning)
Date:	June 2022

Digital Learning and Teaching Strategy

1. Introduction

In February 2022, Internal Audit reported the findings from an audit of IT Schools Procurement, which formed part of the 2021/22 Internal Audit Plan. One of the objectives of the audit was “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”. The audit report highlighted that “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”.

This assurance review seeks to provide an update on, and an assessment of, the processes undertaken, and the progress being made, in the development of the updated Digital Learning and Teaching Strategy. This will include a review of the progress to date, and the monitoring processes developed, in implementing the Key Strategy Actions that have been identified as part of the Draft Strategy.

2. Background

2.1 Scottish Government Context

The Scottish Government’s Digital Learning and Teaching Strategy (Enhancing Learning and Teaching through the use of Digital Technology – September 2016) identified three key educational values from digital technology: enhancing learning and teaching, improving educational outcomes and building digital skills. It highlighted the importance of improving access to digital technology for all learners and of developing the skills and confidence of educators in the appropriate and effective use of digital technology to support learning and teaching. The Scottish Government’s Strategy further stated that Local Authorities are asked to develop local strategies, which will take forward key actions, grouped around four themes:

- Develop the skills of our educators;

- Improve access;
- Enhance curriculum and assessment delivery; and
- Empower leaders.

Key actions identified for Local Authorities include to:

- Have an ambitious strategy regarding the use of digital technology in education and actively look for opportunities to continually invest in a sustainable digital infrastructure, including the procurement of appropriate digital devices;
- Ensure that digital technology is a key consideration in all Local Authority investment programmes pertaining to improvements in the education estate;
- Facilitate dialogue between Local Authority IT and Education departments to ensure that education establishments receive appropriate and effective digital access and that the future needs of learners are proactively and regularly considered;
- Support education establishments in identifying how digital technology can be used to enhance learning and teaching across all curriculum areas and in delivering digital access to all learners;
- Develop local strategies that will help educational leaders to ensure that all learners can benefit from an education enhanced by digital technology;
- Provide their educators with access to a range of career-long professional learning opportunities that will allow them to make the most effective use of digital technology to enrich learning and teaching and develop the digital skills of their learners; and
- Actively share knowledge and examples of how digital technology can enrich education and facilitate digital skills development across education establishments and Local Authority boundaries.

2.2 East Lothian Council Context

The outline of the East Lothian Council Plan 2022-27, as approved by Council on 29 March 2022, highlighted two of the priorities for the new Council Plan, as being to:

- Reduce the attainment gap, raise the attainment and achievement of our children and young people and help our children and young people achieve their potential.
- Improve the employability of East Lothian’s workforce and develop our people and future ways of working.

Digital learning and teaching and the embedding of a digital culture within schools have an important role to play in seeking to address these priorities. It is acknowledged that when used appropriately, digital technologies can empower learners by giving them the skills required to contribute to the rapidly growing digital economy and can help learners acquire the skills, attributes and competencies important in life, learning and work.

In the period following the Draft Education Service Digital Learning Strategy being presented to the Education Committee on 11 June 2019, the Education Service has responded to the immediate priorities of a radically different learning environment caused by the Covid-19 pandemic and has sought to address the digital inclusion challenges faced by schools. The Council received specific Covid-19 funding from the Scottish Government for Education, and the Education Service sought to identify those children and young people who were digitally excluded. The Council used the funding provided to purchase 2,274 Chromebooks for use by those children with no access to a device, together with 400 annual unlimited filtered internet packages for pupils who required connectivity. In addition, 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 assist in facilitating delivery of teaching and learning remotely.

It is recognised that both Education and IT reacted promptly to meet the needs of pupils and teachers in responding to the Covid-19 pandemic and there has been substantial advancement in the capacity to use digital technology for teaching and learning. The everyday use of digital technology has increased over the past two years and we are advised that this has resulted in staff improving their digital skill set, as well as their confidence in enabling digital technology to be a central consideration in all areas of curriculum delivery.

3. Findings

3.1 Draft Digital Learning Strategy

The Draft Digital Learning Strategy was initially submitted to the Education Committee on 11 June 2019. The covering report advised that the purpose of the strategy was to formalise the Council's approaches to driving forward digital learning within and across East Lothian schools and that the delivery of the strategy would require considerable financial resource, which would be costed.

Key points highlighted in the Draft Digital Learning Strategy included:

- In East Lothian, Google Classroom is currently the preferred learning platform and this provides teachers and learners with a range of high quality applications.
- A key consideration for East Lothian is whether to remain with a singular learning platform as the basis for providing a significantly broad range of digital tools and resources for schools. Google Classroom is popular with teachers and school leaders and the additional use of Glow, Scotland's national intranet would increase the availability of resources for learning and teaching and promote better professional learning and collaboration.
- Whilst there are a small number of iPads within establishments, schools require access to a wider range of Apple technology, particularly in the early years and also to support secondary subjects such as Music, Technology, Art and Design, where Apple software is prevalent within the world of work. The use of iPads could also significantly enhance the support for children and young people with additional support needs.
- All East Lothian schools are equipped with desktop computers and many classrooms have an interactive board or panel. The capital budget enables a four-year refresh of desktop computers, and schools have a devolved budget, part of which they may use to acquire technology.
- There has been a significant increase in the use of mobile devices and the Council has invested heavily in Google Chromebooks as its principal mobile learning technology. This reflects the decision to implement Google Classroom as the principal digital learning platform.
- The growing demand for technology to support digital approaches to learning and teaching, together with the rapid changes in the nature of hardware and software, will place increasing demands on the Council's capital budget, and also revenue funding for ongoing technical support, licences and other technology related spend.
- The Council needs to establish clear and agreed priorities for capital and revenue spending over the next 3-5 years, taking account of the increased demand for learning technology in schools and the significant projected growth in pupil population.

3.2 Updated Draft Digital Learning and Teaching Strategy

The Draft Strategy is currently being reviewed and updated to reflect the changes brought about by Covid-19, and is seeking to build upon the experiences of Covid-19 on digital learning and practitioner professional learning.

The updated Draft Strategy (renamed Digital Learning and Teaching Strategy) is split into five sections:

- Section 1: Our Rationale for Change
- Section 2: Our Current Position
- Section 3: Our Digital Strategy Overview (Priorities)
- Section 4: Key Strategy Actions
- Section 5: Links to Online Resources and Documentation

In outlining the **rationale for change** (Section 1), the Education Service has acknowledged that it is imperative that they build on the skills that staff, learners, parents and carers have gained and that this will not happen without embedding a robust strategy that is communicated, agreed and supported by all parties. The Draft Strategy further recognises that there are shared challenges in addressing the impact of poverty, inequalities of access, disadvantage or disability and that the key strategies outlined have the potential to empower schools to rethink how they approach digital literacy and learning within each unique setting.

It is recognised that a robust strategy will support schools in providing an equal opportunity in learning for every pupil regardless of their needs or relative level of disadvantage. The Draft Strategy states that well planned digital teaching and learning, which takes account of the specific needs of learners, can:

- Provide equality of learning for all;
- Support the access to learning anywhere and anytime;
- Widen subject choices and support access to specialist learning;
- Bridge the gap with further education and employers, and allow for more partnership working;
- Create accessible learning and promote learner motivation and engagement;
- Support enhanced opportunities for learners with additional support needs;
- Improve educational outcomes and learning across a range of subjects;
- Facilitate learners to take control of their learning;
- Support ongoing, uninterrupted learning for young people; and
- Reduce workload for staff and facilitate higher impact for lower input.

The Council's **current position** (Section 2) includes consideration of:

- Infrastructure – increasing the bandwidth helps support the media rich content expected in today's digital learning environment. The Council's IT service is continually exploring ways in which to better our infrastructure and, aligning with the principles of East Lothian's Digital Strategy, when transforming existing services or designing new ones, they will be designed as digital by default.
- Digital Literacy of Staff – going forward the training model will be designed to encourage Digital Champions within each school, who will be provided with CPD opportunities. Digital Champions and other interested staff will be given the opportunity to enhance their knowledge by completing the Google Education courses and exams, as well as eventually the option of achieving their trainer status (Google Certified Trainer).
- Distance Learning – East Lothian pupils now have access to a wide range of study support sessions for students sitting National 5's, Highers and Advanced Highers and it is paramount that the offers through NeLO (National e-Learning Offer) are promoted and made available to East Lothian pupils.
- Digital Inclusion – the strategy will seek to address digital exclusion. A significant number of East Lothian children and young people live in areas of social and economic disadvantage and are unable to access the same levels of technology and online services as those in more affluent areas. Digital exclusion can impact negatively on wellbeing, educational attainment and employment opportunities.

- Supporting Additional Support Needs through Digital Technology – many pupils who require additional support receive a 1:1 device that offers the tools necessary to assist them in accessing the curriculum independently.
- Chromebook Accessibility Features – Chromebooks include accessibility “straight out of the box”, unlocking learning experiences for students with diverse needs, abilities and learning styles.
- Digital Learning in the Early Years – an Early Years Digital Skills Progression document has been created (in line with the Draft Strategy) and is intended to support schools in using technology to enhance learning experiences and outcomes.

The Draft Strategy is split into four **priorities** (Section 3):

Priority 1 – Digital Literacy for Staff: Our staff have access to appropriate training to support digital learning and those opportunities are delivered through sustainable models.

Priority 2 – Digital Infrastructure: Our staff and learners have access to the appropriate digital tools and connectivity to improve learning.

Priority 3 – Digital Learning and Teaching: Our staff have support to use digital technology to improve learning across curriculum areas.

Priority 4 – Digital Distance Learning: Schools make best use of digital solutions to develop and deliver an equitable curriculum to learners, particularly in the senior phase.

We note that a total of 28 detailed **Key Strategy Actions** (Section 4) have been identified across the four priorities, each with identified Lead Responsibility; Measurable Impact for Learners and Timescale.

Section 5 of the Draft Strategy provides details of **related documents and policies** (East Lothian documents and National Resources) and the Draft Strategy also includes three **appendices**:

Appendix 1 – The engagement and positive impact Google Workspace has had on remote learning during the pandemic.

Appendix 2 – National platforms available to schools: glow, e-Sgoil and West OS.

Appendix 3 – A summary of the UN Convention on the Rights of the Child.

3.3 Progress to Date

As part of our audit we have sought to review the progress being made on each of the Key Strategy Actions. We note that progress has been made in a number of areas including:

- The launch of EduHub in February 2022, which has been developed to meet the needs of teachers and staff in schools and offers a large amount of professional learning, along with quick and easy access to documentation, policies and strategies in one easy to find site.
- To date 24 teachers have passed their Google Educator level 1, of whom 15 have subsequently passed their Google Educator level 2 and 11 teachers are currently working towards their Google Certified Trainer status.
- The roll-out of Chromebooks has continued with the aim of achieving a 1:3 device to pupil ratio – we are advised that there are currently over 7,000 Chromebooks in East Lothian schools, however we note that these are not evenly spread throughout schools. We are informed that Education currently works to a centrally financed 1:5 device to pupil ratio, although this does not include those Chromebooks purchased with Scottish Government funding during the Covid-19

pandemic or additional devices purchased for individual schools through devolved budgets. We note that Chromebooks purchased with Covid-19 funding were allocated to those pupils with no access to a device and deemed most at risk of digital exclusion and Education are currently looking at how to make best use of these devices and to bringing them back into school.

- Replacement promethean interactive panels have been installed in all primary classrooms and secondary maths classrooms as part of the refresh programme last year.
- In seeking to develop partnerships with Universities and Colleges, the Tutor programme with Queen Margaret University has been successfully delivered over the past two years.

There are a number of Key Strategy Actions where progress has been more limited and these include:

- Google Workspace licensing – the service area are currently exploring the benefits of upgrading current licences for staff and pupils (we are advised that many of the features that were made available for free during the Covid-19 pandemic have now been removed).
- Education are currently in discussions with IT on what an East Lothian digital classroom will look like. This will enable the service area to share expectations with schools and understand the technology available to all.
- A key action is the creation of an East Lothian Digital Development Group and an Oversight Group, ensuring that central Education staff, IT staff and school staff contribute to the delivery of the strategy. We note that these groups have yet to be established. We are advised that Education have worked closely with IT colleagues in the development of the strategy, in particular with regards to digital infrastructure and ensuring that staff and learners have access to the appropriate digital tools and connectivity to improve learning. The involvement of school staff has been more informal and we are advised that, due to Covid-19 related demands at school level over the last two years, it was decided not to formally involve school staff in the development of the strategy in this period. Going forward however it is the intention to involve Head Teachers, school leadership teams and pupils in the development and ongoing delivery of the strategy.
- Work is ongoing within the South East Improvement Collaborative (SEIC) to support the development of collaborative working between secondary schools and the use of the e-learning and online resources provided by e-Sgoil and West OS to make available a wider range of course choices for students in the senior phase, however there has been no further progress at ELC level.
- Following the pressure on schools during the pandemic there has been a delay in the launch of the 'Digital Leader Scotland' programme, which seeks to provide a framework that will foster digital leadership in children and young people. The service area aim to introduce this alongside the relaunch of the 'Digital Champions' programme providing staff with an outline of benefits to support them. Both programmes will support key action points outlined within the strategy.

We are advised that ongoing monitoring and evaluation of the Digital Learning and Teaching Strategy will identify approaches which are successful and those which require to be redefined or changed. The Draft Strategy details 12 ways for evaluating the impact of the strategy, including monitoring by the East Lothian Digital Development Group and the Oversight Group to identify trends and effective practice in digital learning, ensuring the implementation of the strategy in all East Lothian schools.

3.4 Next Steps

It is recognised that the Digital Learning and Teaching Strategy cannot be viewed in isolation. We are advised that the Education Service are currently awaiting confirmation from the Scottish Government regarding their commitment to the provision of 1:1 devices. In addition, there is a need to link in to the Council's Digital Strategy, which is currently being updated, with a view to being finalised by September 2022. We are further advised that it is the intention of the Education Service to bring the

updated Digital Learning and Teaching Strategy back to the Education Committee for approval at the earliest date, once the Council's updated Digital Strategy has been approved.

4. Conclusions

Digital learning and teaching and the embedding of a digital culture in schools have an important role to play in seeking to address the priorities identified in the East Lothian Council Plan.

In the period since the Draft Education Service Digital Learning Strategy was presented to the Education Committee on 11 June 2019, the Education Service has responded to the immediate priorities of a radically different learning environment caused by the Covid-19 pandemic and has sought to address the digital inclusion challenges faced by schools. This has led to substantial advancement in the use of digital technology for teaching and learning and has necessitated an important rethink of the Council's approach to digital learning and teaching, and to the development of a revised Draft Digital Learning and Teaching Strategy, which seeks to build on recent progress and developments.

The Education Service has recognised that a robust strategy will support schools in providing an equal opportunity in learning for every pupil regardless of their needs or relative level of disadvantage. This Internal Audit assurance review has sought to provide an update on, and an assessment of, the processes undertaken, and the progress being made, in the development of the updated Digital Learning and Teaching Strategy.

We note that the Draft Digital Learning and Teaching Strategy includes a rationale for change, clearly articulating the potential benefits of well planned digital teaching and learning. The Draft Strategy outlines the Council's current position and identifies four priority areas, with Key Strategy Actions identified for each priority. We further note that the Education Service has worked closely with IT colleagues in the development of the strategy, in particular in respect of digital infrastructure.

Based on the assurance work carried out and to further enhance the robustness of the strategy and ensure the embedding of a digital culture in East Lothian schools, it is Internal Audit's view that the strategy can be further enhanced by including consideration of the following:

- A clear rationale and option appraisal outlining the digital learning platform to be adopted by East Lothian schools. Google Classroom is currently the preferred learning platform, however the strategy should demonstrate clear consideration of all the options available and whether the Council is to remain with a singular learning platform. There should be evidence of consideration given to other options available, including the use of iPads within schools, which can give access to a wider range of Apple technology.
- The strategy should provide a clear insight into what an East Lothian digital classroom will look like. This will enable the service area to share expectations with schools and to understand the technology available to all.
- It is recognised that one of the key benefits of digital teaching and learning is in seeking to address the inequalities that exist in the life chances of young people due to the impact of poverty, inequalities of access, disadvantage or disability. The strategy requires to clearly articulate how digital teaching and learning can address social and economic disadvantage by promoting digital inclusion, reducing the attainment gap and raising the attainment and achievement of those children or young people from disadvantaged or vulnerable backgrounds.
- It is important that the strategy is aligned with the resources available, to ensure that it is deliverable and does not create unrealistic expectations. The demand for technology to support digital approaches to learning and teaching, together with the rapid changes in the nature of

hardware and software, will place increasing demands on the Council's capital budget, and also revenue funding for ongoing technical support, licences and other technology related spend. It is important that the financial implications of implementing the strategy are clearly identified, articulated and understood, that the resources required match the budget available and that planned expenditure is fully reflected in the Council's overall budgetary arrangements.

- The updated strategy should clearly reflect the feedback and lessons learned from the Council's response to the Covid-19 pandemic, to ensure that it takes full cognisance of the experiences of both pupils and staff in seeking to obtain the best possible outcomes. In this regards, it is important that there is effective input from schools in the development of the strategy.
- A range of Key Strategy Actions have been identified, which are fundamental to the effective implementation of the strategy and it is important that there is regular monitoring of, and reporting on, the implementation of all the required actions. For each of the identified action points, Management should ensure that measurable timescales are provided, while consideration should be given to the required resources (both financial and in terms of staff development) being clearly identified for each action point.

5. Recommendations

Recommendation 1: The Draft Digital Learning and Teaching Strategy can be further enhanced by the inclusion of further information on the following areas:

- A rationale outlining the digital learning platform that is to be adopted by East Lothian schools.
- A clear articulation of how digital teaching and learning will seek to address the inequalities that exist in the life chances of young people due to the impact of poverty, inequalities of access, disadvantage or disability.
- Details of how feedback and lessons learned from the Council's response to the Covid-19 pandemic have been reflected in the updated strategy.
- An insight into what an East Lothian digital classroom will look like for both pupils and teachers.

Management Response and Timescale:

Agreed, the Draft Strategy will be updated to include appropriate consideration of each of these areas. There will be a clear articulation for Education's approach to the digital learning platform adopted by East Lothian schools and how digital technologies will support teaching and learning to reduce inequalities. Feedback and lessons learned from Covid-19 will be addressed by the East Lothian Digital Development Group (see recommendation 2 below), while Education and IT are currently working to create a visual representation of digital provisions in East Lothian classrooms. This will enable schools to plan and implement the use of technology to enhance learning experiences across the curriculum.

November 2022

Recommendation 2: Management should seek to move forward with implementation of the agreed Governance structure bringing together central Education, school staff, IT and Finance/Corporate staff to monitor the ongoing development and implementation of the strategy and of the actions in support of the outcomes.

Management Response and Timescale:

Agreed, this is already in progress. The Draft Strategy makes provision for an East Lothian Digital Development Group to drive forward the ongoing development and implementation of the strategy, and for an Oversight Group to monitor the delivery of the strategy. Both groups will have

representatives from central Education, school staff and IT, together with other Council services where appropriate. It is the intention that both groups will be fully established and operational in the first term of the 2022-23 school year.

December 2022

Recommendation 3: Management should ensure that target timescales are provided for all Key Strategy Actions and consideration should be given to the required resources (both financial and in terms of staff development) being clearly identified for each of the action points. Consideration should be given as to whether the action plan should remain as part of the strategy or if, given its ongoing evolving nature, it should be a separate entity.

Management Response and Timescale:

Agreed, target timescales will be included for all Key Strategy Actions, together with the resources required. The action plan will be a separate entity which will sit alongside the strategy, recognising that it is a working document which will be updated regularly.

November 2022

Recommendation 4: The strategy should be clearly aligned with the resources available. The financial implications of implementing the strategy require to be clearly identified, articulated and understood, to ensure that the resources required match the budget available, both capital and revenue, and that all planned expenditure is fully reflected in the Council's overall budgetary arrangements.

Management Response and Timescale:

Agreed, the financial implications of implementing the strategy will be costed out.

November 2022

Recommendation 5: Management should seek to obtain clarity on the Scottish Government's commitment to the provision of 1:1 devices, and of expectations and financial implications in this regard.

Management Response and Timescale:

Agreed, to date there has been no further information on the Scottish Government's 1:1 roll-out plans. Education are currently liaising with other authorities that have already implemented 1:1 devices and are engaging with the process on what this might look like for East Lothian.

November 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	Completed
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	Completed
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	Completed
IT Schools 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	Completed

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	Completed
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	Fieldwork Ongoing
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	Delayed to September 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	Completed
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: 21 June 2022
BY: Service Manager – Internal Audit
SUBJECT: Annual Internal Audit Report 2021/22

4

1 PURPOSE

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit prepares an annual internal audit opinion and report to support the Council's Annual Governance Statement.
- 1.2 This report provides a summary of the work undertaken by East Lothian Council's Internal Audit team in 2021/22 and supports both the Council's Annual Governance Statement and the Internal Audit Controls Assurance Statement.

2 RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to note the contents of the Annual Internal Audit Report 2021/22.

3 BACKGROUND

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

aspects of the internal audit activity. Internal Audit is continuously seeking to improve its service and aims to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. This was achieved in 2021/22 through the following processes:

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

3.4 The PSIAS require the development of a Quality Assurance and Improvement Programme (QAIP). The QAIP is designed to enable evaluation of Internal Audit's conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. The QAIP must include both internal and external assessments. An internal assessment of internal audit practices was carried out against the PSIAS to ensure conformance to the Standards in February 2022. An External Quality Assessment of the Council's Internal Audit service was undertaken in May 2018 by the Chief Internal Auditor of Argyll and Bute Council, a further review is due to be undertaken during 2022/23 by the Chief Internal Auditor of Midlothian Council, providing a high level of assurance on internal audit's compliance with PSIAS.

Delivery of the Internal Audit Service

3.5 In February 2021, the Audit and Governance Committee approved the Internal Audit Plan for 2021/22. The plan was scoped to address the Council's key risks and strategic objectives.

3.6 The ongoing COVID-19 pandemic and concurrent risks continued to result in changing risks to the operation of the Council which remained in business continuity measures throughout the year. A revised Internal Audit Plan for 2021/22 was then approved by the Audit and Governance Committee in September 2021 and it is anticipated that a mid-year review of the Internal Audit plan will be required moving forward.

3.7 Reviews of Waste Management and General Data Protection Regulations are not yet complete but have been progressed. The review of General Data Protection Regulations has an agreed scope with management but resource constraints due to higher workload have resulted in the decision to delay this work until July 2022 with the aim of reporting to the September 2022 Audit & Governance Committee. The review of Waste Management is currently being completed and will be reported to the September 2022 Audit & Governance Committee.

