

**REPORT TO:**       **AUDIT AND GOVERNANCE COMMITTEE**

**MEETING DATE:**   13 June 2023

**BY:**                Chief Executive

**SUBJECT:**         2023 Corporate Governance Self-evaluation

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## **1 PURPOSE**

- 1.1 To advise members of the results of the Corporate Governance Self-evaluation 2023.

## **2 RECOMMENDATIONS**

Committee is asked to:

- 2.1 Note the results of the self-evaluation carried out using the Framework (Appendix 1) and the three actions detailed in paragraph 3.6 that will be included in the 2024/25 Council Improvement Plan that is to be presented to Council in autumn 2023.
- 2.2 Consider whether any additional improvement actions should be added.

## **3 BACKGROUND**

- 3.1 The Council adopted the principles of Corporate Governance based on the CIPFA / SOLACE guidance in 2010. CIPFA / SOLACE published a new 'delivering good governance' framework in 2016. This is based on Section 3.7 of the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom which governs the preparation and publication of an Annual Governance Statement. The framework defines the principles that should underpin the governance of each local government organisation. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the framework.
- 3.2 The Framework has seven core principles:

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

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

3.4 A self-evaluation exercise based on this framework has been undertaken by the Council Management Team, testing the council's governance arrangements against the Good Governance Framework. The self-evaluation has drawn on extensive evidence from council policies and practices and also from the Best Value Assurance audit undertaken by Audit Scotland in 2018 which is still relevant. Assurance is also provided by the external auditors' reviews of internal controls in financial systems and audits which have not identified any significant governance or control weaknesses.

3.5 The self-evaluation (Appendix 1) provides evidence to show how the council complies with each of the sub-principles. A self-evaluation score from 1 – 6, where 1 = Unsatisfactory (major weaknesses), and 6 = Excellent (outstanding, sector leading) has been given against each sub-principle.

3.6 The 2023 Corporate Governance self-evaluation has found that the council continues to comply well with the principles of the framework. Most sub-principles have been scored as 5 (very Good – major strengths) and the remainder as 4 (Good – important strengths with areas for improvement). Four improvement actions have been identified:

C1 – Given the scale of the financial challenges it faces the council needs to be open and clear with communities and staff about the recurring savings that will be required to fill budget gaps, and how council resources will need to be targeted to achieve long-term policy and performance priorities, and the impact this will have on services and the priorities set out in the Council Plan,

C2 – In light of the growing financial challenges faced by the council further work is required to make the link between how resources are targeted to achieve the Council’s policy and performance priorities more explicit.

E2 - Improve the levels of Annual PRDs that are completed.

F2 - Ensure that Service Plans are updated in line with the revised Service Planning guidance.

3.7 These actions will be included in the 2024/25 Council Improvement Plan that is to be presented to Council in autumn 2023.

#### **4 POLICY IMPLICATIONS**

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

#### **5 INTEGRATED IMPACT ASSESSMENT**

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

#### **6 RESOURCE IMPLICATIONS**

6.1 Financial – none.

6.2 Personnel – none.

6.3 Other – none.

#### **7 BACKGROUND PAPERS**

7.1 Appendix 1: Corporate Governance Self-Evaluation 2023

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

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| <b>DATE</b>          | 30 <sup>th</sup> May 2023                      |

## Appendix 1: Corporate Governance Self-Evaluation 2023

*[Evaluation scored on a scale of 1 – 6: where: 1 = Unsatisfactory – major weaknesses; 2 = Weak – important weaknesses; 3 = Adequate – strengths just outweigh weaknesses; 4 = Good – important strengths with areas for improvement; 5 = Very Good – major strengths; 6 = Excellent – outstanding, sector leading]*

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

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

|  |                   |
|--|-------------------|
| <ul style="list-style-type: none"> <li>• Council Standing Orders and Schemes of Administration and Delegation and are reviewed regularly or when required – last review took place in 2023 and revised Standing Orders were approved by Council, 25<sup>th</sup> April 2023<br/>Councillors’ Code of Conduct (and members training on the Code) and Officers’ Code of Conduct included in Scheme of Administration. Elected members made aware of Code of Conduct as part of the members induction held following May 2022 council elections</li> <li>• Council Values and East Lothian Way Behaviours understood by senior management and staff – included as integral parts of the 2022-27 Council Plan</li> <li>• Policies and procedures in place for key activities including Procurement, Treasury Management, Complaints, Health and Safety and HR</li> <li>• External audit and Internal Audit audits and reports provide assurance and the council responds positively to any recommendations arising from external and internal audits.</li> <li>• The 2018 Best Value Assurance Report provided assurance: <i>East Lothian Council has significantly improved since our last Best Value Report in 2007. The council has improved its governance arrangements, leadership and scrutiny, and demonstrates a focus on continuous improvement. The council has a clear vision which is based on a good understanding of local communities and partners and is understood by employees. Council business and decisions are clearly documented in the Council, Cabinet and committee minutes.</i></li> <li>• Council adopted an improvement Plan to respond to the recommendations arising from the Best Value Assessment and R4E assessment. Completion of some actions has been delayed due to the impact of the COVID-19 emergency. The Improvement Plan will be reviewed and updated in Autumn 2023 to take account of any uncompleted actions and any recommendations arising from the 2022/23 Auditors report and Best Value audit of Leadership</li> </ul> | 5. Very Good      |
| <b>A.2 Demonstrating strong commitment to ethical values</b>   |                   |
| A.2.1 Seeking to establish, monitor and maintain the organisation’s ethical standards and performance  |                   |
| A.2.2 Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture   |                   |
| A.2.3 Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values  |                   |
| A.2.4 Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation  |                   |
| <b>Evidence</b>  | <b>Evaluation</b> |
| <p>As above and in addition:</p> <ul style="list-style-type: none"> <li>• Whistleblowing Policy updated and approved by Cabinet, September 2022</li> <