3.9 In 2021/22, Internal Audit completed 14 audit reviews. Table A (see section 3.11 below) outlines the audit work undertaken in 2021/22. For each audit, Internal Audit has provided Management with an assessment of the adequacy and effectiveness of their systems of internal control. Audit reports from November 2021 onwards have been completed under a new grading structure was adopted in accordance with that recommended by CIPFA resulting in the grading of moderate assurance no longer being utilised by the Internal Audit team. Of the 14 audit reviews undertaken in 2021/22:

- In 3 cases, Internal Audit provided Limited assurance.
- In 1 case, Internal Audit provided Moderate assurance.
- In 9 cases, Internal Audit provided Reasonable assurance.
- In 1 case, Internal Audit did not grade the overall report.

3.10 For the 14 audit assignments finalised, a total of 135 recommendations were made – 130 recommendations were graded as medium (i.e. recommendations which will improve the efficiency and effectiveness of the existing controls); 5 recommendations were graded as low (recommendations concerning minor issues that are not critical, but which may prevent the attainment of best practice); there were no high graded recommendations. Our recommendations sought to address the weaknesses identified in the design of controls and/or their operational effectiveness.

3.11 We have completed the following reviews in 2021/22:

Table A

Audit Assignment	Level of Assurance
Council Tax Reliefs & Recoveries	Reasonable
NDR Relief & Recovery	Moderate
Partnership Funding	Reasonable
Corporate Appointeeship	Reasonable
East Lothian Mid-Market Homes LLP	Limited
IT Schools Procurement	Reasonable
Scottish Housing Regulator Annual Assurance	Not Graded
Restart of Capital Projects	Reasonable
Prevent & Return Project	Reasonable
Scottish Welfare Fund	Reasonable
Risk Management	Reasonable
Lower Value Purchasing	Limited
Covid 19 Grants	Reasonable
Property Maintenance Stores	Limited

3.12 In addition to the reviews listed above, three non-graded assurance statements which contained 10 recommendations were issued between September 2021 and June 2022.

- Low Income Pandemic Payments;
- School Excursions; and
- Digital Teaching & Learning Strategy.

3.13 Internal Audit has also undertaken eight Whistleblowing/Fraud and Irregularity or management request investigations/reviews in 2021/22.

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

Conflicts of Interest

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

Performance Indicators

3.16 We have undertaken our audit work in accordance with the agreed plan and each of our final reports has been reported to the Audit and Governance Committee. Performance information for 2021/22 covers:

- Completion of the annual Audit Plan – 87.5%
- % of recommendations accepted by Management – 100%
- % of staff with CCAB accounting qualifications – 80%

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	9 June 2022

REPORT TO: Audit and Governance Committee
MEETING DATE: 21 June 2022
BY: Service Manager – Internal Audit
SUBJECT: Controls Assurance Statement 2021/22

5

1 PURPOSE

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

2 RECOMMENDATION

- 2.1 The Committee is asked to note that the Controls Assurance Statement is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2022.

3 BACKGROUND

Sound Internal Controls

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

processes being deliberately circumvented by employees and others, management overriding controls or the occurrence of unforeseen circumstances. The Council is continually seeking to improve the effectiveness of its system of internal control.

The Work of Internal Audit

- 3.3 Internal Audit is an independent appraisal function established by the Council to review its internal control systems. Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.
- 3.4 In 2021/22, the Internal Audit team operated in accordance with the Public Sector Internal Audit Standards (PSIAS). All internal audit reports identifying system weaknesses or non-compliance with expected controls were brought to the attention of the Chief Executive, the Council's External Auditor and the Audit and Governance Committee.
- 3.5 The weaknesses outlined in our audit reports are those that have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses which may exist. It is the responsibility of Management to ensure an appropriate system of internal control operates and ensure that proper consideration is given to internal audit reports with appropriate action taken on audit recommendations.

Basis of Opinion

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

3. The work undertaken by Internal Audit during 2021/22 including planned audits, investigations, follow-up reviews and one-off exercises.
- 3.7 Internal Audit's opinion does not cover the internal control systems of other organisations that are included in East Lothian Council's 2021/22 Statement of Accounts under the Group Accounts section.

Assessment of Controls and Governance

- 3.8 The Annual Internal Audit Report 2021/22 presented to the Audit and Governance Committee summarises the work of Internal Audit during the year. For all areas reviewed, an Executive Summary is submitted to the Audit and Governance Committee summarising the work completed, assurance provided and the agreed actions to be undertaken by management.
- 3.9 The majority of Internal Audit recommendations made in 2021/22 were categorised as medium risk (i.e. recommendations which will improve the efficiency and effectiveness of the existing controls). A summary of all recommendations made during 2021/22 is outlined below:

Recommendations Priority Level	Number of Recommendations	Recommendations %
Medium	130	96
Low	5	4
Total	135	100

- 3.10 In addition to the Internal Audits completed, three Assurance reviews of areas with control environments that are still being formed or are subject to significant change, have been reported to the Audit and Governance Committee. These reviews had a total of 10 non-graded recommendations.
- 3.11 During 2021/22, areas identified with scope for improvement included the following:
- Control processes in place covering the Council partnership in East Lothian Mid-Market Homes LLP required significant improvement, which has now been progressed and did not substantially impact on the current positive outcomes for this partnership;
 - The Council requires to complete development of both the Digital Learning & Teaching Strategy and IT strategies to maintain momentum on new opportunities presented by rapid developments during the pandemic period as part of recovery;

- Control processes for stock control for Property Maintenance, impacted by resourcing issues and COVID factors, require further focus to improve. Improved resourcing is being provided and system and process improvements are already being developed;
- Controls over purchasing and lower value procurement processes require systems improvement to allow for enhancement of the control processes as we enter the recovery phase.

3.12 The implementation by Management of agreed actions to address the weaknesses identified should provide assurance that the system of internal control is operating as intended. The follow-up work completed during 2021/22 identified that at least 78% of the 101 recommendations made during 2020/21 have been fully implemented and 12% partially implemented.

3.13 During 2021/22 the Council has continued to operate under business continuity as a result of the impact of the COVID-19 pandemic and concurrent risks. The period of time under which the Council has operated under business continuity measures has been unprecedented. Due to resourcing constraints and increased workload it was identified in some management areas that whilst all reasonable attempts to ensure that robust controls and governance arrangements remain in place, given enhanced prioritisation of critical activities, enhanced focus has been on these priority areas. Control environments may have been at increased risk for short periods of time.

3.14 The opinion is restricted by the assurance work that has not yet been completed, however with 87.5% audit plan full completion, in conjunction with additional assurance work completed allows a formal assessment to be made on substantial evidence.

Opinion

3.15 It is Internal Audit's opinion, subject to the weaknesses outlined in section 3.11 above and the comments made in 3.13 above, that reasonable assurance can be placed on the overall adequacy and effectiveness of East Lothian Council's framework of governance, risk management and control for the year ended 31 March 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 - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	10 June 2022

REPORT TO: Audit & Governance Committee
MEETING DATE: 21 June 2022
BY: Executive Director for Council Resources
SUBJECT: Annual Treasury Management Review 2021-22

6

1 PURPOSE

- 1.1 To update the committee on Treasury Management Activity during 2021-22.

2 RECOMMENDATIONS

- 2.1 Members are asked to note the report.

3 BACKGROUND

- 3.1 The Council is required by regulations issued under the Local Government Scotland Act 2003 to produce an Annual Treasury Management Review, in accordance with the CIPFA Treasury Management Code of Practice and Prudential Code.
- 3.2 The review set out in **Appendix 1** updates members on the Treasury Management activity during 2021-22, and reported relative to the indicators set out in the Treasury Management Strategy approved in March 2021. The figures contained within the report are based on the draft unaudited accounts, and therefore remain subject to change during the course of the audit. Members will be kept informed should there be any significant change arising during this period.

4 POLICY IMPLICATIONS

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

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

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

7 BACKGROUND PAPERS

- 7.1 Treasury Management Strategy 2021-22 to 2025-26 – East Lothian Council 2 March 2021.
- 7.2 Treasury Management Mid-Year Review 2021-22 – Audit & Governance 30 November 2021.

AUTHOR'S NAME	Ann-Marie Glancy Doreen Pringle Karen Duff
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DATE	14 June 2022



Annual Treasury Management Review 2021-22

Annual Treasury Management Review 2021-22

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021-22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code). The review is based on figures contained within the draft unaudited accounts, and should any significant and material changes arise during the course of the audit, updated information will be made available and communicated to members.

During 2021-22 the minimum reporting requirements were that members of the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 02/03/2021)
- a mid-year (minimum) treasury update report (Audit and Governance 30/11/2021)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

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

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

2. The Council's Capital Expenditure and Financing

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

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed. The results from 2020-21 are shown for illustrative purposes.

	2020-21 Actual £m	2021-22 Budget £m	2021-22 Actual £m
General Services			
Capital expenditure	35.769	91.506	64.689
Financed in year	(23.748)	(40.842)	(27.626)
Net borrowing need in year	12.021	50.664	37.063
HRA			
Capital expenditure	21.233	29.676	30.839
Financed in year	(9.092)	(7.196)	(13.522)
Net borrowing need in year	12.141	22.480	17.317
Total Net Borrowing need in year	24.162	73.144	54.380

3. The Council's Overall Borrowing Need

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and deemed only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020-21) plus the estimates of any additional capital financing requirement for the current (2021-22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure but allows the Council some flexibility to borrow in advance of its immediate capital needs if required.

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

	31 March 2021 Actual £m	31 March 2022 Budget £m	31 March 2022 Actual £m
General Services			
CFR	225.561	280.206	257.927
External borrowing position	190.790	259.337	229.464
(Under) / over funding of CFR	(34.771)	(20.869)	(28.463)
HRA			
CFR	206.608	226.930	219.522
External borrowing position	174.759	210.029	195.297
(Under) / over funding of CFR	(31.849)	(16.901)	(24.225)
Total			
(Under) / over funding of CFR	(66.620)	(37.770)	(52.688)

4. Treasury Position as at 31 March 2022

At the beginning and the end of 2021-22 the Council's treasury, (excluding borrowing by PPP and finance leases), position was as follows:

	31 March 2021 Principal £m	31 March 2022 Principal £m
CFR	432	477
Over / (under) borrowing	(67)	(52)
Total external debt	365	425
Total investments	(9)	(8)
Net debt	356	417

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

- **The authorised limit** - the Council has kept within its authorised external borrowing limit as shown in the table below.
- **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. This indicator is set at the start of the financial year and is as per the Treasury Strategy.

	2020-21 Actual £m	2021-22 Budget £m	2021-22 Actual £m
Authorised limit	550	556	519
External Debt	366	469	425
Operational Boundary	491	507	477

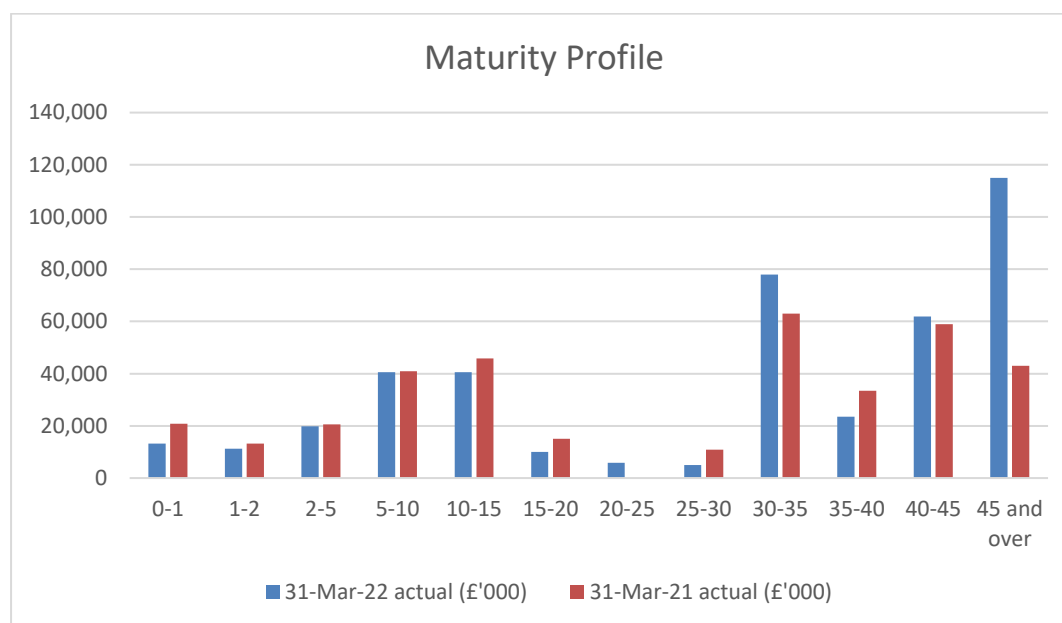
As at 31 March 2022 the average interest rate for all external debt was 3.25% (3.56% 31 March 2021) and the average life across all loans was 31 years (26 years 2021)

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

	31-Mar-21 Actual £m	(Paid) or New Loan* 2021-22 £m	31-Mar-22 Actual £m	Net movement** 2021-22 £m
Under 12 months	20.77	-20.78	13.23	-7.54
12 months and within 24 months	13.24		11.28	-1.96
24 months and within 5 years	20.52		19.82	-0.70
5 years and within 10 years	40.88		40.58	-0.30
10 years and within 15 years	45.84		40.55	-5.29
15 years and within 20 years	15.00		10.00	-5.00
20 years and within 25 years	0.00		5.90	5.90
25 years and within 30 years	10.90		5.00	-5.90
30 years and within 35 years	63.00		78.00	15.00
35 years and within 40 years	33.50		23.50	-10.00
40 years and within 45 years	58.90		61.90	3.00
45 years and over	43.00		115.00	72.00
Total	365.54	-20.78	424.76	59.22

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

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



5. The strategy for 2021-22

5.1 Investment strategy and control of interest rate risk

The Council's approved investment strategy by priority is; security, liquidity and then return. The Council adopts a prudent approach to managing risk and followed the approved 2021-22 Strategy where investments were only considered where the type of investment and exposure to risk was low or very low. Limits were set for fixed and variable interest rate exposure which were not exceeded during the year.

Investment returns remained close to zero for much of 2021/22. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated. For most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the calendar year when inflation concerns drove an increase in interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).

5.2 Borrowing strategy and control of interest rate risk

During 2021-22 the Council continued to maintain an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded by external borrowing as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This was a prudent strategy as investment returns were low and minimising of counterparty risk on investments needed to be considered.

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

Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

Forecasts from our Treasury advisors at 31 March 2022, suggested interest rate increases during 2022 and forward looking to stabilise, with PWLB rates are currently forecast to remain stable over the next 3 years. This remains a very volatile and ever changing position due to interest rate rises, and the situation will remain under review during 2022/23 and beyond.

Link Group Interest Rate View		10.5.22											
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.25	1.50	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
3 month ave earnings	1.20	1.50	1.70	2.00	2.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	1.70
6 month ave earnings	1.60	1.90	2.10	2.20	2.20	2.20	2.20	2.10	2.00	1.90	1.90	1.90	1.90
12 month ave earnings	2.00	2.20	2.30	2.40	2.40	2.30	2.30	2.20	2.20	2.10	2.10	2.10	2.10
5 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.50	2.50	2.50	2.50	2.50
10 yr PWLB	2.80	2.80	2.90	2.90	2.90	2.90	2.90	2.90	2.80	2.80	2.80	2.80	2.80
25 yr PWLB	3.00	3.10	3.10	3.20	3.20	3.20	3.10	3.10	3.00	3.00	3.00	3.00	3.00
50 yr PWLB	2.70	2.80	2.80	2.90	2.90	2.90	2.80	2.80	2.70	2.70	2.70	2.70	2.70

PWLB rates are based on gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields.

The margins over gilt yields are:

- **PWLB Standard Rate** - gilt plus 100 basis points
- **PWLB Certainty Rate** - gilt plus 80 basis points
- **PWLB HRA Standard Rate** - gilt plus 100 basis points
- **PWLB HRA Certainty Rate** - gilt plus 80 basis points
- **Local Infrastructure Rate** - gilt plus 60 basis points

There is likely to be a further rise in short dated gilt yields, which will impact on PWLB rates over the next three years as Bank Rate is forecast to rise from 0.75% in March 2022 (increased to 1% in May) to 1.75% later this year.

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2021	0.80%	1.20%	1.73%	2.22%	2.03%
31/03/2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Low date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.37%	2.52%	2.75%	2.49%
High date	15/02/2022	28/03/2022	28/03/2022	23/03/2022	28/03/2022
Average	1.13%	1.45%	1.78%	2.10%	1.85%
Spread	1.25%	1.32%	1.13%	1.08%	1.24%

6. Borrowing Activity during 2021-22

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

Lender	Principal	Type	Interest Rate	Maturity	Date
PWLB	£ 10m	Fixed interest rate	1.72%	50 years	30/09/2021
PWLB	£ 10m	Fixed interest rate	1.72%	49 years	30/09/2021
PWLB	£ 2m	Fixed interest rate	1.74%	48 years	30/09/2021
PWLB	£ 3m	Fixed interest rate	1.54%	48 years	30/09/2021
PWLB	£ 5m	Fixed interest rate	1.98%	49 years	08/02/2021
PWLB	£ 10m	Fixed interest rate	1.99%	48 years	08/02/2021
PWLB	£ 10m	Fixed interest rate	1.93%	50 years	10/02/2022
PWLB	£ 10m	Fixed interest rate	2.19%	46 years	15/03/2022
PWLB	£ 10m	Fixed interest rate	2.17%	49 years	15/03/2022
PWLB	£ 10m	Fixed interest rate	2.19%	47 years	15/03/2022
Total	£80m				

During March 2022, there was a need for the Council to undertake borrowing. This could not be delayed until April. The short and medium interest rates were less favourable than long term borrowing. In conjunction with advice from our Treasury advisors, long term borrowing was undertaken of £30m. This was in addition to a total £50m borrowed during of the financial year which reflects directly the increased borrowing requirements from the Capital budget.

The £30m borrowing has led to a breach in our Maturity Structure of Fixed Interest Rate Borrowing 2021/22 indicator in the Treasury Strategy. The indicator states that no more than 75% of total fixed interest borrowing should have a maturity greater than 10 years.

Although this is recognised as a breach of this Performance Indicator, it has reduced the volatility in regard to the interest rate risk and the decision to borrow was taken to achieve the best interest rates available at a time where rates are volatile and subject to increases at very short notice.

The Treasury Management Strategy will be updated to reflect the current economic climate and potential changes in market conditions. The time periods and limits within this indicator will also be reviewed and updated.

Borrowing in advance of need

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

Rescheduling

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

Repayments

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

Lender	Principal	Type	Interest Rate	Maturity	Date
PWLB	£2.5m	Fixed interest rate	8.125%	25 years	01/05/2021
PWLB	£10m	Fixed interest rate	3.58%	11 years	24/09/2021
PWLB	£5m	Fixed interest rate	2.59%	9 years	24/03/2022
PWLB	£0.662m	Fixed interest rate	8.50%	27 years	03/08/2021
Salix	£0.062m	Interest free	0.00%	6.5 years	01/10/2021
Total	£18.224m				

Instalments of £2.544m were also paid on 9 loans which are payable as an Annuity or EIP (equal instalments of principal) basis rather than on maturity.

7. Investment Activity for 2021-22

Investment Policy

The Council's investment policy is governed by Scottish Government investment regulations which have been implemented in the annual investment strategy approved by the Council on 2 March 2021. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy as set.

Investments held by the Council

During 2021-22 no short term investments were made. Any other surplus cash balances were held in the Council's bank account, which is an interest bearing account.

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

	Loan balance at 31 March 2021 £m	Loan balance at 31 March 2022 £m
East Lothian Housing Association	8.712	8.455
East Lothian Investments	0.128	0.026

Under accounting standard IFRS9, an expected credit loss for all loans to third parties must be obtained and recognised in the Council's Income and Expenditure account within Surplus/Deficit on Provision of Services. This was £70k for 2020-21 and reduced to £10k for 2021-22 to reflect the risk profile of the debt.

Investments held by fund managers

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

	Investments held 31 March 2021 £m	Investments held 31 March 2022 £m	Return	Benchmark
Charitable Trusts	3.644	3.825	8.09%	10.65%
Common Good Funds	3.679	3.896	9.10%	10.65%
Total	7.323	7.721	£0.398m	

The Council's investment advisors have indicated that the global bond and equity markets have sustained capital losses during the first 3 months of 2022, but that the picture is much improved at the end of the quarter compared to how it looked at the beginning of March. Officers continue to engage with Investment Advisers, and consider any necessary action aligned to the Treasury Investment Strategy should there be any significant change to fund projections. The need to ensure the on-going viability of the funds is essential to ensure the long-term benefits of these investments.

The return achieved was lower the benchmark for both portfolios.

Appendix 1: Prudential and treasury indicators

1. PRUDENTIAL INDICATORS	2020-21	2021-22	2021-22
	Actual £m	Budget £m	Actual £m
Capital Expenditure			
General Services	35.769	91.506	64.689
HRA	21.233	29.676	30.839
TOTAL	57.002	121.182	95.528
Ratio of financing costs to net revenue stream			
General Services	5.62%	2.91%	4.11%
HRA	28.56%	32.02%	28.99%
Gross borrowing requirement - General Services			
brought forward 1 April	221.870	229.778	225.561
carried forward 31 March	225.561	280.206	257.927
in year borrowing requirement	3.691	50.428	32.366
Gross borrowing requirement - HRA			
brought forward 1 April	198.521	208.930	206.609
carried forward 31 March	206.609	227.430	219.522
in year borrowing requirement	8.088	18.500	12.913
CFR			
General Services	225.561	280.206	257.927
HRA	206.609	226.930	219.522
TOTAL	432.170	507.636	477.449
Annual Change in Capital Financing Requirement			
General Services	3.691	50.430	32.366
HRA	8.088	18.000	12.913
TOTAL	11.779	68.430	45.279
Annual Impact of Capital Investment Decisions			
General Services – Debt per Band D equivalent	£4,504	£5,005	£5,001
HRA – Debt per dwelling	£23,149	£25,445	£24,364

	2020-21	2021-22	2021-22
2. TREASURY MANAGEMENT INDICATORS	Actual	Budget	Actual
	£m	£m	£m
Authorised Limit for External Debt -			
Borrowing	550	556	519
Other long term liabilities	36	34	34
Total	586	590	553
Operational Boundary for External Debt -			
Borrowing	491.056	507.635	477.448
Other long term liabilities	35.352	33.775	33.775
Total	526.408	541.410	511.224
Actual External Debt			
Borrowing	365.549	469.365	424.761
Other long term liabilities	35.352	33.775	33.779
Total	400.901	503.141	458.540
3. LOANS FUND			
General Services			
Opening balance	222	230	225
Add advances	12	50	37
Less repayments	(9)	0	(5)
Closing balance	225	280	257
HRA			
Opening balance	199	209	207
Add advances	12	22	17
Less repayments	(4)	(4)	(4)
Closing balance	207	227	220
Total			
Opening balance	421	439	432
Add advances	24	73	54
Less repayments	(13)	(5)	(9)
Closing balance	432	507	477

ABBREVIATIONS USED IN THIS REPORT

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

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

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

HRA: housing revenue account.

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

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

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

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

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

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE
MEETING DATE: 21 June 2022
BY: Executive Director for Place
SUBJECT: East Lothian Mid-Market Homes LLP 2021/22

7

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the 2021/22 accounts and the progress made towards the recommendations made by Internal Audit reported to Audit and Governance Committee in June 2021.

2 RECOMMENDATIONS

- 2.1 That the Audit and Governance Committee note the contents of the report and the progress made in relation to the audit report presented at June 2021 A&G committee.

3 BACKGROUND

- 3.1 In 2016 Planning consent was granted for 240 homes in Dunbar to include 60 affordable homes. Over a period of negotiation, the Council and the Developer agreed that 50 of these would be built as mid-market homes. A pension fund would fund the building of the homes and would lease them to East Lothian Mid-Market Homes (ELMMH) LLP for 40 years, after which the Council has the option to buy them for £1 per property. In completing this arrangement 50 affordable homes have been added to the East Lothian affordable housing stock with no requirement for funding from the Public purse. The mixture of 2 and 3 bedroom homes were initially let from July 2019 at 80% of the then Local Housing Allowance (LHA) level relevant to the size of properties in line with East Lothian Council's Affordable Housing Policy. Due to a recent increase in LHA levels, the current rental levels for 2021/22 for these homes are at 65% of the LHA level for the 2 bedroom homes and 61% of LHA for the 3 bedroom homes comparing favourably with similar mid market housing association rents which are typically 70% to 85% of LHA within East Lothian.

- 3.2 Following Cabinet approval of this development proposal in January 2017 ELMMH LLP was created as a partnership vehicle between the Council and Scottish Futures Trust (SFT) initially to facilitate the leasing of these 50 homes. Void levels have been minimal and repair issues with the original 50 houses are or have been resolved through developer guarantees.
- 3.3 Since the ELMMH LLP has been in place, it has since purchased 10 further properties with grant funding from the Second Homes Council Tax Fund approved by Cabinet. These properties are rented on a similar basis by ELMMH LLP. These acquisitions have been completed to prevent these properties being removed from the affordable housing portfolio within East Lothian as new buyers of these properties on an affordable housing basis had not been identified.
- 3.4 ELMMH LLP is a subsidiary organisation of the Council and assists in contributing to the affordable housing objectives of the Council plan. This report is provided to the Audit & Governance Committee to assist in fulfilling appropriate Governance and scrutiny processes by providing open and consistent reporting on an annual basis.

Governance

- 3.5 ELMMH LLP Board meetings are held on a quarterly basis with minutes taken and approved at subsequent board meetings by the chair
- 3.6 ELMMH LLP is audited by External Auditors, Whitelaw Wells. End of year accounts have been signed off by the Board and have been provided to Whitelaw Wells for final sign off in August
- 3.7 The draft accounts were approved at a recent board meeting on the 17th May 2022 ahead of being sent to Whitelaw Wells ahead of the audit which started on the 30th May 2022. Final accounts as at the 31st March 2022 for ELMMH demonstrate a cash balance of £364,067.23. These are expected to be signed off at a board meeting in August 2022 (see Appendix A).
- 3.8 Following an internal audit of the LLP last in May 2021, the following key findings and recommendations were highlighted to improve the efficiency and effectiveness of the existing controls that are in place.
- Regular Governance reporting to the Council Audit & Governance Committee is required for the operation of ELMMH LLP. **Management agreed to start annual reporting by June 2022.**
 - In line with the Agreement the Council has appointed five representatives as Members of ELMMH LLP, however the same five staff were also acting as the Senior Management. Whilst Audit recognised that structure allowed for speed of understanding and decision making in the early stages of development, it was recommended that segregation of duties was required going forward with a specific written agreement on roles and responsibilities.

The Board of membership has since been reviewed and a change in membership has been made with the Director of Corporate Resources now sitting on the Board of Management with a new Manager appointed to the Senior Management team. The Management Team have agreed to continue to review this membership on an ongoing basis with the next review due in March 2023.

- An initial template financial model over a 40 year period was developed utilising an SFT model whilst this potentially demonstrated unmet funding requirements in the final 10 years of the 40 year period no updated model had been developed for the final agreed position, nor had the model been updated for actual outturns or updated projections on income and expenditure. Final accounts as at 31 March 2021 for ELMMH demonstrate a cash balance of £124,589, however the audit recommended that a financial model is required to establish if this figure provides an appropriate balance for lifecycle and reserve accounts moving forwards.

Modelling is now underway with SFT which has various formulae built in to help highlight risks and allow for flexibilities for scenario planning. The model has now incorporated the 2 additional properties acquired last year and is currently being updated to incorporate the 8 properties purchased at the end of May 2022. This model will be updated annually to reflect changes such as; rental increases, bad debt, voids, increases in material costs for repairs and replacement.

- The Membership Agreement requires that Reserve and Lifecycle accounts are required to be put in place and adequately funded. These had not been put in place and audit recommended that these were put in place with a policy on funding agreed.
- ***Management signed off and agreed to a reserve of £60,000 at the last meeting in May 2022. This reserve has been set aside based on the expected level of lifecycle costs but will be monitored and reviewed annually. A balance reserve has also been set aside equivalent to 13 weeks of revenue expenditure as outlined in the Members Agreement. This is based on the cash flow forecast for 2022/23***
- A risk matrix was developed for the initial decision to enter into ELMMH LLP as a special purpose vehicle for the leasing of the 50 homes for mid market rent, however Audit noted that this had not been updated since this initial risk register.

Management are in the process of updating this risk matrix in line with the modelling which will be signed off at a later meeting of the board this year. This risk register will then be reviewed and updated annually at each Senior Management Team meeting moving forwards.

- The Membership Agreement requires that specific agreements and policies, including an acquisitions and allocation policy should be in place

and noted that these were not in place prior to acquisition and allocation of the two properties earlier this year. Audit did record that whilst good practice principals have been followed a clear set of policies and procedures are required.

Management formally agreed a suite of required policies in October 2021 with the Acquisition Strategy agreed at the meeting of the board in April 2022.

- Audit recommended that all costs charged by council staff require to be reviewed along with required resources for operating ELMMH LLP and a formal agreement should be put in place to manage this.

Management have reviewed the costs charged by Council staff and have also recently advertised for a new resource to help with the tenancy management of the properties. Formal agreements are now in place for the compliance and maintenance of these properties. Further agreements are being considered with other relevant areas such as Legal and Finance.

4 POLICY IMPLICATIONS

- 4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report has been through the Integrated Impact Assessment process as part of the LHS and no negative impacts have been identified.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none.
- 6.2 Personnel – Board members.
- 6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 2020/21 Audit Report to the Audit and Governance Committee in June 2021.
- 7.2 Draft Accounts 2021/22

AUTHOR'S NAME	Wendy McGuire
DESIGNATION	Head of Housing
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DATE	9 June 2022

East Lothian Mid-Market Homes LLP
Profit and Loss Account for the period ending 31 March 2022

	2021/22	2021/22	2020/21	2020/21
	£	£	£	£
Rental Income		380,742.03		364,823.25
Deposit Account Interest		<u>126.78</u>		<u>2.16</u>
		380,868.81		364,825.41
Expenditure				
Rental payments	251,680.00		248,848.52	
Insurance Costs	2,912.00		2,912.00	
Repairs and Maintenance	13,760.86		400.39	
Equipment and Furniture	3,236.16		1,571.21	
Depreciation	3,560.00		840.62	
Administration Costs	<u>33,144.42</u>	<u>308,293.44</u>	<u>17,810.21</u>	<u>272,382.95</u>
NET PROFIT (ORDINARY ACTIVITIES)		72,575.37		92,442.46
Government Grants		<u>1,073,350.00</u>		<u>284,811.00</u>
PROFIT FOR THE PERIOD		1,145,925.37		377,253.46

East Lothian Mid-Market Homes LLP
Balance Sheet as at 31 March 2022

	2021/22	2021/22	2020/21	2020/21
	£	£	£	£
<u>NON-CURRENT ASSETS</u>				
Property, Plant and Equipment		280,410.38		283,970.38
<u>CURRENT ASSETS</u>				
Debtors - rent due from Tenants	3,567.39		4,023.89	
Debtors - prepaid rent (PACE)	56,586.00		56,586.00	
Balance of funds due from ELC	1,078,243.94		-	
Cash at bank	<u>196,108.41</u>		<u>124,588.81</u>	
	1,334,505.74		185,198.70	
<u>CREDITORS</u>				
Rent received in advance	24,557.89		26,362.00	
Rent outstanding (PACE)	7,927.00		1,455.00	
Balance of funds due to ELC	-		5,116.22	
Whitelaw Wells	<u>5,250.00</u>		<u>4,980.00</u>	
	37,734.89		37,913.22	
NET CURRENT ASSETS		1,296,770.85		147,285.48
TOTAL ASSETS LESS CURRENT LIABILITIES		1,577,181.23		431,255.86
<u>MEMBERS INTERESTS</u>				
Reserves		1,577,179.23		431,253.86
Members Capital		<u>2.00</u>		<u>2.00</u>
Total Members Interests		1,577,181.23		431,255.86

East Lothian Mid-Market Homes LLP

Movement in Reserves for the period ending 31 March 2022

	General Reserves	Property Acquisition (1)	Required Balance (2)	Maintenance Fund (3)	TOTAL RESERVES
	£	£	£	£	£
Opening Balance 1 April 2021	431,253.86	-	-	-	431,253.86
Surplus 2021/22	1,145,925.37	-	-	-	1,145,925.37
Transfers between reserves	- 1,213,112.00	1,073,350.00	79,762.00	60,000.00	-
Closing Balance 31 March 2022	364,067.23	1,073,350.00	79,762.00	60,000.00	1,577,179.23

Notes

- 1 Property Acquisition Reserve
- 2 Required Balance
- 3 Maintenance Fund/Lifecycle

Purpose

Grant funding received in 2021/22 for planned property acquisitions in 2022/23
 Estimated variable cost expenditure for 13 weeks
 Lifecycle account for future maintenance of all units

East Lothian Mid-Market Homes LLP
Non-Current Assets

Housing for
Mid-Market Rent
£

Cost

At 1 April 2021	284,811.00
Additions	-
At 31 March 2022	<hr/> 284,811.00

Depreciation

At 1 April 2021	840.62
Charge for year	3,560.00
At 31 March 2022	<hr/> 4,400.62

Net Book Value

At 31 March 2022	280,410.38
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Accounting Policy

Non-current assets are initially recorded at cost and capitalised if costing £6,000 or more. Depreciation is provided at a rate calculated to write off the cost of the non-current assets, less their estimated residual value, over their expected useful lives on the following basis:

Housing for Mid-Market Rent - estimated useful life of 40 years

East Lothian Mid-Market Homes LLP
Administration Costs Charged to Profit and Loss

	2021/22	2020/21	
	£	£	
Accountancy	2,236.99	2,265.84	
Audit Fee	5,250.00	4,980.00	
Tenancy Management	10,765.44	10,495.87	
Tenant Support	14,312.93	-	Agency costs - covered by set-up costs in 2020/21
Burness Paul - Audit Letter	570.00	-	
Bank Charges	9.06	68.50	
TOTAL	33,144.42	17,810.21	

REPORT TO: Audit & Governance Committee

MEETING DATE: 21 June 2022

BY: Executive Director for Council Resources

SUBJECT: Council Improvement Plan 2021-2022 and Corporate Governance Self-evaluation Update

8

1 PURPOSE

- 1.1 To present Audit and Governance Committee with an update on the Council Improvement Plan 2021-2022 and Corporate Governance Self-evaluation.

2 RECOMMENDATIONS

- 2.1 That the Committee notes the progress in achieving the Council Improvement Plan 2021-2022 as detailed in the update report (Appendix 1).
- 2.2 That the Committee notes the update on Corporate Governance Self-evaluation and approves the Annual Governance Statement to be included in the Council's 2021/22 Annual Accounts (paragraph 3.11).

3 BACKGROUND

- 3.1 The Council Improvement Plan 2021-2022 was approved by Council in February 2021. The 16 actions in the Plan include seven actions carried forward from the 2018-2020 Plan and nine new actions identified in the 2020 Corporate Governance Self-Evaluation and the auditors' 2019/20 Annual Audit Report (October 2020).
- 3.2 The update report (Appendix 1) outlines progress that has been made in completing the actions in the Improvement Plan. The update report includes a new column – Outcome/Objective – which shows how the action relates to the Council Plan themes and the objective.
- 3.3 Since March 2020 the council has been in Business Continuity mode in response to the COVID-19 pandemic, which has necessitated focus on

business critical activity and reduction in non-critical activity. This has meant that progress in completing actions in the Improvement Plan have been delayed and consequently the deadline for completion of several actions has been extended.

- 3.4 The Council adopted the principles of Corporate Governance based on the CIPFA / SOLACE guidance in 2010, subsequently updated through the new 'delivering good governance' framework in 2016. This is based on Section 3.7 of the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom which governs the preparation and publication of an Annual Governance Statement. The framework defines the principles that should underpin the governance of each local government organisation.
- 3.5 To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the framework. The Framework, which forms the basis for a corporate self-evaluation exercise has seven core principles:
- A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B: Ensuring openness and comprehensive stakeholder engagement
 - C: Defining outcomes in terms of sustainable economic, social and environmental benefits
 - D: Determining the interventions necessary to optimize the achievement of the intended outcomes
 - E: Developing the council's capacity, including the capability of its leadership and the individuals within it
 - F: Managing risks and performance through robust internal control and strong public financial management
 - G: Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
- 3.6 These seven core principles are supported by 21 sub-principles/factors, each of which has a set of behaviours and actions against which good governance in practice can be assessed. Any recommendations for improvement arising from the self-evaluation are included in the annual Council Improvement Plan and form the basis of the Annual Governance Statement which is included in the council's Annual Accounts.
- 3.7 A self-evaluation exercise based on this framework was undertaken by the Council Management Team in May 2021, testing the council's governance arrangements against the Framework. The self-evaluation drew on extensive evidence from council policies and practices and also from the Best Value Assurance audit undertaken by Audit Scotland in 2018. Assurance was also provided by the external auditors' reviews of internal controls in financial systems and audits which did not identify any significant governance or control weaknesses.

- 3.8 The self-evaluation scored 18 of the 21 factors as Very Good and the remaining three as Good. Consequently the self-evaluation did not identify any additional areas for further development and improvement, beyond those that were already included in the current Council Improvement Plan. Importantly however the Council re-affirmed that it will continue to review and benchmark its practices and policies to build on existing good practice and improvement actions already being implemented, in order to ensure the Council continues its progress from continuous improvement through to excellence.
- 3.9 Given the positive self-evaluation carried out in 2021 and the fact that the Council has remained in Business Continuity mode throughout 2021 and 2022, a formal corporate governance self-evaluation has not been carried out to date in 2022.
- 3.10 A refreshed self-evaluation process for all council services based on the Public Sector Improvement Framework (PSIF) is being rolled out across all services starting with a corporate self-evaluation involving the Council Management Team in autumn 2022. The results of this self-evaluation together with the Auditors report on the Council's 2021/22 Annual Accounts and any recommendations from the COVID-19 structured de-brief and lessons learned exercise to be carried out in late June will be reflected in a new Council Improvement Plan for 2023-24.
- 3.11 Therefore it is proposed that the following the Annual Governance Statement to be included in the Council's 2021/22 Annual Accounts should be as follows.

The last review of corporate governance carried out in 2021 found that East Lothian Council continues to have good governance and control arrangements in place across the seven corporate good practice principles.

Since March 2020 the Covid-19 emergency provided a serious and prolonged test for the Council's risk management and business continuity frameworks. The Business Continuity Plans that were invoked as the UK and Scottish Governments declared the COVID-19 public health emergency on 23rd March 2020 have provided the basis for the Council's response to the emergency. The Council's ELC values – Enabling, Leading and Caring – and the East Lothian Way behaviours have underpinned the Council and council staff response.

The Council has implemented amended governance arrangements, significant investment, new ways of decision-making, leadership and implementation including virtual meetings, conference calls, and systems remote access and authorisation processes. Lessons learned have been continually captured throughout the year with process improvements implemented. Recovery processes have continued to gather pace and the Council published a COVID 19 Recovery and Renewal Plan in 2021.

Governance arrangements are currently being reconsidered and developed following the Election of new Council members in 2022 and a Council Plan and Financial Strategy are being developed for 2022-2027.

The last Council governance self-evaluation review against the CIPFA/SOLACE Delivering Good Governance in Local Government

Framework 2016 which was carried out in 2021 did not identify any additional areas for further development and improvement. Importantly however the Council re-affirmed that it will continue to review and benchmark its practices and policies to build on existing good practice and improvement actions already being implemented, in order to ensure the Council continues its progress from continuous improvement through to excellence.

A refreshed self-evaluation process based on the Public Sector Improvement Framework (PSIF) is being rolled out across all services starting with a corporate self-evaluation involving the Council Management Team in autumn 2022. The results of this self-evaluation together with the Auditors report on the Council's 2021/22 Annual Accounts and any recommendations from the COVID-19 structured de-brief and lessons learned exercise to be carried out in late June will be reflected in a new Council Improvement Plan for 2023-24.

4 POLICY IMPLICATIONS

- 4.1 The Council Improvement Plan 2021-2022 assists the Council in demonstrating that it is achieving Best Value. It provides the necessary focus to improve key areas of the Council at a corporate level, thus aiding delivery of the Council Plan. Moreover, it supports the Council in its striving for continuous improvement, to continue improving the quality and delivery of its services and to meet Council Plan objectives.

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 directly, although certain actions within the Council improvement Plan are likely to require the commitment of staff resources.
- 6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 Corporate Governance Self-evaluation and Annual Governance Statement 2021; Audit and Governance Committee, 15th June 2021

Appendix 1: Council Improvement Plan 2021-2022 Update Report (April 2022)

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DATE	9 June 2022

Appendix 1: Council Improvement Plan 2021-2022 Update Report (April 2022)

Council Improvement Plan 2021 – 2022 Update April 2022

	ACTION	OUTCOME/ OBJECTIVE	LEAD OFFICER / DEADLINE	UPDATE
1	<p>Implement the Council Workforce Plan 2018-2022. The implementation plan has 48 actions within 7 workstreams</p> <p>Source: 2018-20 Improvement Plan and 2020 Corporate Governance Self-evaluation</p>	<p>Growing our Capacity – sustain a skilled, flexible, high performing and motivated workforce; support and initiate transformational change; build and sustain leadership and management capacity.</p>	<p>SM Policy Improvement and Partnerships</p> <p>March 2022 - Updated to September 2022</p>	<p>Over half of the actions in the plan have been completed and progress has been made on the remaining actions.</p> <p>The Plan is being revised to take account of the impact of the COVID-19 emergency.</p> <p>A new Workforce plan will be presented to Council in autumn 2022</p>
2	<p>Continue to embed transformational change across the Council and ensure it delivers expected improvement and benefits within planned timeframes, prioritising projects that are most likely to lead to major change and significant benefits</p> <p>Source: 2018-20 Improvement Plan</p>	<p>Growing our Capacity – deliver transformational change and harness the opportunities technology offers in the provision of services</p>	<p>Chief Executive</p> <p>Ongoing</p>	<p>Transformation principles are being embedded across all services. Key Transformation projects (including the On-line HR/ Payroll system and the On-line Customer Portal) are being completed and capacity has been created to support the delivery of major change with significant benefits, including Assets Rationalisation and Housing Management System.</p>
3	<p>Continue to focus on improving education performance for all children and young people in East Lothian</p>	<p>Growing our People – reduce the attainment gap and raise the attainment and</p>	<p>Head of Education</p> <p>Ongoing</p>	<p>The council has adopted the Education Service Improvement Plan and all schools continue to focus on improving attainment and on School Improvement Plans</p>

	Source: 2018-20 Improvement Plan	achievement of our children and young people		
4	In order to ensure the council continues to have relevant governance policies, guidance, regulations and internal controls that are reviewed and kept up-to-date, a register of such documentation will be prepared and reviewed annually Source: 2018-20 Improvement Plan	Growing our Capacity – meet the council’s commitment to the principles of openness, accountability and transparency	SM Policy Improvement and Partnerships / SM People and Governance December 2021 - Updated to December 2022	This project was been on hold as this area of work is not deemed critical within Business Continuity Plans. It will be recommence after recovery from the COVID-19 emergency.
5	Establish formal mechanism for evaluating partnership working and the effectiveness of partnerships based on an agreed partnership self-evaluation framework Source: 2018-20 Improvement Plan and 2020 Corporate Governance Self-evaluation	Growing our Capacity – review of the governance arrangements of the East Lothian Partnership	SM Policy Improvement and Partnerships December 2021 - Updated to December 2022	The East Lothian Partnership was to undertake a self-evaluation exercise drawing on frameworks developed by Audit Scotland, the Improvement Service and EFQM in Spring 2020. This project was put on hold as this area of work is not deemed critical within Business Continuity Plans. It will be recommence after recovery from the COVID-19 emergency.
6	The council will explore the development of a Community Charter in partnership with civic society and the communities and citizens of East Lothian Source: 2018-20 Improvement Plan and 2020 Corporate Governance Self-evaluation	Growing our Communities – extend community engagement and decision making and increase community and individual resilience	Chief Executive December 2021 - Updated to December 2022	Work commenced on developing the Community Charter but was delayed in order to reflect the development of the Climate Change Charter following the adoption of the Climate Change Strategy. Work was then put on hold as this area of work is not deemed critical within Business Continuity Plans. Further work is required on the Charter to reflect the extensive community engagement

				of our local resilient community groups in responding to the COVID-19 emergency
7	<p>The Council will ensure it meets any additional requirements to further develop community participation in decision-making arising from the Local Governance Review</p> <p>Source: 2018-20 Improvement Plan</p>	<p>Growing our Communities – extend community engagement and decision making and increase community and individual resilience</p>	<p>Chief Executive</p> <p>Ongoing</p>	<p>Progress with the Review was put on hold by the Scottish Government and COSLA.</p> <p>Any developments in the Review will be reported to Council.</p>
8	<p>Continue to review reporting and monitoring of expenditure against budgets and recovery plans in order to deliver outcomes within agreed budgets</p> <p>Source: 2018-20 Improvement Plan</p>	<p>Growing our Capacity – maintain the current rigorous approach to controlling expenditure, ensuring that that it continues to 'live within its means' by operating as efficiently as possible</p>	<p>Head of Finance</p> <p>Ongoing</p>	<p>Quarterly financial monitoring reports to the council provide updates on expenditure against budgets and any recovery plans that may be required to ensure the council delivers outcomes within agreed budgets.</p>
9	<p>The roll out and adoption of the Staff Charter will be monitored and the Charter will be reviewed</p> <p>Source: 2018-20 Improvement Plan</p>	<p>Growing our Capacity – sustain a skilled, flexible, high performing and motivated workforce</p>	<p>SM Policy Improvement and Partnerships</p> <p>March 2022 - Updated to December 2022</p>	<p>The Staff Charter will be reviewed following adoption of the new Workforce Plan (see Action 1)</p>
10	<p>The Council should review how the Improvement to Excellence framework and new Council Plan performance reporting is operating</p> <p>Source: 2018-20 Improvement Plan and 2020 Corporate Governance Self-evaluation</p>	<p>Growing our Capacity – meet the council's commitment to the principles of openness, accountability and transparency</p>	<p>SM Policy Improvement and Partnerships</p> <p>December 2021 - Updated to October 2022</p>	<p>The Council will review how the Improvement to Excellence framework and new Council Plan performance reporting is operating in Autumn 2022</p>

11	It is important the council ensures its performance reports are improved to that it is easier for elected members and the public to evaluate performance across equalities Source: 2019/20 Annual Audit Report	Growing our Capacity – meet the council's commitment to the principles of openness, accountability and transparency	SM Policy Improvement and Partnerships October 2021 – Updated to October 2022	The Equality Plan 2021-2025 was approved by Council in October 2021. A new set of Poverty and Equality indicators is being developed to monitor progress with implementing the Equality Plan and Poverty Plan objectives and actions.
12	The council's reporting and monitoring against its improvement plan could be further improved to update members on what has been achieved through its improvement actions Source: 2019/20 Annual Audit Report	Growing our Capacity – meet the council's commitment to the principles of openness, accountability and transparency	SM Policy Improvement and Partnerships October 2021 – Updated to October 2022	The update report includes a new column – Outcome/ Objective – which shows how each action relates to the Council Plan themes and the objective. The new Council Improvement Plan that will be adopted in autumn 2022 will include more detail on the objective of each action and how progress/ achievement will be measured.
13	Refresher training on the Code of Conduct will be provided to elected members in 2020/21 Source: 2020 Corporate Governance Self-evaluation	Growing our Capacity – ensure elected members meet the personal values and principles of public service as set out in the Councillors Code of Practice	SM People and Governance December 2021 – Updated to June 2022	The 2022 elected members' induction programme included a session on the Code of Conduct.
14	Undertake a review of the arrangements for dealing council business arrangements when the council's Business Continuity Plan has been invoked 2020 Corporate Governance Self-evaluation	Growing our Capacity – meet the council's commitment to the principles of openness, accountability and transparency	Head of Corporate Resources December 2021 – Updated to December 2022	This will form part of the on-going review of Business Continuity arrangements following the COVID pandemic.
15	Monitor the implementation of the Climate Change Strategy Action Plan	Growing our Communities –	Head of Development	Implementation of the Climate Change Strategy Action Plan is being carried out by

	2020 Corporate Governance Self-evaluation	tackle the climate emergency and reach net zero by 2045	Ongoing	the Climate Change Planning Group and reported to Council annually.
16	Review and take action to minimise any negative impact of the COVID19 emergency on the council's revenue and capital budgets 2020 Corporate Governance Self-evaluation	Growing our Capacity – maintain the current rigorous approach to controlling expenditure, ensuring that that it continues to 'live within its means' by operating as efficiently as possible	Head of Finance Ongoing	Quarterly financial monitoring reports to the council provide updates on expenditure against budgets and on the impact of the COVID response on the council budget. The Council's Financial Strategy and revenue and capital budgets take account of, and try to minimise any negative impacts of the COVID-19 emergency.

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 21 June 2022

BY: Chief Executive

SUBJECT: Corporate Risk Register

9

1 PURPOSE

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

2 RECOMMENDATIONS

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

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Corporate RWG on behalf of and in consultation with Council Management Team. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) which involves

multiplying the likelihood of occurrence of a risk (scored 1-5) by its potential impact (scored 1-5). This produces an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).

3.2 The Council's response in relation to adverse risk or its risk appetite is such that:

- Very High risk is unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position;
- High risk may be tolerable providing the Council is assured that adequate and effective control measures are in place;
- Medium risk is tolerable with control measures that are cost effective;
- Low risk is broadly acceptable without any further action to prevent or mitigate risk.

3.3 The Corporate Risk Register includes 5 Very High, 8 High, 8 Medium and 1 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 –The financial impact of the associated risks and measures remain under regular close monitoring and review. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Council Management Team, and if required will be reported to Council.

6.2 Personnel – There are no immediate implications, however, given the current significant staffing challenges and operational impacts resulting, this area is under constant review.

6.3 Other – Effective implementation of the Corporate Risk Register will require the support and commitment of the risk owners identified within the register.

7 BACKGROUND PAPERS

7.1 None.

Appendix 1 – Corporate Risk Register
Appendix 2 – Risk Matrix

AUTHOR'S NAME	Scott Kennedy
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DATE	09 June 2022

East Lothian Council Corporate Risk Register 2022 (V55: 09 June 2022)

Risk Ref.	Risk Description	Existing Risk Control Measures	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	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
ELC CR 1	<p>Supply/Cost of Materials and Labour</p> <p>The construction materials market is currently volatile due to a number of factors including Brexit and the Pandemic impact upon the production and supply chain. Scotland Excel have confirmed a 23% increase in framework prices for timber and sheet materials. Current challenges include:</p> <ul style="list-style-type: none"> Significant / unexpected upturn in worldwide workload Covid-19 recovery & logistical constraints Supply from the European Union Hedging and bulk ordering Increase in cost of raw materials – due to Covid-19, post-Brexit trading rules and rising oil prices Shortage of drivers of Heavy Goods Vehicles <p>These challenges have had significant impacts on construction, including:</p> <ul style="list-style-type: none"> Massive increase in demand is resulting in shortages on key products and placing strain on labour availability. During the pandemic manufacturing facilities were closed and the world's distribution network was impacted and is still recovering. Although there is now a trade agreement, the borders and customs processes add administration, time and cost. Materials suppliers, main contractors and major UK projects (e.g. HS2) have stockpiled or bulk secured manufacturing and supply slots. High percentage increases in the cost of particular materials e.g. copper, steel, timber, concrete. The lead-in times for delivery of materials have increased. Shortages in components e.g. for mechanical, electrical and IT <p>The main impacts are live project delays, delays to future projects, cost increases, contractors unable to submit fixed-price Tenders, higher risks for Contractors.</p> <p>The risks apply to capital and revenue-funded works for</p> <ul style="list-style-type: none"> Property Roads Housebuilding generally Affordable housing programme Voids and relets Maintenance and lifecycle works in the operational / non-operational and learning estate and PPP Project. Maintenance and repairs Domestic compliance programmes Energy efficiency programmes The majority of all other procurement related purchasing is being impacted 	<p>Regular discussions with current suppliers around market conditions, and alternative specifications / materials.</p> <p>Close engagement and monitoring of national frameworks and conditions through Scotland Excel.</p> <p>Prioritisation – deciding which works are essential, balancing time, cost and risk, possibly delaying works until the market settles.</p> <p>Planning – assessing project programmes and possible procurement options</p> <p>Reporting – providing information to funding bodies, Council management and other services</p> <p>Monitoring – Continuing to liaise with industry bodies, working groups, other local authorities, the Scottish Government, suppliers and contractors to keep the Council informed.</p> <p>The Council is aiming to pre-order and provide enhanced stock management on certain materials where appropriate.</p> <p>Regular discussions are taking place on the Capital and Revenue Investment Plans.</p> <p>Continue to apply BCIS increases, monitor acceptance of offers and continue to maintain dialogues with framework contractors.</p> <p>Continue further engagement with Scottish Government, Government Agencies and Professional bodies.</p> <p>The Finance Service are focusing on enhanced financial monitoring during 2022-23 to identify emerging issues that cannot be contained within approved budget levels and consider where necessary any wider financial interventions . The on-going impact will be considered as part of future budget planning.</p> <p>National Suppliers and Partner Providers working group established through COSLA to consider impact of inflationary and market pressures.</p>	5	4	20	<p>Enhanced value engineering and prioritisation of specification and design parameters.</p> <p>Reviewing the opportunity to phase planned works rather than deliver wholesale projects.</p> <p>Consideration to delaying capital and revenue projects where appropriate and possible.</p> <p>Enhanced partnership working with HUB and major suppliers to enable pre ordering and project budget caps to be set - whilst this carries risk of increased front loaded costs used correctly it can cap risk and enable controlled project delivery.</p> <p>Consideration of enhanced contract payments to transfer risk to the private sector – by paying upfront to cap project risks of escalating costs from Covid and material increases project caps can be set to limit overall risk to the Council.</p> <p>Wider review of approved Capital Plan and prioritisation – to ensure programme remains affordable and focussed on critical priorities.</p>	4	4	16	<p>Head of Infrastructure</p> <p>Head of Finance</p> <p>CMT</p>	<p>All planned measures are to be reviewed/progressed over the coming weeks.</p> <p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>New Corporate Risk created October 2021 and reviewed & refreshed during November and December 2021.</p>	<p>Risk further updated by Executive Director Council Resources June 2022.</p>

Risk Ref.	Risk Description	Existing Risk Control Measures	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>Risks have both financial and programme implications.</p> <p>Higher material and labour costs are not necessarily being reflected in the building cost indices (BCIS) used to vary building framework prices in line with Procurement rules. This could result in ranked framework contractors declining offers of work. Note the BCIS All-in Tender Price Index for quarter 3 2021 has an increase of 1.9% from the previous quarter of 0.8% to 2.7% and a continual rise on this is predicted over the next five years.</p> <p>Heightened Risk Due to War in Ukraine Due to the current conflict in Ukraine there is a heightened risk of additional supply chain pressures particularly in the context of grain, fuel and chemical related products which could lead to product shortages and/or significant inflationary pressure.</p> <p>Set in the context of existing supply chain pressures prevalent within the delivery of Affordable Housing Supply, Additional Housing pressure through the UK Government resettlement scheme may present to accommodate increased numbers of refugees fleeing the war. This risk will be set out in more detail within the Housing Risk Register.</p>	<p>Continue to follow advice and guidance from COSLA and UK and Scottish Governments and react accordingly.</p> <p>Multi-disciplinary working group established to priorities necessary intervention supports as families and accommodation is identified.</p>										
ELC CR 2	<p>Rising Energy Costs</p> <p>Volatility in energy markets will result in significantly higher energy costs for the foreseeable future. Increasing rates will impact on the cost to operate buildings, street lighting provision, third party users of services, electric vehicle charging rates etc. Rising energy costs will indirectly impact the cost of other goods and services e.g. materials, consumables, transportation.</p> <p>There is a risk that electricity, gas, oil and LPG rates could increase further in 2023/24.</p> <p>Heightened Risk Due to War in Ukraine Due to the current conflict in Ukraine there is a heightened risk of additional supply chain pressures.</p>	<p>Electricity, gas and oil is procured through Scottish Procurement. The rates for 2022/2023 will rise significantly however Scottish Procurements purchasing strategy provided some protection throughout the volatility.</p> <p>The Council's Energy Transformation Board seeks to improve energy efficiency and energy supply from renewable sources reducing reliance on fossil fuels.</p> <p>Additional budgetary provision was included within the 2022-23 budget based on assumptions at that time. The Finance Service are focusing on enhanced financial monitoring during 2022-23 to identify emerging issues that cannot be contained within approved budget levels and consider where necessary any wider financial interventions including the potential use of reserves. The on-going impact will be considered as part of future budget planning.</p> <p>Engagement through professional networks to support national discussions on wider market conditions and supporting interventions.</p>	5	4	20	<p>Continued review and enhanced monitoring of financial impact of rising energy costs, on both revenue and capital budgets.</p> <p>Consider enhanced mitigation measures through wider asset review project and similar initiatives.</p> <p>Investment in expanding renewable energy and transformational projects and expansion of energy saving initiatives.</p> <p>Continue to engage through professional networks to support national discussions on wider market conditions and supporting interventions.</p> <p>Consider on-going impact through future budget planning and enhanced review of financial and capital strategies.</p>	4	4	16	Energy Officer Service Manager ES & BS Head of Finance	December 2022	<p>Risk further updated by Executive Director Council Resources June 2022.</p> <p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p>
ELC CR 3	<p>National Care Service</p> <p>The Scottish Government proposal to establish a National Care Service, which would extend to all adults care services, children's services, criminal justice and social work will result in the largest re-organisation of local government since the creation of single tier local authorities in 1995/96.</p> <p>The council's concerns at the risk involved in this proposal were detailed in the Council's response to the Scottish Government's consultation on its</p>	<p>The council provided a detailed and comprehensive response to the Scottish Government's consultation on its proposals, outlining the concerns and risks involved in the creation of a National Care Service (report to Members Library, November 2021).</p> <p>The council is awaiting the publication of the Scottish Government's response to the consultation and publication of its proposal – probably in the form of a White Paper – and will provide a further detailed response highlighting any remaining concerns and risks.</p>	5	4	20	<p>Depending on the detail of the legislation is due to be taken forward into the Scottish Parliament by the Scottish Government and timescale for creation of the proposed National Care Service officers will prepare detailed response and plan to prepare for implementation and mitigate any negative impact, including lobbying for adequate resourcing from the Scottish Government</p>	5	3	15	Chief Executive/ Chief Social Work Officer / Head of Operations (H&SCP)		<p>Risk reviewed May 2022 with no amendments made.</p> <p>New Corporate Risk created March 2022 by Head of Children's Service, also to replace risk on</p>

Risk Ref.	Risk Description	Existing Risk Control Measures	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	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
	<p>proposals (report to Members Library, November 2021). These include the following:</p> <p>The creation of a new national QUANGO will require significant resourcing and will lead to years of uncertainty and anxiety within the workforce and possibly also amongst service users and carers. It will also risk loss of momentum and progress with existing multi-agency collaborative improvement programmes. The complexity of transferring responsibility for one of Local Government's largest, most complex and important services to a new national agency cannot be over-estimated. Previous structured reforms to deliver a single agency has not been able to be undertaken without significant cost, and significant staff resourcing, and there is no evidence that this singular source has delivered better outcomes for our users of the system.</p> <p>There are significant questions about how the National Care Service and other proposals in the consultation paper will be funded.</p> <p>The scope of the NCS is not yet clear but the reorganisation of such complex services as Adult Social Care and Children's Social Work Services and their integration into a new national service would come at a major cost in both finance and staff resources. There will be major implications for support services such as Finance, HR and IT.</p> <p>There are very significant risks in breaking up the existing 'whole system approach' that is provided through social work being part of local government. The centralisation of responsibility and services under a National Care Service also removes the local approach to service delivery which is critically required to deliver a holistic approach to care services and integrate this wider within a wholesale and local approach to deliver improved outcomes for those who need and use care such as Housing, Education, and community services. Centralisation also puts at risk the effective collaboration and shared leadership that has been developed through Community Planning, Community Justice, Children's Services and Public Protection Partnerships, and local community capacity building achieved through multi-agency locality planning with, and in, targeted communities.</p> <p>The proposals contained in the Scottish Government's consultation significant uncertainty and therefore risk for large parts of the council's workforce, including the future employee status of staff working in social work and whether they would be TUPE transferred to the National Care Service or the proposed Community Health and Social Care Boards (CHSCBs).</p> <p>The Council is progressing a major Transforming Children's Service programme that will have fundamental implications for how we deliver services for vulnerable families and children. This will be impacted by the uncertainty created by the proposal to</p>	CMT will continue to monitor the development of the proposal and report as appropriate to the Council.									Public Sector Reform.	

Risk Ref.	Risk Description	Existing Risk Control Measures	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	Total		Likelihood	Impact	Total			
			L	I	L x I		L	I	L x I			
	include Children's Services within the scope of the National Care Service.											
ELC CR 4	<p>Information Security and Data Protection</p> <p>Heightened Risk Due to War in Ukraine Due to the current conflict in Ukraine there is a heightened risk of Nation State led cyber-attacks on the West. These could potentially affect National Infrastructure such as data and voice networks which could have an impact on East Lothian Council.</p> <p>Information Security Failure to have comprehensive council wide Information Security Management (ISM) measures in place will put at risk the availability, integrity and confidentiality of the councils information and may cause a Council wide failure of central I.T. systems (incl. Telephony) caused by a malicious attack by hackers, virus, trojan, disclosure of information or Fire/Flood event.</p> <p>Attacks via spam emails containing infected ransomware attachments are on the increase amongst local authorities, should these emails manage to break through Firewalls and Intrusion Detection Systems there is a high possibility of file encryption at both a local and network wide levels. During 2020/21 high profile attacks against supply chain and other Scottish public bodies has shown this risk has not decreased.</p> <p>An increase in the use of Cloud facilities means our security risk from external influences has increased and our security posture needs to change to meet these new challenges</p> <p>The Cabinet Office has introduced zero tolerance for all LA's connected to the Public Sector Network (PSN). Scottish LA's use the PSN to register Births, Marriages & Deaths and connection to DWP for benefit provision. We have to re-accredit to this network every year and must meet stringent requirements. Failure to do so would mean disconnection from the PSN. The PSN network is being redeveloped over the next 2 years</p> <p>In 2017 the Scottish Government introduced the Cyber - Public Sector Action Plan which sets out the minimum security standards for all public bodies</p> <p>New ways of working and shared buildings including the proposed Collaborative Hub between the Council, Police and other parties present new risks and challenges to maintaining IT Security and Data Privacy. Procedures, appropriate design of workspaces and staff training are needed to mitigate risks.</p> <p>Senior management vacancy arose in I.T. Service wef 20 May 2022,</p>	<p>Continue to follow advice and guidance from the National Cyber Security Centre, UK and Scottish Governments and Local Government Digital Office and react accordingly.</p> <p>Information Security The Council complies with the international standard ISO 27001:2017 as the framework for its ISM system.</p> <p>As part ISO27001:2017 a number of control areas are set out : IS policy; IS organisation; Human resources security; Asset management; Access controls and managing user access; Physical & Environmental security of all sites/equipment, Secure communications, Data handling and Data Protection (including paper documents); Secure acquisition, development, and support of information systems; Security for suppliers and third parties; Information Security Incident management; Business continuity/disaster recovery (to the extent that it affects information security);</p> <p>Annual IT health checks on the existing infrastructure.</p> <p>New systems introduced are risk assessed and security checked to ensure they meet the criteria.</p> <p>Council Information Governance and Security (IGS) Forum co-hosted by the IT Team Manager – Infrastructure and Security and the Team Manager – Information Governance / Data Protection Officer.</p> <p>The Team Manger – IT Infrastructure & Security sits on the Scottish Governments Digital Assurance group</p> <p>The DPO/Team Manager-Information Governance & Team Manager – Infrastructure & Security (CISO) are members of the Collaborative Hub Working Group and the JMH User Group and provide advice and support re: compliance & Info Security.</p> <p>A new Information Security/DP Awareness Campaign was launched in Dec 21, which sends scheduled 'hot topic' awareness updates to employees.</p>	<p>5</p> <p>4</p> <p>20</p>	<p>3</p> <p>4</p> <p>12</p>	<p>Executive Director – for Council Resources</p> <p>Head of Corporate Support</p> <p>Data Protection Officer</p>	<p>Ongoing</p> <p>May 2022</p> <p>June 2022</p>	<p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>Risk updated March 2022 by Team Managers – IT Security and Information Governance with current risk score increased from 16 to 20 due to war in Ukraine.</p> <p>Risk updated November 2021 by Team Managers – IT Security and Information Governance with on change to scores.</p>					

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	<p>Data Protection</p> <p>Under the Data Protection Act 2018 and the UK GDPR, the Council is required to ensure that personal data is processed lawfully, fairly and securely. Breaches of the Data Protection Act / GDPR could result in:</p> <ul style="list-style-type: none"> - harm to individuals; - legal action; - fines of up to £17.5 million or 4% of turnover, whichever is higher; - requirement to pay compensation; - adverse publicity; - damage to reputation <p>The Council has a mandatory 72 hour window in which to report relevant breaches to the Information Commissioner's Office.</p> <p>Limited security, procedural and environmental controls at the Dunbar Road records store mean that records and personal data are at risk of security breach and/or accidental loss or destruction. The shift to home/digital working in response to COVID-19 has also placed additional pressures to digitise paper records management systems and ensure new ways of working remain secure.</p> <p>Requests for personal data (SARs) have increased significantly in both number and complexity (50% increase on Jan-May 2022). Increase is partially attributable to the indirect impact of the Scottish Child Abuse Inquiry and the launch of the Redress Scheme. Combined impact with staffing challenges, increase in FOI requests and disproportionate impact of a number of frequent requesters, the Council is at higher risk of missing statutory timescales for responses.</p> <p>DP compliance is dependent on good records management. The Council's Records Management Plan 2014-2019 needs to be formally updated to account for GDPR/DPA18 as well as changes to recordkeeping practice across the Council. This is also a requirement of the Public Records (Scotland) Act 2011 (PRSA).</p> <p>Current pressures on Registration service and increased demand from Services for review of Data Sharing Agreements / Data Protection Impact Assessments are impacting capacity to address Records Management.</p>	<p>Data Protection</p> <p>The Council has a comprehensive suite of measures to ensure compliance, including the retention of a statutory Data Protection Officer (DPO), the Data Protection Policy, Data Breach Procedure and multiple procedures governing the creation, use and disposition of records and personal data.</p> <p>IS, DP and Records Management Awareness training is a mandatory part of induction and must be refreshed every two years. The ELNet pages for Information Governance also include templates, guidance and information to support corporate compliance.</p> <p>The Council's Records Management Plan (RMP) covers how the Council manages its records and includes links to our IS, DP policies and retention schedule. There is an annual assessment of Progress of Records Management Plan by The Keeper's office. The Council is planning formal re-submission of its RMP for the Keeper's approval (date tbc).</p> <p>The Council has a close working relationship with SOLAR (Society of Local Authority Lawyers and Administrators) and attends meetings regularly. These meetings are also attended by the Information Commissioners office. The Council also attends and currently chairs ASLAWG (Archivists of Scottish Local Authorities Working Group) to share best practice with other record keeping professionals.</p>				<p>Data Protection</p> <p><u>Training & awareness:</u> e-learning modules currently being refreshed with an estimated completion in May 2022. The DPO, Team Manager- IT Infrastructure & Security and Communications teams are progressing a Communications Plan including Inform briefings, e-mail updates (Info Security Email Alerts scheduled weekly for March/April, to be followed by DP alerts.) and other training and briefings to reinforce awareness of data protection and information security across the Council.</p> <p><u>Information Transformation Strategy:</u> the Team Manager-Information Governance and Team Manager-IT Infrastructure & Security are drafting an Information Transformation Strategy and associated Action Plan to underpin the Digital Strategy and Business Transformation agendas and 'to ensure the right information gets to the right person, at the right time, and in the right format'.</p> <p><u>Records Management Plan:</u> All 14 elements of the Council's RMP will be reviewed and updated, focusing particularly on secure destruction, digital preservation, application of retention schedules and changes to ways of working.</p> <p><u>Support for SARs/FOI:</u> Work is ongoing to fill vacancies and identify additional staff resource to help cope with demand.</p> <p><u>DSA/DPIA Process Reviews:</u> The processes for approving Data Sharing Agreements and Data Protection Impact Assessments are being simplified and streamlined. A soft launch for DSA process was completed in Jan 2022 with a formal launch in May 2022</p> <p><u>Dunbar Road Options Paper:</u> An options paper is being prepared regarding next steps to upgrade and secure our paper records storage and retrieval arrangements.</p>				<p>June 2022</p> <p>December 2022</p> <p>December 2022</p> <p>June 2022</p> <p>July 2022</p> <p>December 2022</p>		
ELC CR 5	<p>Refugee/Asylum Schemes</p> <p>Both the UK and Scottish Government have responded to the Ukrainian humanitarian crisis by introducing refugee schemes that are largely required to be administered by local authorities. These schemes are broader in scope and of a significantly greater scale than existing refugee schemes. Consequently, this means greater demands placed on Council services (including service areas not</p>	<p>Cross-Service Oversight Group meetings in place.</p> <p>Cross-Service Working group in place. Additional resources identified within Community Housing & Homelessness (CH&H) secured to deal with administrative tasks and casework</p>	5	4	20	<p>Internal processes and procedures to be reviewed to identify improvements</p> <p>Quantification of Scottish Super Sponsor scheme (SSS) numbers, data integrity work, background checking to be done by CH&H resource</p>	4	3	12	Head of Housing	Monthly Review	Risk created 9 th May 2022 by Head of Housing.

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	<p>previously involved) in administering the schemes, supporting hosts and refugees as well as placing additional demand on schools and Health and Social Care services. There is also a potential role for the third sector, which requires careful thought and development.</p> <p>Current challenges include, but are not limited to:</p> <ul style="list-style-type: none"> Complexity and variation between three different schemes (Homes for Ukraine (H4U), Scottish Super Sponsor & Family Visa) Constant changing and revision of national guidance, which continues to evolve through ongoing discussion between SG, COSLA, Home Office and local authorities Being clear on different funding arrangements, scope and operational deployment Being clear on extent of safeguarding responsibilities and wraparound support Being clear on role of third sector Understanding the scale of and resourcing the challenge in the context of existing commitments to the global refugee scheme and the Afghan schemes, and the future proposed Asylum dispersal scheme. Being clear on data protection requirements and which information can be shared between internal teams and with external partners General administration of the scheme in the medium to long-term including, but not limited to: <ul style="list-style-type: none"> Disclosure checks Property and welfare visits Wraparound support Refugee payments Host payments Interface with Education and HSC Clarity as to whether funding is adequate to cover all elements of the scheme, including potential remedial work to bring properties up to required standards Potential increased homeless and housing demand (where hosting arrangements break down or after six months) Service resource demands on all affected teams but particularly Community Housing & Homelessness Capacity of children's and adult social work services, Education and HSC to cope with increased demands Additional demands continue to emerge through extensions to the three schemes – namely the rise in unaccompanied minors and associated responsibilities Implementation of the mandatory national transfer scheme means East Lothian must accept an allocation of unaccompanied asylum seeking young people set by the Home Office. Notification will be at short notice and the frequency is dependent on their rate of arrival in the UK. This presents a significant resource challenge in terms of providing accommodation, potentially a care placement, housing and social work support. 	<p>Additional development resource identified from CH&H to provide third sector interface, assist with improvement work, address local community issues and maximisation of resources (internal and external)</p> <p>Regular attendance at meetings with SG, Home Office and COSLA.</p> <p>ELC Website page in place.</p> <p>ELC Ukraine enquiries contact email address set up.</p> <p>Initial dedication of two-full time officers from Housing Options team to set up procedures, team interfaces, casework and administration of schemes.</p> <p>Database of hosts and families created comprising all administrative aspects (disclosures, property checks, payments, education requirements etc.).</p> <p>Ongoing case management of all H4U hosts.</p> <p>Resource requirements of other service areas identified and in operation, including the contribution of colleagues in HR, Protective Services, Finance, Education, Customer Services, Communications Team and HSC.</p> <p>Cross-Service agreement of how Disclosure checks will be undertaken, conduct of home visits, and administration of payments have been secured and interim procedures in place.</p> <p>Jira safeguarding system in place.</p> <p>Children's and adult social work undertaking wellbeing assessment visits to all families.</p> <p>Privacy Statement signed off.</p> <p>Unaccompanied Assylum Seeking Children (UASC) are currently being supported by the Aftercare Team in children's services, making use of accommodation within the My Place project. Managers attend regular national meetings to ensure we understand best practice.</p>				<p>Plans in development of how SSSS outreach work, disclosures, payments etc. will operate</p> <p>Quantification of future resource demands to be identified and articulated through oversight and working group meetings</p> <p>Improvement work to ensure processes and resource deployment are as effective as they can be</p> <p>Working closely with SG & COSLA to inform future iterations of Guidance for clarity and confirming with SG & COSLA colleagues that ELC cannot source social housing properties as housing pressure continues to be extreme</p> <p>Ongoing discussions across SG, COSLA & SOLAR around Privacy Statement</p> <p>Children's services is developing a host families scheme to provide accommodation and support for UASC.</p>						

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	<ul style="list-style-type: none"> The national local crisis in fostering resources is compounding the service risk. Some UASC are reluctant to settle in East Lothian, preferring to be in bigger cities such as Manchester. There is a likelihood of them leaving on an unplanned basis putting them at risk of exploitation. 											
ELC CR 6	<p>Duty of Care to Public and Public Protection</p> <p>The Council has a responsibility to provide care and support for the people of East Lothian and East Lothian's environment. Any breach of this duty of care may compromise legislative duties, health, safety and wellbeing, impacting on, for example, the protection of children and adults.</p> <p>Failure to fulfil the duty of care could also result in serious harm/death to an individual/s, prosecution, having to pay compensation and have a negative impact on the reputation of the Council.</p> <p>A failure to secure efficient and effective Public Protection arrangements, covering Child Protection, Adult Support and Protection, local MAPPA arrangements, Violence against Women and Girls (VAWG) and Substance Misuse services, may see the Council being unable to fulfil its statutory duties/duty of care which could contribute to a service user suffering harm/death or detriment. This would in turn result in reputational damage to and increased scrutiny of the Social Work services.</p> <p>The duty of care is at the heart of the Council's approach to risk management. The likelihood of this risk occurring is influenced by a range of factors including:</p> <ol style="list-style-type: none"> 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. Complexity of service delivery, infrastructure, environment and partnership arrangements across the Council services; Increasing population and the number of vulnerable people in East Lothian; Increased population and more complex service demands presented by an increasing number of service users whilst resources have reduced Levels of deprivation in East Lothian; There are risks around worker shortage for care at home providers in East Lothian, with risks to sustainability of the service provision. 	<p>Strategic Structure</p> <p>The East 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"> Performance and Quality Improvement sub-group maintains overview of work through the door and performance in relation to CP and ASP work Learning and Practice Development sub-group takes forward our 2021-23 strategy for Multi-agency training, and oversees our training programme. Training needs on aspects of Public Protection are considered by this group and are informed by Training Needs Analyses undertaken by the East Lothian Workforce Development Officers in Children's Services and the HSCP. VAWG delivery group keeps oversight of services for gender based violence East and Midlothian MAPPA Group (EMMG) oversees MAPPA arrangements. <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 being 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"> A self-evaluation of Adult Protection in East Lothian has commenced Other quality assurance activities and audits are undertaken by the lead officers for Adult Protection and Child Protection, in partnership with HSCP and children's services managers. There is an ASP inspection preparation group in place which 	4	4	16	<p>Public Protection Manager will review the 0.5 Learning and Development Co-ordinator post with senior managers across the EMPPC partnership, and will consider the most appropriate way of using this resource.</p> <p>A Joint Strategic Needs Assessment for Public Protection is being taken forward by CSOG.</p> <p>Child Protection Lead Officer will use the evaluation of the pilot of the Safe and Together training to inform discussions with the East Lothian S&T implementation group about how best to support staff to complete the training and embed S&T in practice in East Lothian. Resource requirements to support this work will be further explored. This will also be monitored via EMPPC Learning and Development Sub-group.</p> <p>Work is planned within the learning and development sub-group to establish better oversight of unmet and projected need for training from Level 1 and above.</p> <p>Work has begun to refresh the knowledge and understanding of both CMT and SMT that child protection is everyone's responsibility and to ensure that this key message is communicated and understood by all staff.</p>	3	4	12	<p>Chief Executive</p> <p>Critical Service Oversight Group</p> <p>Executive Directors</p> <p>Director of East Lothian Health and Social Care Partnership</p> <p>Chief Social Work Officer</p> <p>Public Protection Team Manager</p> <p>Health and Safety Team</p>	<p>March 2022</p> <p>June 2022</p> <p>June 2022</p> <p>June 2022</p> <p>June 2022</p>	<p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>Risk reviewed and refreshed by Public Protection Team Manager, March 2022. Risk reduced from 20 and 20 to 16 and 12 due to an improving picture.</p> <p>Risk has been reviewed in December 2021 by CMT and the decision was taken to increase the current risk score from 12 to 20 and the residual risk score from 8 to 20 due to the current nature of the risk and the fact that, even with all measures in place a period of review will be required to measure whether or not the situation has improved and the risk has reduced.</p>

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	<p>March 2022 Update – Evidence gathered since Jan 22 shows only one remaining provider of concern. The provider has given a timeline for 1 month for service improvements.</p> <p>The EMPPC website is not fit for purpose and does not meet the accessibility requirements.</p> <p>There is a risk that staff who require refresher training in Child Protection and Adult Protection do not receive this within a two year timescale – the current focus is on delivering training for staff who have not done any of the core courses. There is a risk that children and families staff do not manage to complete the core Safe and Together training (4 days) which is designed to be completed on a self-learning basis.</p> <p>A review of the council's LearnPro data and management audit highlights gaps in compliance with mandatory public protection training across services and the need to strengthen the knowledge and understanding of roles and responsibilities in relation to child protection.</p>	<p>meets regularly to plan self-evaluation and preparation for inspection activities.</p> <ul style="list-style-type: none"> A multi-agency strategic planning group has been established with key personnel from East Lothian HSCP, NHS Lothian, Police and Public Protection Office to prepare for Adult Protection inspection (no date identified/inspections resumed in June 2021) – programme of audit and self-evaluation is underway. This group will plan and oversee preparation activity. <p>ELC H&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&SCP have monthly Care at Home Oversight Group Meetings to monitor the levels of provision of essential care at home. The councils' CSWO attends this meeting to ensure discharge of assuring the quality of care. This will remain in place until there is assurance of stability.</p> <p>Care at Home service provision continues to be monitored via East Lothian and Midlothian Public Protection Committee (next review March 2022) and Critical Services Oversight Group (next review April 2022)</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: www.emppc.org.uk.</p> <p>Chief Social Work Officer (CSWO) fulfils statutory role and responsibilities, overseeing and reporting on Public Protection issues to Chief Executive and Elected Members, reporting annually to Council giving oversight of Public Protection performance including assessment of risks and pressures.</p> <p>The Council continues to work towards delivering the UK 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 HSCP 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</p>										

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		<p>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>											
ELC CR 7	<p>Staffing Issues</p> <p>There continues to be a risk in relation to high numbers of Council employees being absent, both for COVID and for other sickness absence reasons, all exacerbated by Brexit related staff recruitment impacts on key sectors.</p> <p>Staff have also been dealing with the pandemic for over 2 years which is generating fatigue and mental health issues, which are also impacting on staff absences.</p> <p>At the same time the Council are competing with other employers when trying to recruit staff and face challenges in this as the private sector has more flexibility regarding terms, conditions and salaries.</p> <p>This has made it particularly difficult to respond to Scottish Governments short term COVID response funding/staffing initiatives.</p> <p>A lack of staff for the above reasons, now compounded by increasing challenges in the local employment market, has resulted in a reduced ability to provide a full range of services to the public and to provide internal support services, with only critical activities being provided in many areas. In some services this could result in risk to life and severe reputational damage to the Council.</p> <p>Insufficient staff can also lead to an inability to open establishments and maintain the services provided. The impacts are widespread across Council services, these challenges continue to have a cumulative and significant impacts on the following services in particular:</p> <ul style="list-style-type: none"> Facilities Management Health & Social Care Partnership - HR & Payroll Registration Burials Team Waste Services Transport Services Housing Connected Communities Community Centres & Libraries Contact Centre & Community Response Team Customer Services Skilled Trades within Property Maintenance Key Finance and Banking Staff Legal I.T. 	<p>Regular assessment of staffing capacity within services leading to resource challenges and essential redeployment of available resources to maintain frontline service delivery, reducing service provision when essential in non-statutory services.</p> <p>National easing of self-isolation requirements may mitigate some of the pressure on teams.</p> <p>We continue to undertake high levels of recruitment. Over recent months ELC have had amongst the largest volume of adverts on MJS out of the 32 LA's (which in itself creates resource issues for our HR team in dealing with these volumes) which is significant for an authority of our size.</p> <p>Services Council wide are regularly required to ask staff to work additional hours and overtime to deal with the staffing issues.</p> <p>Making full use of our Agency frameworks. Though agencies are facing similar issue in sourcing key staff, many are now unable to supply.</p> <p>Managers continue to apply the Managing Attendance Policy.</p> <p>The Council has updated its COVID Guidance reflecting national guidance which allows those with COVID to return to work sooner.</p> <p>Some Council services are reducing the delivery of the service they provide to combat the issue e.g. facilities and community centres & libraries.</p> <p>Scottish Government is providing assistance and funding, particularly to the H&SCP although this can have a consequential impact on support services e.g. HR, Payroll.</p> <p>The Council is now fast-tracking Disclosure checks for H&SCP employees and meeting the costs of these checks for all employees on a temporary basis to remove a possible barrier to recruitment. However, the same team are handling significant numbers of Disclosure checks for host families under the Ukrainian refugee schemes, which will have an impact on timescales for normal business and ongoing pre-employment checks.</p>	4	4	16				4	3	12	<p>Head of Corporate Support</p> <p>CMT</p>	<p>All measures are live and monitored on a weekly basis.</p> <p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>Risk score reviewed by Executive Director of Place and Head of Communities March 2022 with current risk score reduced from 20 to 16 and residual score from 20 to 12.</p> <p>Staffing Risk reviewed and refreshed by Head of Corporate Support, March 2022.</p> <p>The Staffing Risk has been reviewed in December 2021 by CMT and the decision was taken to increase the residual risk score from 16 to 20 as even with all measures in place a period of review will be required to measure whether or not the situation has improved and the risk has reduced.</p> <p>New Corporate Risk created October 2021.</p>

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			L	I	L x I		L	I	L x I			
	<ul style="list-style-type: none"> Education Roads – At this moment in time have sufficient resources to deliver winter maintenance operations, although monitoring due to national shortage of LGV drivers. Roads require 54 staff to deliver the winter maintenance service (45 LGV drivers, 3 loaders, 2 duty clerks and 4 duty officers). <p>Substantial resilience issues are presenting in the management of concurrent risks e.g. Weather emergency in the format of storms, Ukrainian refugee schemes.</p> <p>Certain services such as FM, Transport and Waste and Customer Services are likely to remain within Business Continuity due to absence and workforce availability being evident in our inability to recruit to fill all vacancies. As an example Garden Waste collections which are non-statutory will remain on a monthly cycle to protect statutory services.</p>	<p>Support is provided by Amenity services to supplement the winter emergency response team. Training up of some staff to gain LGV licence in order to be able to drive gritters is being progressed.</p> <p>A debrief was carried out on Storm Arwen noting lessons learned and promptly implementing subsequent actions.</p> <p>CMT Emergency Planning Training.</p>				Review and broaden-out leadership resilience and service capacity within all ELC Contingency Plans.						
ELC CR 8	<p>Climate Emergency</p> <p>East Lothian Council has statutory duties to mitigate its emissions, build resilience to climate change and act sustainably. The Scottish Government's Climate Change Act (2009) requires the Council to support the delivery of the national net zero targets and adaptation programmes.</p> <p>The risks associated with the responsibilities are:</p> <ul style="list-style-type: none"> Failure to meet our statutory duty in Scotland's Climate Change Act (2009). Lack of financial and staff resources to mitigate emissions and deliver the net zero target by 2045. Unknown costs of the transformational change needed to adapt to climate change impacts. Risk aversion, particularly in relation to new technologies that could support mitigation and adaptation. Reputational damage and failure in corporate social responsibility if climate action is not mainstreamed across the Council. Lack of/unclear funding and unbudgeted costs to reduce carbon emissions, e.g. for the transformational changes needed in Fleet¹ and Asset² Management. <p>The latest IPCC sixth assessment reports show that we have reached a tipping point where we will face extreme weather and climate change impacts despite efforts to mitigate greenhouse gas emissions. To cope with these risks we need to ensure that our adaptation efforts are as ambitious as our mitigation actions.</p> <p>The Council are making progress on the Climate Emergency risks. However, there is an urgent need to secure the funding, resources, tools and powers to enable us to deliver net zero. Until then, our capability of transformational change to reduce these risks is uncertain.</p>	<p>Annual reporting to the Scottish Government to track CO₂e reductions and delivery of adaptation programmes.</p> <p>Annual reporting to the Council Cabinet to track actions and delivery towards ELC's Climate Change Strategy (2020-2025) to achieve net zero by 2045.</p> <p>Regular Council Climate Change Planning and Monitoring Group meetings to ensure Council-wide commitment to the Climate Change Strategy and Action Plan.</p> <p>Regular Council Energy Transformation Board meetings, to improve energy efficiency and energy supply from renewable sources while generating income from installing low carbon technologies across the Council's estate.</p> <p>The Council's COVID Recovery and Renewable Framework, in which a Green Recovery from COVID is a key principle.</p> <p>Partnership between the Council and the Resilient Communities initiative, to prepare East Lothian residents for emergencies and severe weather events.</p> <p>To address the climate change risks, the Council collaborates with:</p> <ul style="list-style-type: none"> Sustainable Scotland Network (SSN) and the Scottish Government, guiding public authorities to implement the National Climate Change Plan Update (Dec 2020). Adaptation Scotland and SSN, ensuring consistency and collaboration between public bodies in the response to the climate emergency. Transport Scotland, funding ELC's ULEV public sector fleet objective (2025). NB, funding options are limited to be either lease of part funded purchases. Thus, the opportunities to fully utilise ULEVs are limited. 	4	4	16	<p>Identify budget and funding streams to continue delivering transformational change to Fleet and Asset Management (e.g. staff resources to chase funding opportunities and support services to access them).</p> <p>Secure the tools, powers and resources to enable the delivery of a 'Net Zero Council'.</p> <p>Identify interim emission reduction targets across Council Services and implement a monitoring & evaluation framework in response to this.</p> <p>Deliver carbon literacy to Service Managers in the Council and prepare online module on climate emergency for all staff.</p> <p>Engage with local partners to set carbon emissions reduction targets and take climate action</p> <p>Engage East Lothian Partnerships to include carbon emissions reduction targets in review and update of the East Lothian Plan.</p> <p>Developing a Public Engagement Plan following the Scottish Government's recommendations Sep 2021.</p>	3	4	12	<p>Chief Executive</p> <p>Head of Development</p> <p>Sustainability and Climate Change Officer</p>	<p>Ongoing with annual review</p> <p>2025 - annual review</p> <p>Ongoing with annual review</p> <p>Ongoing with annual review</p> <p>December 2022</p> <p>December 2022</p> <p>December 2022</p>	<p>Risk refreshed May 2022 by Sustainability and Climate Change Officer noting changes to risk description and mitigation measures whilst no change to risk scores.</p>

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	<p>¹Fleet Management: We need to replace public sector fleet vehicles with ULEV by 2025. However, funding from the Scottish Government is limited and focused on smaller vehicles. Shifting ELC's heavy commercial fleet to a UNLEV platform will require additional unbudgeted funding. Currently, the cost of an EV refuse collection vehicle is 2.5 times more expensive than a fossil-fuelled equivalent. Another cost implication is the charging infrastructure needed to support these vehicles.</p> <p>²Asset management: We anticipate the costs of transformational change for our built assets to reach net zero to be substantial. To achieve net zero, we need to ensure that capital is available (e.g. capital for asset reconfiguration, energy efficiency measures, energy generation, etc.). It is key to manage Council assets in line with the climate change agenda.</p>	<ul style="list-style-type: none"> The Sustainable Transport Officers Group, which coordinates a multi-departmental response to increase active and sustainable travel. <p>East Lothian Climate Action Hub and Community groups, which supports public engagement to reach net zero.</p>										
ELC CR 9	<p>Brexit</p> <p>The Trade Co-operation Agreement (TCA) was agreed on Christmas Eve 2020 and ratified by UK Parliament on 30th December 2020 via the European Union (future relationship) Act 2020. The TCA is wider in scope than most free trade agreements and also covers the most urgent matters, however, remaining provisions such as rules on state aid are in preparation. The agreement has reduced a number of trade barriers in relation to cross-border services. The UK Subsidy Control Bill 2021 is currently at Committee Stage in the House of Commons, this will establish an ongoing framework for the giving of subsidies out of public resources.</p> <p>This agreement will have an impact on the local economy, local funding and the delivery and funding of council services. With a fast-changing political environment, the wider ramifications of the decision to leave the European Union are yet to be fully identified. Whilst there may be some opportunities, there is also considerable uncertainty that affects areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, Investment and other non-financial aspects.</p> <p>UK Government announced on 28th April that import checks expected to be implemented in July 2022 will now be delayed. Target Operating Model expected to be published in September with an implementation date of end of 2023. Still to understand longer term regulatory risks associated with minimal border checks.</p> <p>While we remain in a period of uncertainty we continue to see and anticipate a gradual slow down and potential council impact (+/-) on:</p> <ul style="list-style-type: none"> Inward investment and positive awareness of the UK; EU funding for council-led business and training projects is known with the timescale permitted for delivery, however the university, farm 	<p>The wider ramifications of the decision to leave the European Union are yet to be fully realised and felt in national and local economy. Whilst there will be some opportunities there is also uncertainty that may affect areas of the economy, financial markets, interest and exchange rates, construction, grants from the EU, Investment and other non-financial aspects.</p> <p>The CMT appointed a strategic and tactical level Lead Officer to keep an oversight on ongoing EU Exit developments and "EU-exit" has been acknowledged and remains a Corporate Risk.</p> <p>ELC remains aware of the subsidy control situation and continues to monitor the progress of the Bill and any potential impacts on LA Grants. Measures are currently in place to ensure Special Drawing Rights / De minimis levels are not exceeded by east Lothian Council.</p> <p>"EU-exit" contingency planning is a standing item on the CMT agendas.</p> <p>COSLA published a paper in January 2021 on "UK EU Post Transition" providing Council leaders with an update on the TCA and potential issues for local government. COSLA then published an "EU Exit Local Impacts Review" in August 2021 which was circulated to Council leaders.</p> <p>CMT established an appropriately represented corporate level "D20 EU-Exit Working Group" chaired by the appointed Strategic Lead Officer. This group has been stood down as there are no immediate issues for it to deal with. Any service level risks are being monitored at that level.</p> <p>The Council has also established a Connected Economies Group (CEG) which has a multi-agency membership, providing the Council with a forum to communicate and link with Elected Members, Local</p>	4	4	16	3	4	12	Council Management Team	All actions ongoing and dependant on decisions taken by UK Government	<p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>Following the TCA being in place the current risk was reduced from 25 to 16 and the residual risk from 25 to 12 in February 2021.</p> <p>The risk score was increased from 16 to 25 during December 2020.</p> <p>New risk created and evolved by CMT and Brexit Working Group during 2019/20.</p>	

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	<p>businesses and other players will be accessing funding from EU sources which will be stopped at some point. There has been an announcement on a replacement funding model on which the detail of this is being assessed.</p> <ul style="list-style-type: none"> It has been announced that UK Government will be leading on the UK Prosperity Fund and have confirmed that this will not be within the jurisdiction of the UK Devolved Administrations. Management of State Aid – COVID Business Support Grants currently administered by ELC constitute State Aid (now known as Subsidy Control under UK legislation). The UK Government held a consultation on Subsidy Control, the results of which were published in June 2021 at the same time as the Subsidy Control Bill 2021 was introduced. There remains an uncertainty regarding risk ownership between Local Authorities and Scottish Government until this bill is passed. Increased import and export costs for local businesses due to increased administration overhead and introduction of tariffs in accordance with the UK Governments border operating model. Trade and Co-operation Agreement makes most trade tariff free, however, there are still administration costs. The requirement for POAO (Products of Animal Origin) made in the EU to enter Great Britain through a BCP (Border Control Post) has been delayed. Target Operating Model expected to be published in September with an implementation date of end of 2023. Still to understand longer term regulatory risks associated with minimal border checks. Council and local business workforce pressures Procurement Supply Issues remain for IT Hardware and are unlikely to change until 2023. Inflationary pressures which could reduce and in turn impact on the council, the university, housing market, capital costs resulting from increased cost of labour which could slow business rates growth (Inflation risk based on latest OBR predictions), workforce pressures e.g. regulatory services, social care providers, procurement costs, inflationary pressures caused by fluctuations in sterling value and potentially a loss of EU grants funding. Price increases related to Services, Materials and in particular fresh food supplies. <p>Key potential causes are:</p> <ul style="list-style-type: none"> Gradual slow down during period of uncertainty. Border disruption Workforce pressures e.g. regulatory (food imports/export), social care providers. Inflationary pressures caused by fluctuations in sterling value. Loss of EU grant funding <p>From 1st January 2021 UK introduced a points-based immigration system treating EU and Non-EU citizens</p>	<p>Trade Agencies and Organisations, Tourism representatives, the DWP and Scottish Enterprise.</p> <p>Council Officer representatives have attended EU-Exit related meetings, national Brexit preparedness sessions and training run by COSLA, RRP, LARGS and Scottish Government and have contributed to Resilience Partnership Planning for Reasonable Worst-Case outcomes and the layering of multiple scenarios and outcomes.</p> <p>Specific HR Actions for EU National Employees:</p> <ul style="list-style-type: none"> Project plan created to capture major milestones and actions from November 2018 to June 2021 Reviewed and amended job adverts to signpost EU nationals to sponsorship arrangements and thresholds. Communications issued to managers to advise of new requirements necessary to employ an EU national. The Council has renewed and increased its Certificate of Sponsorship allocation. Created additional capacity within HR Payroll System to easily capture and report on nationality and right to work. <p>The settlement scheme application date has now passed. There are some very few exceptions to this and the details are available here: Apply to the EU Settlement Scheme (settled and pre-settled status) - GOV.UK (www.gov.uk).</p> <p>A Lothian & Borders Local Resilience Forum is in place, including the ELC EP, Risk & Resilience Manager, engaging and liaising with partner agencies through the East Regional Resilience Partnership (RRP) and Lothian & Borders Local Resilience Partnership (LRP). This ensures partnership working processes are in place and understood, should such processes be invoked.</p> <p>Economic Development are continually reviewing and updating website business pages and its' Business Gateway (webinar offerings).</p> <p>The Council has engaged in business continuity collaboration arrangements with local partners and neighbouring Local Authorities: via LRP/RRP.</p> <p>The Council has assessed internal essential services business continuity arrangements.</p> <p>The Council has employed horizon-scanning activities to identify and communicate emerging risks.</p> <p>Seeking guidance at early stage from COSLA, SG and other sources around emerging thinking on Shared Prosperity Fund and Rural Development Fund as replacement support for ESF/ERDF and LEADER/Fisheries.</p>											

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	<p>equally. Priority is given to skilled workers with a job offer from an approved sponsor. Applicants also need to be able to speak, read and write English and meet a salary threshold of £25,600 or have an offer for a job in shortage occupation.</p> <p>In the medium to long term, a national skill/recruitment gap is evident, particularly for occupations that are not highly skilled e.g. care work, agricultural labouring, food manufacturing etc.</p> <p>National and local economic impact in relation to:</p> <ul style="list-style-type: none"> RPI, cost of goods, services, supplies Overall employment Cost of borrowing Availability of goods on import and cost if available <p>Data Protection –It is possible that future changes to UK Data Protection laws could diverge from the EU regulatory regime, affecting the EU's 'adequacy agreement' for the UK and risking impediments to data sharing with EU countries. We are currently awaiting the outcome of a UK Government public consultation via DCMS on a new Data Protection regime, with no immediate action indicated.</p>	<p>There are 3 new funding schemes taking us beyond EU funding including one which serves as the Shared Prosperity Fund (SPF) pilot:</p> <ul style="list-style-type: none"> Shared Prosperity Fund Levelling Up Fund – 21/22 – 24/25 Community Ownership Fund <p>The council is considering project(s) for submission to the Levelling Up Fund and will provide advice and support for community organisations considering submitting applications to the Community Ownership Fund.</p>										
ELC CR 10	<p>Managing the Financial Environment</p> <p>The external operating environment remains significantly challenging with a wide range of growing inflationary and cost pressures, arising demand on council services through pressure on the cost of living as well as general growth and wider pressures on public finances. This presents a risk that the Council may not be able to manage its obligations within the resources available.</p> <p>The Council is operating in an increasingly complex financial environment. Reducing levels of core national funding relative to rising demand, increased ring fenced and short term funding settlements, non-recurring funding streams and rising demand for services creates significant challenges to ensure that the Council remains financially resilient and services can be delivered sustainably.</p> <p>The Council is managing a multitude of pressures, including the financial impacts of recovery from COVID 19 which are yet to be seen. If these pressures are not successfully planned for and managed effectively over the short, medium and longer term there would be a serious risk of unplanned / reactive budget realignments with significant adverse impact on availability and quality of both front-line services and necessary investment in the Council's infrastructure and asset base. This includes the requirement to successfully plan and deliver recurrently identified savings proposals.</p> <p>The recently published resource spending review presents a significant risk to on-going financial sustainability. Whilst individual financial settlements for the Council have not yet been published, it remains clear that the Council will be required to operate within</p>	<p>The Council has well developed medium term financial planning arrangements. These include:</p> <ul style="list-style-type: none"> Five year financial strategy; Three year General Services revenue budgets; Five year General Services capital plan budgets; Five year Housing Revenue Account revenue and capital budgets. <p>The Council refreshes the Financial Strategy, Capital Strategy and Treasury Management Strategy annually which governs the financial planning for the organisation.</p> <p>The Financial Strategy contains an enhanced reserves strategy which sets out the current level of reserves and associated commitments, including a requirement to maintain a minimum level of uncommitted reserves to support any unforeseen event.</p> <p>The Council has an enhanced range of cost control and financial management arrangements to manage in year budget performance and delivery of planned efficiencies. This includes monthly management information to CMT and wider Council management, and quarterly financial information to Council. This provides mitigating controls in terms of the immediate financial risk and pressures the Council is faced with.</p> <p>A Financial Monitoring Risk Assessment is in place where services are assessed and provided within a risk rating. Any service areas which are classified as High Risk are asked to prepare financial recovery plans, and enhanced financial controls are in place.</p>	4	4	16	<p>Enhanced in year monitoring and review of expenditure commitments against approved budgets.</p> <p>Continued development of longer term scenario based financial planning to inform future decisions and longer term financial strategies and financial plans.</p> <p>Continued scrutiny and challenge of planned efficiency measures to ensure they can be delivered and achieved within agreed timescales.</p> <p>Development of a refreshed Transformational Programme to support the transformation of services and deliver enhanced efficiencies.</p> <p>Development of a refreshed Capital and Treasury Strategy supporting the future capital programme and treasury management and investment requirements.</p> <p>Ensure the financial strategy sets a clear financial framework for the Council to operate within and that it is appropriately implemented and monitored.</p> <p>Enhanced financial update and reviews provided as part of quarterly financial reports.</p>	3	4	12	<p>Chief Executive</p> <p>Executive Director of Council Resources</p> <p>Council Management Team</p> <p>Head of Finance</p>	<p>Actions ongoing and under continuous review while monitoring arrangements will continue to be applied.</p> <p>Risk reviewed by Head of Finance, March 2022 with no change to assessment of scores.</p> <p>Risk reviewed by Executive Director of Council Resources December 2021 with no change to assessment of scores.</p>	<p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p>

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	<p>a challenging national funding settlement in the years ahead, and funding is unlikely to be able to meet on-going expenditure commitments. In addition the Scottish Government have indicated that they will commission an independent Capital Accounting Review, which may change the way in which capital costs are charged. The potential impact of this significantly enhances the on-going financial sustainability of the Council.</p> <p>At the same time the Council continues to face significant cost and demand pressures. These pressures include:</p> <ol style="list-style-type: none"> Supporting the resource requirements associated with the delivery of the growth agenda resulting from the Local Development Plan; Associated demographic change and social-economic pressures; Growing inflationary pressures causing increases to the cost of goods and services, contractual commitments (for index linked contracts in particular), and commissioned contract services, pay and pensions. Potential financial costs associated with a wide range of new obligations or legislative changes. Enhanced risks relating to receipt of S75 contributions which will impact on capital and revenue financial planning. Rising interest rates resulting in increased capital financing costs which will present a risk to the sustainability of the capital programme. <p>External market pressures are also impacting on investments managed on behalf of the Common Good and Trust Funds. These investments are currently managed by an external investment firm.</p> <p>Given that the scale of the financial pressures and challenges, there remains a risk that the Council will not be able to support and meet these collective pressures alongside current obligations, and deliver the enhanced level of savings plans that will be necessary to ensure statutory obligations can be delivered within deliver available resources.</p>	<p>Continue to closely monitor information arising from both UK and Scottish financial settlements through intelligence gathered from COSLA, professional bodies such as CIPFA Directors of Finance and also credible professional commentators.</p> <p>Quarterly financial reviews are reported formally to Council for wider scrutiny setting out the in-year financial performance against approved budgets.</p> <p>Payment processes have been amended to accommodate remote working, ensuring creditors obligations can continue to be paid and allow use of direct banking faster payments.</p> <p>Monitoring and clear reconciliation arrangements are in place to track all funding announcements and allocations made by UK and Scottish Government and regular returns on financial pressures are now being made to COSLA.</p> <p>Ongoing engagement with COSLA, to monitor national financial implications and support political lobbying.</p> <p>Detailed monitoring of S75 obligations to support financial planning and cash flow monitoring.</p> <p>Regular engagement with the external investment firm in relation to the financial stewardship of the Common Good and Trust Funds, to identify any significant decrease in the value of investments.</p> <p>Annual treasury indicators approved as part of Treasury Strategy and mid-year review against indicators reported through political governance structures of A&G Committee.</p> <p>Supporting the delivery of a Council budget, and medium term spending plans aligned to Council priorities and medium term financial planning assumptions.</p> <p>Enhanced financial scrutiny and monitoring in place, which assess financial impacts of COVID against all approved council budgets and the Financial Strategy.</p> <p>Commitment to review the budget development framework.</p>				<p>Review impacts of spending review following the announcement on 31 May 2022.</p> <p>Delivery of a refreshed budget development approach, including the establishment of a cross party budget working group and a combined approach to reducing net expenditure. Revised framework to be considered by Council on 28 June 2022.</p> <p>Updated charging policy to be considered by Council on 28 June 2022.</p>						
ELC CR 11	<p>Limitation (Childhood Abuse) (Scotland) Act 2017</p> <p>Introduced on 4 October 2017 removing the three year limitation period for civil actions arising out of childhood abuse (defined to include sexual abuse, physical abuse, and emotional abuse) relating to children who have been in the care system. The Act covers the period prior to 2004.</p> <p>In conjunction with the Scottish Child Abuse Inquiry there is an increased likelihood of survivors coming forward which will potentially result in financial</p>	<p>It is a requirement under the act that the abuse occurred at a time when the individual was a child which is defined as being under 18.</p> <p>Child Abuse Claims Group and SCAI Overview Group – East Lothian co-ordination of responses, reported strategically, managed flow and collaboration.</p> <p>Close monitoring of the work of the Scottish CAI itself and review of any published materials. Scotland-wide</p>	4	4	16	<p>Discussions planned to consider how to ensure sufficient staffing resource available to deal with claims, court actions, and submission of S21 requests and recovery of documentation and to preserve the Council's position.</p> <p>Regular discussions with Council's Insurance providers and brokers to ensure risk continues to be covered and/or</p>	4	3	12	<p>Head of Corporate Support</p> <p>Service Manager – Governance</p> <p>Insurance Team</p>	Continue to progress all and report quarterly to CMT.	Risk reviewed May 2022 by Chief Social Work Officer with planned score increased from 9 to 12.

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		<p>Flooding advice is on the Council website and directs people to the relevant pages on the SEPA website.</p> <p>The Council is working with various organisations to promote and progress "Resilient Communities" as per the Scottish Government initiative "Ready Scotland".</p> <p>Communication with vulnerable groups regarding access and assistance during severe weather events.</p>				<p>Scottish Government and 20% by East Lothian Council.</p> <p>The Musselburgh Flood Protection Scheme is a fully established project. It has completed three of its nine stages, and is currently processing Stage 4 (Outline Design) of the Scheme Design in accordance with the project's PRINCE2 Project Management System. It is currently proposed that the scheme will start construction and have scheme in place by October 2024 (Subject to change as we move to next stage).</p> <p>The Council's Severe Weather Response will be tested in an Emergency Planning exercise during 2022 which will incorporate Flooding.</p>				2024	August 2022	
ELC CR 13	<p>COVID 19</p> <p>East Lothian Council continue to have the appropriate business continuity plans/contingency in place to ensure continued delivery of business critical services during the COVID 19 outbreak. Without these there is a risk to our ability to provide an effective critical and emergency service to East Lothian's residents, communities and businesses.</p> <p>Whilst the COVID-19 outbreak has and continues to present a significant challenge. The UK government and the devolved administrations and East Lothian Council have and continues to respond in a way that offers substantial protection to the public.</p> <p>Whilst pressures continue to be faced, there is an improving overall picture thanks to vaccines and the relaxation of guidance in the updated SG Strategic Framework.</p> <p>The Council will continue to carry out close ongoing monitoring of COVID and continues to be prepared for any future waves of the virus.</p> <p>While as the situation continues to improve the Council will make itself ready to come out of Response and Business Continuity mode and to move towards Recovery.</p>	<p>Proactively communicating, and encouraging compliance with all government and public health authorities' advice and reducing the impact/spread of misinformation by relying on information from trusted sources.</p> <p>Scottish Government Coronavirus Strategy, Legislation and Guidance is followed in responding to the impacts of COVID-19 within East Lothian.</p> <p>Scottish Government refreshed and published the COVID19 Strategic Framework for Scotland on 22 February 2022.</p> <p>Council Management Team (Critical Incident Response Team) meets fortnightly to oversee and direct the Council's COVID-19 response.</p> <p>Services produce a fortnightly Commonly Recognised Information Picture (CRIP) of local issues.</p> <p>A 3-weekly COVID and Concurrent Risks Oversight Group oversees the cross service COVID-19 and concurrent risks response planning and operational service delivery, considering implications of the relaxation of measures on ongoing service response, responding to Scotland's Strategic Framework and overseeing a number of sub-groups.</p> <p>COVID19 Recovery and Renewal Coordination Group is deployed overseeing planning for recovery and renewal across East Lothian.</p> <p>Resilience Direct is being used to share information on a multi-agency basis.</p> <p>Business Continuity Plans deployed in all services leading to staff continuing to work from home unless it is essential for them to be in their place of work.</p> <p>Protective Services are working in partnership with NHS Lothian in relation to investigation of local Covid cases/clusters and will, if required, attend PAG/IMT's,</p>	3	4	12	<p>Continued planning and implementation action across Services re-ongoing COVID19 response to national circumstances and Scottish Government guidance.</p> <p>Ongoing deployment of JCVI vaccine and booster programme and monitoring of COVID case prevalence across East Lothian to inform service interventions and timely community information and updates re service delivery and ongoing safety measures.</p> <p>The Council will follow the updated SG Framework to ensure that sick pay and staffing practices are aligned with public health aims, adapting premises to make them safer for customers and staff, and enabling hybrid working where that makes sense and supports businesses and individuals.</p> <p>Services review Service Delivery and prioritise essential critical and emergency service provision, and sustain essential corporate service provision e.g. IT systems, Payroll, Contact Centre et al. Impacts on operational frontline service delivery vary quickly, public notification will follow as soon as possible and ideally in advance of operational service changes.</p> <p>Management of planned return to workspaces in accord with national guidance and local review of Assets and New Ways of Working.</p>	3	3	9	<p>Council Management Team (Crisis Response Team)</p> <p>Council COVID 19 Oversight Group</p>	All measures are live and monitored on a weekly basis.	<p>Risk fully reviewed and refreshed by Executive Director of Place, CMT and Risk Owners May 2022 with current risk score reduced from 16 to 12 and residual score from 12 to 9.</p> <p>Risk fully reviewed and refreshed by Executive Director of Place, CMT and Risk Owners March 2022 with current risk score reduced from 20 to 16 and residual score from 20 to 12.</p> <p>Risk fully reviewed and refreshed by Executive Director of Place, CMT and Risk Owners December 2021.</p> <p>Corporate Risk created 18th March 2020 in response to COVID 19 by Risk Officer in collaboration with Head of</p>

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			L	I	L x I		L	I	L x I			
		<p>in support of Track and Trace national procedures to constrain the spread of the virus across communities.</p> <p>Ongoing joint multi-agency collaboration and reporting to ensure that we are all informed and ready to respond to any further waves of the virus and to support local residents, business and visitors' community safety.</p> <p>Extensive Elected Member Briefings, Staff Briefings and Manager Guidance issued.</p> <p>Resilient Communities Groups exist in each Community Council area and Groups are ready to stand-up when required.</p> <p>Volunteer Centre East Lothian collaboration over support for local Third and Voluntary sector organisations responding to COVID-19 consequences across communities.</p> <p>The Council provides a prime source of local EL public information, constantly updated, in the Council Website as well as regular updates on Social Media platforms.</p> <p>Mass community testing (both LFD and PCR) ceased on 30th April with the exception of high risk settings such as hospitals and care homes. Scotland now moves to a new phase of Test and Protect which is a steady state monitoring and surveillance programme to identify outbreaks and variants of concern.</p> <p>Wellbeing implications for our workforce have been addressed re-mental health risks, H&S risks, home working risks via employee and line manager briefings and guidance on wellbeing, health & safety, homeworking checklists. Guidance for managers and the employee wellbeing programme are available online.</p>							Heads of Service and Service Managers	Ongoing	<p>Communities & Partnerships.</p> <p>Refreshed on a regular basis and reviewed at CMT meetings.</p>	
	<p>Increased Financial Hardship</p> <p>The financial implications from COVID have continued to impact on the financial position of local business, local households and the Council. Some welfare benefits have changed in response to this in order to help alleviate financial hardship, and some additional national funding has been made available to support those in need.</p> <p>Some mitigations to relax planning control to support businesses and services to diversify and continue to operate through the pandemic. This relaxation finishes at the end of September 2022, by which time businesses will have to either get planning permission or remove their temporary developments.</p> <p>As targeted interventions come to an end, there remains a risk that businesses and households will continue to face substantial financial hardship and there will be an increased risk that the Council and key support services e.g. Social Work, Revenues etc., may face greater demands for financial support from local residents and business.</p>	<p>Re-Commencement of Statutory Debt Recovery Work</p> <p>Statutory debt recovery work is back on track across Revenues Service which is tackling debt recovery for Business Rates with sensitivity and in conjunction with the Economic Development team, recognising the fragility of the business sector at this time.</p> <p>Support for Local Business</p> <p>The new Retail, Hospitality & Leisure relief has been extended into 2021/22, all eligible business owners must re-apply while the Service contacted all potentially eligible businesses yet to apply. Properties in the retail, hospitality and leisure sectors are eligible for 50% rates relief for the first quarter of 2022/23, capped at £27,500 per ratepayer. It has been confirmed that businesses will have to apply again.</p> <p>COVID19 grant support for businesses.</p> <p>The Council's COVID Business Recovery funding continues to support local businesses through addition expert help provision as well as via direct grant aid.</p>		130	<p>Local Economy COVID Economic Recovery Fund</p> <p>Scottish Government has announced additional funding of £1.517m to support business recovery and low income households. This funding was identified in the Council's budget for 2022/23 and will be split equally between the two objectives. Proposed interventions to support business recovery were reported to and approved by, the March Council. Support for businesses includes start-up grants, expert help consultancy, support for employment, and direct grants to support sustainability and growth.</p> <p>Scottish Welfare Fund</p> <p>Scottish Government currently have IPSOS reviewing SWF scheme, with report due to be published later in 2022. Internal discussions taking place at SM level to address perceived shortfall in funding.</p>			<p>Exec Director of Council Resources</p> <p>Head of Finance</p> <p>Service Manager - Revenues</p>	Monthly reviews in place.	Service performance monitoring.		

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	<p>Council income streams could also be more severely impacted. Higher levels of unemployment or debt could result in more personal insolvency which would have a detrimental effect on the Council's ability to collect money owed.</p> <p>The cost of living has been rising since early 2021, with inflation now reaching its highest recorded level in decades, affecting the ability of households to afford goods and services.</p> <p>A key driver of inflation is energy prices, with household energy tariffs increasing and petrol costs going up. Ofgem, the energy regulator, announced its cap on household gas and electricity bills will rise by 54% from April 2022 to reflect surging wholesale market costs</p> <p>Food and non-alcoholic drink prices were up by 4.2% in the year to December 2021. They may rise further in the coming months.</p> <p>Low income households spend a larger proportion than average on energy and food, and will therefore be relatively more affected by increases in prices.</p> <p>Businesses are impacted by cost base rises, including energy and materials, putting pressure on margins and viability, as well as pushing up the prices charged to consumers and the availability of some goods.</p>	<p>Support for Residents All teams are continuing to provide support and advice for EL residents and businesses struggling financially at this time and are continuing to encourage those who can continue to pay to do so.</p> <p>Self-Isolation Support Grants via Scottish Welfare Fund framework.</p> <p>Low Income Pandemic Payments have been made to those meeting certain criteria, linked to Council Tax Reduction eligibility and certain Council Tax exemptions. Work is ongoing to manage the consequential issues which have been created as a result of crediting 5,168 Council Tax accounts.</p> <p>The Service has refreshed the Coronavirus help/support leaflet and this is being promoted by a number of services and shared via the Comms team.</p> <p>Financial Insecurity Funding During 2021/22 the Service spent its allocation of carried forward Scottish Government Financial Insecurity Funding:</p> <ul style="list-style-type: none"> £100k for SWF/Fuel Poverty £150k for Discretionary Housing Payments <p>Winter Fund The Scottish Government set aside £25 million flexible funding to support households experiencing financial insecurity over the Winter of 2021/22. The allocation received by ELC was disbursed as follows:</p> <ul style="list-style-type: none"> £350k via SWF/Fuel Poverty £65k to Food Insecurity to support food initiatives <p>Tenant Grant Fund The Revenues Service had a key role in identifying those who were eligible for a payment towards their rent arrears via the Scottish Government's Tenant Grant Fund – this project was led by the Housing Service.</p> <p>Scottish Government Funding to help tackle cost of living crisis The Revenues Service has made £150 cost of living payments, in the form of a current year Council Tax reduction, to every household in receipt of Council Tax reduction in any Council Tax band and to all other occupied households in bands A to D. Those who received a payment have been re-billed with their re-calculated instalments.</p> <p>Council Tax and Financial Inclusion Service – resource capacity increased by 1 FTE Temp Council Tax Officer post and recruitment to 1 FTE vacant Financial Inclusion Adviser post.</p>				The council's 2022/23 budget includes £758,500 from the Local Authority Economic Recovery Fund to provide support to low income households. Options for how best to allocate this funding are being considered by senior officers and will be presented to Council in June 2022.						
	<p>Education COVID related absences in general have reduced in schools although there are still some challenges covering Early Years workforce staff absences.</p>	<p>Regular meetings with Trade Unions and Professional Associations continue to provide a forum to monitor impacts across schools.</p>				Monitoring of the situation for the start of the new school session in August 2022 and review requirements at that time with				Education Management Team		Risk reviewed by Education

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		<p>Recruitment to supply teaching, Early years and Support Staff posts continues and the management of cover for school posts is supported centrally.</p> <p>Risk Assessments continue to be in place and in agreement with Trade Unions they will continue to be for the start of the new school session in August.</p>				<p>a view to ensuring schools are supported appropriately.</p> <p>Review awaited further Scottish Government guidance impacting on schools and take appropriate action.</p>						Management Team May 2022
	<p>IT and Digital Resilience</p> <p>We face an increased Information Security risk as spam and hacking attempts continue to rise.</p> <p>Some ELC staff working from home may find their IT use slower due to the speed of their own broadband connection which can be variable and is dependent on factors such as other devices are being used in the home and the number of other connections at the telephone exchange.</p> <p>Network usage has increased significantly due to the reliance on digital technologies.</p> <p>The rapid increase of remote working increases the likelihood and impact of cyber-attack against organisations as attackers exploit the situation. Also cyber security good practice for the office does not necessarily transfer to the home working environment – for example, staff may be working in an area shared with family meaning confidentiality of data on screens/during voice and video calls may be compromised.</p> <p>IT Supply Chain Issues have come to the fore in March 2021. The lead time for laptops, Chromebooks and iPads have now stretched to 6 months. This is causing problems for services, especially those with new starts requiring equipment. Scottish Procurement have indicated that this is a World Wide problem due to the shortage of semiconductors and is unlikely to change until 2023.</p> <p>The number of Service Desk calls have risen sharply during the COVID response. This is resulting in longer times to resolve staff problems which can result in staff being unproductive until their issue is fixed.</p>	<p>Maximising ELC staff mobile working technology e.g. introducing 5 video and voice conferencing platforms – Skype for Business, MS Teams, Connect Remote, Near Me and Google classroom (for schools use) and allowing controlled access to others used by other organisations via browsers.</p> <p>Ensure security systems are improved as and when required in line with advice from NCSC & other UK government security agencies.</p> <p>IT have increased the capacity of key parts of the infrastructure including Wide Area network and Internet capacity and continue to monitor performance to identify potential bottlenecks.</p> <p>Email alerts have been used to remind staff of our security policies and good security practice whilst working from home.</p> <p>IT staff provide guidance on security issues as and when they arise while increased security monitoring is now in place on the infrastructure.</p> <p>Call management system introduced to provide a better customer experience for those requiring support.</p>				<p>Information Security Officer working with Data Protection Officer and Corporate Comms to campaign for all staff with updated advice on safe working practice during current crisis. This will continue to be issued in various formats every 2 months.</p> <p>Have secured funding to replace the existing Wi-Fi networks in the main Council premises with a higher capacity system in preparation for staff returning to the workplace.</p> <p>Continue to implement parts of the M365 suite.</p> <p>Replacement of Squirrel, the Councils main adhoc file store is underway.</p>				<p>Head of Corporate Support</p> <p>Service Manager – I.T.</p>		
	<p>Recovery and Renewal</p> <p>The Council has had to adapt its delivery of services through the course of the pandemic and has continued to prepare for recovery in the context of the Civil Contingencies Act 2004. ELC will continue to lead recovery supported by our partner agencies.</p> <p>Many Council services are now operating in a near normal way, however, mindful of the COVID threats.</p>	<p>The Multi Agency Recovery & Renewal Co-ordinating Group was stood up in June 2020 and has met monthly but was stood down in November 2021.</p> <p>Continue to ensure the preparedness for formal recovery and renewal. East Lothian Recovery & Renewal Plan (approved by Council 16 November'21) sets out 8 priority key priority areas, direct supporting actions and an articulation of when recovery will have occurred and the plan worked. The plan will remain dynamic and flexible and will be kept under constant review.</p> <p>The recovery and Renewal Plan is being overseen by the East Lothian Partnership and a reporting</p>				<p>Ongoing monitoring of the EL Ecovery and Renewal Plan/Action Plan, with production of ongoing performance and progress reports.</p>				Executive Director - Place		

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		framework through the Strategic Partnerships and the ELP Governance Group has been developed.										
ELC CR 14	<p>Failure to maintain a Highly Skilled Workforce</p> <p>The Council's salary and grading structure may not be competitive compared to other employers making it more difficult to recruit qualified staff to certain posts.</p> <p>The high number of specialist roles/skills within the Council means that service reviews, budget restrictions, long-term absence, cessation of contract etc. could compromise service delivery.</p> <p>Reduction in skilled, qualified and experienced workforce would result in an inability to provide good quality services, increased pressure on existing staff and increased likelihood of poor operational performance.</p> <p>The Council recognises that a large proportion of the workforce is aged over 55 years and many staff with significant knowledge and experience could leave the Council leaving the Council at risk in key areas.</p> <p>Significant recruitment market challenges have developed post-Brexit and through COVID-19, leading to service pressures and risks with remaining resources and operational capacity challenged.</p>	<p>The Council has an approved Workforce Plan 2018-2022 which addresses the issues relating to this risk.</p> <p>The Plan contains 38 actions which were brought together into a detailed Implementation Plan with seven workstreams which were taken forward by lead officers.</p> <p>The most recent update on the Action Plan (February 2022) shows that almost all actions were either completed or ongoing. A small number will be carried forward into the next Workforce Plan.</p> <p>The Workforce Plan 2018-2022 is being reviewed and updated to take account of the impact of COVID 19 on the council and its workforce, including the development of new Homeworking and Worksmart policies and actions being taken to support staff who have been working differently as a result of the pandemic.</p> <p>Healthy Working Lives and OD have been issuing regular briefings to staff on techniques etc. to support staff to maintain mental health and wellbeing.</p> <p>Managers have been issued with advice on inducting and supporting new members of staff.</p>	3	3	9	The Workforce Plan is to be reviewed and a new Workforce Plan will be adopted in Autumn 2022.	3	3	9	Service Manager Police, Improvement & Partnerships Service Manager – People and Council Support	Autumn 2022	<p>Risk reviewed May 2022 with no amendments made.</p> <p>Risk reviewed November 2021 and updated to reflect review of Workforce Plan and implications of COVID. No change to assessment of current scores.</p>
ELC CR 15	<p>Severe Weather</p> <p>There is a risk that severe winter weather will lead to an increase in demand for gritting and snow clearing of roads/footpaths which exceeds normal capacity and supplies of salt.</p> <p>This could result in travel disruption, difficulties for people in accessing services, failure to maintain refuse collection timetable and school closures at short notice as well as a possible increase in insurance claims related to pothole damage.</p> <p>Communities may become isolated, particularly in rural areas, due to heavy and prolonged snow. In such cases communication with residents within these isolated areas may become difficult as they become cut off, possibly aligned to power failure caused by strong winds and/or the weight of snow on the lines.</p> <p>There are limitations to the service the council can offer. The Council Roads team focus on treatment and snow clearing of the main priority road network, made up of the major routes where the majority of vehicle movements take place and also includes accesses to hospitals, ambulance stations, fire stations, other emergency service establishments, railway stations and schools. Primary Routes are treated and cleared of ice and snow first and then the Roads team move onto Secondary Routes and finally tertiary and minor</p>	<p>East Lothian Councils Winter Maintenance Plan has been in place for some time and ensures that the main transport routes are treated as priority.</p> <p>The Council has a Severe Weather and Adverse Events Policy in place for all staff while the Council has its own mitigating measures for its own estates/property during severe weather.</p> <p>During Severe Weather events our Contact Centre becomes the first point of contact for any issues to be raised and responded to whilst our Communications team shares warnings and other relevant information with the public as this becomes available.</p> <p>The ELC Severe Weather Response Plan has been developed over many years and ensures a co-ordinated and consistent multi-agency response across the county. This plan is reviewed annually in conjunction with support from partner agencies.</p> <p>The ELC Severe Weather Response plan includes reference to and improvements learned from the 'Beast from the East' incident in 2018 when many parts of East Lothian become isolated because of the heavy and prolonged snow falls.</p>	3	3	9		3	3	9	Executive Director of Place		Risk reviewed May 2022 with no amendments made.

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	<p>routes which include residential areas, cul-de-sacs. During periods of extreme weather and heavy snowfall when roads and footways are affected by significant levels of lying snow, priority will be given to primary carriageway routes and primary footpath routes with resources deployed on these specified routes continuously until satisfactory snow clearance has been achieved before resources are deployed to any secondary routes and tertiary routes, so it maybe some time before we can attend to these areas.</p>	<p>The Council's Salt Barn has a capacity of 8,000 tonnes to meet demand arising from severe cold weather.</p> <p>Snow clearing equipment has been supplied to Primary Schools. Community Councils through Resilient Communities are able to request winter response equipment from the Council. These requests are considered as per their need. A number of grit bins are provided to enable self-help gritting of adopted roads and footways. Resilient Communities are encouraged to survey the grit bins in their area and report back to the Council if new bins or grit is required.</p> <p>Winter Maintenance operatives are trained to SVQ or equivalent in winter gritting and snow clearing. Winter Maintenance Duty officers trained as Winter Service Supervisors to City and Guilds level.</p> <p>The majority of Community Councils have Resilient Community Groups who have created their own emergency response plans or asset registers of volunteers/skills available at a time of crises. Each Resilient Community has its own Single Point of Contact (SPOC) and deputy for resilient matters including severe weather. Communication and good working relationships have been created and maintained with these SPOCs/deputies throughout the year by ELC Emergency Planning staff.</p> <p>Work continues with the Resilient Communities and also involves other voluntary groups such as Tenants and Residents Groups. ELC organises an annual workshop for Resilient Communities which allows lessons learned and best practice to be discussed and progressed. It also allows for the public to meet responder agency staff such as the 'blue lights', SEPA and the utility companies.</p> <p>ELC finances all 20 Community Councils' annual insurance premiums ensuring that Insurance is not perceived as a barrier to invoking such plans.</p> <p>Training and awareness sessions, related to the activation of the ELC Severe Weather response plan, are completed on a regular basis. Partner agencies are often involved.</p>										
ELC CR 16	<p>Contest</p> <p>Deliver the UK Government's Counter Terrorism (CT) strategy, known as CONTEST (comprised of four components - Prevent, Protect, Prepare and Pursue).</p> <p>All Local Authorities in Scotland are required to comply with the statutory legislation issued under section 24 of the Counter Terrorism and Security Act 2015 that relates to Prevent.</p> <p>Failure to discharge this duty could mean sufficient steps are not taken to prevent an incident taking place, under Prevent, and could result in the Secretary of State issuing a direction to the Council via the powers within the act and would also result in a loss of reputation and negative publicity.</p>	<p>Multi agency 'J' Division CONTEST Meeting attended by East Lothian Council representatives.</p> <p>ELC has established a CT WG chaired by the Head of Communities with members consisting of CMT, key senior managers, Police Scotland and a QMU representative.</p> <p>ELC has appointed senior members of staff as SPoC (Head of Children's Services) and Deputy SPoC (Executive Director Education and Children's Services) for Prevent as per statutory guidelines.</p> <p>A SPoC for Prepare and Protect although not a statutory requirement, has also been appointed (Emergency Planning, Risk and Resilience Manager).</p>	3	3	9	<p>Awareness-raising sessions are being arranged with Police colleagues with independent service providers operating in East Lothian.</p> <p>CT police are offering bespoke Prevent training across other council services and supporting managers to update paper-based training materials for manual staff.</p> <p>Further service-specific Prevent training is being arranged for children's and justice social work services.</p>	2	3	6	<p>Chief Executive</p> <p>Executive Directors</p> <p>Council Management Team</p> <p>EL Contest Chair (Head of Communities)</p> <p>Contest SPoC (Emergency Planning, Risk &</p>	<p>July 2022</p> <p>July 2022</p> <p>July 2022</p>	<p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>Risk refreshed and reviewed November 2021 by Contest SPoC with no change to assessment of scores.</p>

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	Our capacity to monitor and respond if we are concerned about children with these lines of thinking is severely compromised as schools are closed and older teenagers are less likely to engage.	<p>Under Protect the CMT are prepared should the Government raise the Security Level to Critical. Service Business Continuity plans take this into account. This includes staff working from home as a result of council facilities being closed during any emergency response.</p> <p>ELC follows and contributes towards the 'J' Division Contest group implementation plan.</p> <p>The SPOC Prevent Group in the East of Scotland is attended by the ELC SPoC.</p> <p>Prevent Multi-Agency Panels Chair (SPoC) and Depute (Iain Gorman) identified to chair multi-agency meetings established to discuss any referrals.</p> <p>Regular internal and external communication of any national counter-terrorism updates. Information regarding Protect and Prepare is received from the National Counter Terrorism Security Office. This information is then circulated to appropriate key ELC staff and local businesses.</p> <p>A Prevent working group, chaired by the Head of Children's Services, meets regularly and a Prevent reporting process has been established. A refreshed Prevent Delivery Plan has been completed and has been approved by the ELC Contest group. Progress of the Prevent delivery plan will be monitored through quarterly Prevent working group meetings and reporting to EL Contest group.</p> <p>Elected Members were briefed in January 2022.</p> <p>Joint training (with Midlothian) for PMAP members was undertaken.</p> <p>Home Office PMAP training was provided for managers in justice, children's and adult social work services.</p> <p>ELC have submitted an annual assurance statement of compliance with Prevent to Scottish Government in relation to the new statutory guidance for Prevent and PMAP (Feb 2021).</p> <p>Education personnel are fully engaged with Prevent and appropriate filters have been installed on the Education infrastructure.</p> <p>Updated Prevent referral pathway has been agreed with EMPPC and communicated on the intranet, including the new national Prevent referral form.</p> <p>Whilst ELC Managers have received Prevent training through LearnPro previously, since November 2020 interim arrangements have been in place for all staff via Home Office resources pending the roll-out of new Scottish Government training materials. Ongoing exploration of other arrangements including toolbox sessions.</p>							Resilience Manager) Prevent SPoC (Head of Children's Services)		Risk reviewed August 2018 by Board of Directors with Current Score reduced from 12 to 9.	

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		The ELC Prepare and Protect SPoC liaises with Police Scotland and in particular the CT team to ensure current information on these areas is circulated to appropriate ELC key staff and staff in general if required. The SPoC also ensures important information is uploaded onto the ELC Intranet.										
ELC CR 17	<p>Duty of Care to Council Staff and Public (Health & Safety)</p> <p>East Lothian Council has a duty of care and has existing Health and Safety Policies to look after the care of staff to all its employees across the full range of services and those who can be affected by the Council's activities.</p> <p>Any breach of this duty of care may affect the health, safety and wellbeing of the Council's employees leading to increased sickness absence, pressures on service delivery with the added potential for claims against the Council for incidents involving employees or non-employees or enforcement action by the Health & Safety Executive.</p> <p>The Council also has a duty of care to our staff delivering services in an environment where the COVID pandemic is a huge risk.</p> <p>Areas which have been identified as posing a particularly high level of risk are</p> <ul style="list-style-type: none"> • COVID19 (or any other pandemic infection control) • Manual Handling • Stress / Mental wellbeing • Lone Working • Unacceptable Behaviour • Risks from Public Monuments • Safe Driving at work • School Trips 	<p>Health, Safety and Wellbeing Strategy 2018 – 2021 in place.</p> <p>All employees receive an induction including Health & Safety information, have job outlines and follow the PRD process ensuring all are capable and trained to perform safely in their roles.</p> <p>Consultation with employees and Unions in place with Joint Health & Safety Committee and Joint Consultative Committee</p> <p>Management Arrangements in place for a range of topics outlining the responsibilities of each level of management and employees. A rolling programme of review of topic specific management arrangements is being undertaken.</p> <p>Risk assessments carried out to identify significant workplace hazards and to establish suitable workplace controls e.g. safe systems of work. Services carry out a rolling programme of reviewing risk assessments to ensure they are suitable and sufficient and reflect current practice and organisational structures. As part of this training and health surveillance requirements are identified.</p> <p>Health Surveillance is carried out on employees where they are exposed to specific hazards.</p> <p>Safety Management System supported by audit and inspection programme across the Council.</p> <p>Health and Safety Training needs are identified from project plans and Risk Assessment findings. An annual programme of training is developed including a number of Institute of Occupational Health accredited courses.</p> <p>For all of the risks identified as high risk</p> <ul style="list-style-type: none"> • Management Arrangement or guidance is in place • Training is available • Risk Assessments are undertaken <p>COVID19 The Council has a duty of care to staff delivering a service in a COVID world and have refreshed and heightened risk assessments and ensure that all services regularly update their risk assessments for work settings and external visits. A programme of workplace inspections focusing on COVID takes place.</p> <p>Manual Handling Manual Handling is avoided where possible. Where this is not possible mechanical aid's and staff training</p>	2	4	8				Executive Director for Place SDAW Group Health and Safety Team	June 2022 September 2022 June 2022 June 2022	<p>Risk refreshed by Head of Communities May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p> <p>Risk reviewed and updated March 2020 with Current score reduced from 12 to 8.</p>	

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		<p>is provided in accordance with the Management Arrangements. Physiotherapy is available to staff through the Occupational Health Contract.</p> <p>Stress As part of the sickness absence policy employees off work with Stress are referred to Occupational Health. Initiatives are in place to help employees manage their own stress, including Employee Assistance Programme, Listening Ears, Healthy Working Lives</p> <p>Lone Working Specific procedures are in place in services with a high level of lone working where required lone workers have access to lone worker devices</p> <p>A 'Potentially Violent Client' Register is in place to ensure information is shared between services.</p> <p>Safe Driving at Work Council vehicles used in the course of Council activities are properly maintained and fit-for-purpose. All Council vehicles over 3.5t are maintained in accordance with VOSA publication "Guide to Maintaining Roadworthiness".</p> <p>The E Davis system used by East Lothian Council records and monitors grey fleet users driver details including insurance, RFL and driving licence. This ensures that the registered drivers have the correct credentials to drive on behalf on the Council.</p> <p>Fire Safety Fire Safety Risk Assessments are carried out on our operational buildings where employees work with a process in place to ensure prioritisation of any remedial actions.</p> <p>School Trips All trips must be approved by HT or Delegate and Residential Trips and Adventurous Activities must also be approved by LA.</p> <p>Residential School Trips are on hold until at least Session 2022/23.</p> <p>Cross Service Risk Management Meetings instituted in 2021, between Health & Safety Service, Insurance Service, Information Governance Services and Internal Audit Service to ensure cohesive oversight of risks associated to staff and public duty of care – reporting to the Corporate Risk management Group, Chaired by Head of Communities.</p>										

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			L	I	L x I		L	I	L x I			
ELC CR 18	<p>Business Continuity</p> <p>Failure to ensure currency of Business Continuity Plans could lead to services not having a robust response to an incident affecting their service area or critical services may not be maintained, while critical services for the public could be affected and statutory requirements not completed.</p> <p>Non availability of:</p> <ul style="list-style-type: none"> premises, through fire, flood or other unexpected incident; key staff or significant numbers of front-line staff for any reason e.g. a Pandemic; systems (IT, telephony, power failure etc.); any form of transportation due to a fuel shortage. <p>The occurrence of any of these may have an adverse effect on the Council to function fully and to complete critical services and statutory requirements.</p>	<p>Business Continuity Framework Plan in place and regularly reviewed.</p> <p>Business Continuity Plans are maintained for all service areas, giving details of minimum levels of staff, alternate locations, exercise and review dates and version control.</p> <p>The Chief Executive has a statutory responsibility for the ELC BC process. The Heads of Service remain responsible for ensuring the BC process is completed within their area of work.</p> <p>Each service area now has a Single Point of Contact (SPoC) and deputy who are responsible for, their services BC Plan, exercising this plan and ensuring it is maintained. All BC Plans are managed through Continuity² Software.</p> <p>The Council carried out a Council Wide Business Continuity Exercise in November 2019 which successfully tested the BC capabilities of the Council.</p> <p>ELC staff have access to an e-learning package on Business Continuity which was reviewed and refreshed during March 2021.</p> <p>An IT Disaster Recovery Plan is in place and will be regularly updated when any changes take place in the main data centres. For single server failure - there are over 100 systems now running on virtual servers which automatically fall over to another server if there are hardware issues. Specific disaster recovery arrangements are in place for the critical systems of telephony, e-mail and social care.</p> <p>Controls that are in place to prevent and limit the effects of IT system unavailability including firewalls, anti-virus software, system/ data backup routines, and resilience in the form of a back-up generator for the main data centre at JMH.</p> <p>ELC services are encouraged to take all risks that may impact on East Lothian into account when completing their Business Continuity (BC) plans as an example, severe weather or electricity failure or extreme staff shortages. BC plans are key to ensure ELC services continue to provide their critical activities.</p>	2	4	8	<p>Progress Business Continuity Plans with Education and H&SCP in order that each School and Care Home has a plan.</p> <p>Whilst we would need to react to the specific circumstances of any particular attack or series of cyber-attacks, Business Continuity Plans should be reviewed to consider outages for a longer period up to 2 weeks. Noting that we are unlikely to lose everything by way of access to systems concurrently.</p> <p>Review of all Council Business Continuity plans will be linked to all new (and updates to) Corporate Risks whilst also looking ahead to 2022/23 and any move from Response to Recovery in terms of COVID-19, and future consideration of any BC Plans being invoked due to current risks they are encountering.</p>	2	3	6	<p>Emergency Planning, Risk and Resilience Manager</p> <p>Emergency Planning, Risk and Resilience Officer</p>	<p>March 2023</p> <p>June 2022</p> <p>June 2022</p>	<p>Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.</p>

Risk Ref.	Risk Description	Existing Risk Control Measures	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			
ELC CR 19	<p>Corporate Events Management</p> <p>Effective preparation and co-ordination across a number of services, for events held in East Lothian, is essential. Failure to achieve this could result in event safety being compromised followed by a risk of adverse reputational damage for the Council on a local/national/international level as well as possible legal ramifications at fatal accident enquiries accounting for action or non-action.</p> <p>COSLA, Police Scotland and the Health & Safety Executive (HSE) recommend that Local Authorities form a core group, led by a senior (strategic) officer, who will meet to discuss all events taking place within their area over a pre-determined period of time. This group includes category 1 responders and other appropriate organisations and decide if each individual event should be organised through a separate, specific Safety Advisory Group (SAG) or if the event can carry on without interference, other than appropriate safety advice.</p> <p>The following criteria would be considered by the East Lothian Safety Advisory Group (ELSAG):</p> <ul style="list-style-type: none"> • Status of the principal e.g. HM Queen • Status of the event organiser e.g. Scottish Defence League • The size of the crowd or the number of spectators • Event site – proximity to residential area, remote, inaccessible • Whether alcohol is available or any other license is required • Impact upon local community • Type of Activity - hazardous • The profile of the event – National following increasing footfall/interest. • The requirement for a TTRO • At the request of one of the partner agencies • At the request of an event organiser <p>ELC is involved in events as they tend to take place in Council parks or on Council roads. The Council issues licenses and permits for events. The Council also has a statutory role in enforcement /inspection (building control, food hygiene etc.) and will help the organisers with traffic management, through TTRO's.</p> <p>If the event organisers fail to have the correct licences or safety processes in place it is the organisers who face the risk of possible criminal prosecution.</p> <p>East Lothian Council is itself responsible for organising several events on an annual basis. For each event an event organiser will be identified from within the Council.</p> <p>All event organisers should attend a SAG meeting if required to do so.</p>	<p>East Lothian Council has a revised SAG policy in place which came into effect May 2022 (reported into Members' Library Service).</p> <p>The East Lothian Safety Advisory Group (ELSAG) strategy comprises two main elements:</p> <ul style="list-style-type: none"> • Strategic Event Safety Oversight Group (SESOG) • Safety Advisory Group (SAG) <p>The SESOG will hold SAG process overview meetings (at least twice annually) to prescribe criteria for which event organisers are invited to participate in the Safety Advisory Group process and to confirm which events require to attend SAG, based on the risk profile. The SESOG will be Chaired by an East Lothian Council Head of Service.</p> <p>The Emergency Planning, Risk and Resilience Manager, will Chair ELSAG meetings for Major and Large scale events and the ELC Emergency Planning, Resilient Communities and Events Officer will chair the ELSAG for small and medium scale events, except for any specific events where the SESOG determines otherwise.</p> <p>Events that require to be put through the SAG are managed through a risk profile process which grades each event as having a Red, Amber or Yellow (RAG) risk. Events graded as Yellow are not required to attend a SAG meeting. Those graded Red and Amber are required to attend a SAG meeting.</p> <p>The SAG process co-ordinates preparation for various events as per the risk profile, with representation from relevant Services areas and Multi-Agency Partners.</p> <p>Event guidance for organisers of events is published on the Council website.</p> <p>Where the SAG group is set up, for a specific event, it has no statutory power to stop it taking place. However, the SAG group can withdraw its support and co-operation, for any event, which may mean that the event cannot proceed. In these circumstances the event organiser will be advised to notify their insurance provider. That said other agencies or partners of the Group may act independently of the ELSAG and use their own statutory powers to unilaterally prevent the event from taking place. Police Scotland will always provide the final advice on public safety.</p> <p>Events information and documentation accessed through the ELC website reviewed by the ELC Event Safety & Resilience Officer, maintaining oversight of the processes linked with the ELSAG, through his/her line manager, to continually improve the overall system.</p>	2	3	6				Executive Director for Place		Risk refreshed May 2022 noting changes to risk description and mitigation measures whilst no change to risk scores.	

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ELC CR 20	<p>Equality</p> <p>Failure to meet duties and legislative requirements of the Single Equality Act 2010.</p> <p>The Single Equality Act 2010 and related guidance places a general duty on public authorities to be active in promoting equality, eliminating unlawful conduct and fostering good relations. It also places specific duties on public authorities to</p> <ul style="list-style-type: none"> report on mainstreaming the equality duty; publish equality outcomes and report progress; assess and review policies and practices; gather and use employee information; publish gender pay gap information; publish statements on equal pay; consider award criteria and conditions in relation to public procurement; publish in a manner that is accessible. <p>The Scottish Government has introduced the Fairer Scotland (socio- economic) duty. This will require the Council to consider the impact of our work on those living in poverty. The Council will need to respond to the full requirements of this new duty and raise awareness of the requirements on the Council.</p> <p>There is a risk that the Council may not be able to meet its general or specific duties and in particular at a time when difficult budget decisions are having to be made that there will be cuts in services or increases in charges that have a disproportionate impact on people who may need those services most because of their equality background.</p> <p>The Council would be open to legal challenge of not meeting its duties and in particular of not carrying out adequate assessment of impact of policies and budget decisions.</p>	<p>ELC Equality Plan 2021-2025 was adopted in November 2021. This includes the commitments made by East Lothian Council as a Licensing Board and as an Education Authority. The plan outlines our commitments:</p> <ul style="list-style-type: none"> Continue to lead a culture where respect, choice and understanding is fostered and diversity positively valued; Maintain a working environment where unlawful discrimination, harassment, victimisation or bullying is not tolerated; Continue to develop our understanding of the needs of different individuals and communities in a time of rapid change; Continue to embed the equality agenda in all our work, and contribute to the early intervention and prevention approach adopted by the Council and its Partners; Improve understanding of the impact of poverty and inequality on people's lives; and Ensure that we plan and deliver services which meet modern standards of delivery and that are inclusive of a wide range of different needs from digital services to face to face interactions <p>The Integrated Impact Assessment Process is embedded and is now widely used. This includes consideration of poverty which should allow us to meet the requirements of the new socio economic duty. A programme of support, including training on the new IIA process is ongoing.</p> <p>The Health & Social Care IJBs (East & Midlothian and City of Edinburgh) along with NHS Lothian will use the 'checklist and IIA form' package, with East and Midlothian Councils using the IIA form only package.</p> <p>As per our statutory obligation, HR is annually capturing the Employment Monitoring information required under the Act. This is reported publically alongside the requirement to publish an annual Equal Pay Report.</p> <p>ELearning equalities modules are available on Learn Pro and 'Get in on the Act' guides to the Council's legal responsibilities are available for all employees and Elected members. A new e learning package 'Understanding Poverty' has been added to support employees to understand about taking poverty into account when designing services and will be updated once details of the Socio Economic duty are known.</p>	2	3	6	<p>The Poverty Plan 2021-2023 (49 actions) will be implemented. Delivery will be monitored by the Poverty Working Group and a new East Lothian Poverty Partnership.</p> <p>The new Equality Plan 2021-2025 (28 actions) will be implemented.</p> <p>Embed the use of the Scottish Government's Sustainable Procurement Tools into procurement procedures.</p>	2	3	6	Executive Director for Place	<p>November 2022</p> <p>November 2022</p> <p>November 2022</p>	<p>Risk reviewed and updated March 2022 with no change to assessment of current scores.</p> <p>Risk reviewed and refreshed May 2016 with both current and predictive scores reduced from 8 to 6 due to implementation of additional measures.</p>
ELC CR 21	<p>Development Plan</p> <p>Failure to maintain an up-to-date Development Plan could result in an out of date planning strategy and policy context for planning decisions in East Lothian; it could:</p> <ul style="list-style-type: none"> contribute towards the Council not being able to achieve Council Plan objectives – Growing our Economy and Growing our Communities 	<p>Maintenance of the Local Development Plan Scheme with timescales (last reviewed June 2021).</p> <p>Interim Regional Spatial Strategy has been prepared, informing draft NPF4. The Regional Prosperity Framework has been ratified by the SE Scotland authorities.</p>	3	2	6	Work on LDP2 will increase as NPF4 is finalised by the Scottish Government.	1	2	2	Head of Development	October 2022	Risk reviewed by Planning Service Manager May 2022 with no amendments made.

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	<ul style="list-style-type: none"> – and related Single Outcome Agreement objectives; • lead to failure to accord with more recent higher level plans and legislation; • undermine our ability to defend local planning decisions leading to 'planning by appeal'. This could result in unplanned development at odds with the planning strategy for East Lothian, and consequent reputational damage; • undermine our ability to secure S75 contributions towards essential infrastructure with consequent impact on corporate capital and revenue planning. 	<p>The Council has responded to a recent consultation on NPF4, which when approved will form part of the Development Plan.</p> <p>SG and SPG all approved/adopted, including Developer Contributions Framework.</p> <p>Impact of SDP2 rejection by Scottish Government is mitigated by having an approved housing land audit, up to date LDP and a greater than 5 years effective housing land supply.</p> <p>Preliminary work for LDP2 being prepared at present. Public engagement being planned.</p>									<p>Risk Refreshed by Service Manager March 2021 with Current Score reduced from 8 to 6.</p> <p>Risk Refreshed by Service Manager August 2019 with Current and risk score increased from 2 to 8.</p>	
ELC CR 22	<p>Standards in Public Life</p> <p>Failure of corporate governance or to meet standards in public life.</p> <p>Failure of the Council's corporate governance or of officials or members to meet standards in public life could result in reputational damage.</p>	<p>Standing Orders (the Schemes of Administration and Scheme of Delegation) were extensively revised, approved by Council in October 2019 and published on the ELC website and are revised on a regular basis, with the Scheme of Delegation being updated in August 2021.</p> <p>Councillors, officials and employees conduct is governed by Codes of Conduct. The Standards Commission is responsible for encouraging high standards of behavior by Councillors and will adjudicate where there are allegations that Councillors have breached the Code of Conduct. The Council adopted a Code of Conduct for its employees in February 2020 giving all employees greater clarity around the standards of behaviour expected of them. The Code incorporated some other existing policies such as the one governing Gifts and Hospitality. Breach of the Code may amount to a disciplinary offence.</p> <p>Training on the Code of Conduct will be offered to Members periodically with regular updates from the Standards Commission circulated to Members.</p> <p>The Council's Monitoring Officer and Depute Monitoring Officers provide advice as required.</p> <p>Training of Councillors continues to take place as required to ensure understanding of the importance of standards in public life. Councillors have been provided with a copy of the Code and the accompanying guidance and are provided with copies of any updates, guidance and advice notes as those are issued. A new revised Councillors' Code of Conduct was introduced in December 2021 and a training workshop was held with Members. Further, more detailed training was provided to both new and returning Members as part of the Member Induction Programme in May 2022.</p> <p>A survey of all Councillors was carried out in May 2019 establishing their views as to the training and development provided and to identify future needs.</p> <p>Councillors have an ongoing opportunity to participate in a CPD programme, which has been developed in conjunction with the Council's Organisational</p>	2	2	4	<p>The Council's Standing Orders will be reviewed in advance of the implementation of Hybrid Committee meetings to ensure they are suitable for this format. The Scheme of Administration is likely to be reviewed following the Local Government Elections in May 2022 to reflect any changes required by the incoming Administration.</p> <p>An induction programme for new Councillors approved by Council and will be delivered to both new and returning Members. This includes training on standards in public life and, specifically, on compliance with the requirements of the Councillors' Code of Conduct.</p>	2	2	4	<p>Service Manager – Governance</p> <p>Service Manager Police, Improvement & Partnerships</p>	<p>June 2022</p> <p>June 2022</p>	<p>Risk Reviewed by Monitoring Officer May 2022 with no change in risk scores.</p> <p>Risk reviewed April 2020 by Service Manager – People and Governance with both scores reduced from 6 to 4 due to Cllrs familiarity with the Code and the new Code of Conduct from Employees.</p>

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			L	I	L x I		L	I	L x I			
		<p>Development Team. This is based on the offering available from the Improvement Service and the IS have offered to input into the final product. Councillors have an ongoing opportunity to attend Master classes run by the Improvement Service.</p> <p>A 100-day review took place with our Elected Members between August and November 2017. This was carried out by way of face-to-face meetings with Elected Members and covered the Elected Member Induction Programme, the Councillors' Code of Conduct, PA support, office accommodation, Access to Council officers, committee papers, surgeries, and further training and development.</p>								May 2022		

Original date produced (Version 1)	13 April 2011		
File Name	East Lothian Council Corporate Risk Register		
Original Author(s)	Scott Kennedy, Risk Officer		
Current Revision Author(s)	Scott Kennedy, Risk Officer		
Version	Date	Author(s)	Notes on Revisions
32	April 2020	S Kennedy	Register updated to include risk on COVID 19 and Climate Emergency Risk Renamed, Updated and Scored
33	May 2020	S Kennedy	All other risks refreshed.
34	June 2020	S Kennedy	Flooding and Coastal Erosion Risk updated
35	July 2020	S Kennedy	COVID19 Risk on Finance incorporated into Financial Environment Risk
36	August 2020	S Kennedy	COVID 19 Risk brought into this document.
37	December 2020	S Kennedy	COVID and Brexit Risks Updated alongside Failure to maintain a Highly Skilled Workforce
38	January 2021	S Kennedy	COVID, Brexit, Contest, Public Protection, Severe Weather, and Business Continuity Risks updated.
39	February 2021	S Kennedy	COVID, Brexit, Highly Skilled Workforce, Corporate Events Management, Duty of Care to Council Staff (H&S) and 1140hrs risks updated
40	March 2021	S Kennedy	IT & DP, Climate Emergency, Public Sector Reform, Equality Development Plan, Flooding & Coastal Erosion and Finance risks updated.
41	April 2021	S Kennedy	Welfare Reform risk removed.
42	May 2021	S Kennedy	Full Risk Register reviewed and updated by Risk Owners with COVID Risk reduced to a summary and separate COVID Risk Register created.
43	July 2021	S Kennedy	New risk on Ash Dieback added to the Register
44	October 2021	S Kennedy	Brexit Risk Updated
45	October 2021	S Kennedy	New risks on Staffing AND Supply/Cost of Materials and Labour added to Register.
46	November 2021	S Kennedy	Full Review carried out by all risk owners and CMT.
47	December 2021	S Kennedy	Further review and updated carried out by CMT to capture the current challenges the Council is facing.
48	December 2021	S Kennedy	Ash Dieback risk moved to Infrastructure Risk Register at the request of CMT.
49	January 2022	S Kennedy	Register reviewed by all Risk Owners.
50	February 2022	S Kennedy	Limitation (Childhood Abuse) and Standards in Public Life risks updated.
51	March 2022	S Kennedy	All Risks reviewed and refreshed. New risk on Rising Energy Costs added. Public Sector Reform risk replaced by National Care Service Risk. 1140 Hours risk moved to Education Service Risk Register.

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

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			L	I	L x I		L	I	L x I			
52	March 2022	S Kennedy	Duty of Care to Public and Public Protection Risk updated.									
53	April 2022	S Kennedy	All Risks Reviewed and Refreshed where required.									
54	May 2022	S Kennedy	All Risks Reviewed and Refreshed by Risk Owners.									
55	May 2022	S Kennedy	Risk Register reviewed and refreshed by Executive Director for Place and Head of Communities.									

East Lothian Council Risk Matrix

Likelihood Description

Likelihood of Occurrence	Score	Description
Almost Certain	5	>90% chance of occurring
Probable	4	70%-90% chance of occurrence
Possible	3	30-70% chance of occurring
Unlikely	2	10-30% chance of occurring
Rare	1	<10% chance of occurring

Impact Description

Impact of Occurrence	Score	Description							
		Impact on Service Objectives	Financial Impact	Physical and/or Psychological Impact on People	Impact on Time	Impact on Reputation	Impact on Assets	Business Continuity	Legal & Regulatory
Catastrophic	5	Catastrophic failure in service delivery and key service standards are not met, long-term catastrophic interruption to operations, several major partnerships are affected	Severe impacts on budgets (emergency Corporate measures to be taken to stabilise Council Finances. Consideration should be given as to whether this is an insured or uninsured risk and whether there may be reliance on reserves. The Council is expected to hold a reserve to budget ratio of 2%.	Single or Multiple fatality and or psychological impact, within council control, leading to 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. Prolonged regional and national condemnation.	Significant disruption to building, facilities, vehicles or equipment (Loss of building, vehicles, rebuilding required, temporary accommodation required, vital equipment lost without replacement capability available resulting in services being unable to be delivered).	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, including substantial involvement from regulators.
Major	4	Major impact to service quality, multiple service standards are not met, long-term disruption to operations, multiple partnerships affected.	Major impact on budgets (need for Corporate solution to be identified to resolve funding difficulty). Consideration should be given as to whether this is an insured or uninsured risk and whether there may be reliance on reserves.	Number of extensive injuries (major permanent harm) or major psychological impact to employees, service users or public.	Major - between 1 & 2 years to recover pre-event position.	Serious negative national or regional criticism and publicity.	Major disruption to building, facilities, vehicles or equipment (Significant part of building unusable for prolonged period of time, alternative accommodation required, equipment or vehicles unavailable to provide significant elements of service delivery and no appropriate contingency arrangements in place).	Significant impact on service provision or loss of service.	Legal, regulatory, or contractual breach, severe impact to Council, fines and regulatory action publicly enforced.
Moderate	3	Significant fall in service quality, major partnership relationships strained, serious disruption in service standards.	Moderate impact on budgets (can be contained within overall directorate budget).	Serious injury requiring medical treatment or moderate psychological impact 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.	Adverse national media public attention with elected members becoming involved.	Moderate disruption to building, facilities, vehicles or equipment (loss of use of building for medium period, loss of equipment or vehicles requires contingency arrangements to be employed and has moderate impact on overall service delivery).	Security support and performance of service/system borderline.	Legal, regulatory, or contractual breach, moderate impact to Council, regulator action and or improvement required of the Council .
Minor	2	Minor impact to service quality, minor service standards are not met, short-term disruption to operations, minor impact on a partnerships	Minor impact on budgets (can be contained within service head's budget).	Non life changing injury or psychological impact to staff or member of the public requiring treatment.	Some - between 2 and 6 months to recover.	Minor adverse local, public or media attention and complaints.	Minor disruption to building, facilities, vehicles or equipment (alternative arrangements in place and covered by insurance, equipment or vehicles unavailable for small period of time minor impact on service).	Reasonable back-up arrangements, minor downtime of service/system.	Legal, regulatory, or contractual breach, minor impact to Council, regulator advice and improvement requested of the Council.
Minimal	1	No impact to service quality, limited disruption to operations.	Minimal impact on budgets (can be contained within unit's budget).	Minor injury or minor psychological impact to employee, service user or public.	Minimal - Up to 2 months to recover.	Public concern restricted to local complaints and of no interest to the media.	Minimal disruption to building, facilities, vehicles or equipment (alternative arrangements in place, equipment or vehicles alternative quickly available to replace or substitute).	No operational difficulties, back-up support in place and security level acceptable.	Legal, regulatory, or contractual breach, negligible impact to Council, regulator suggested improvements requested.

Risk	Impact				
Likelihood	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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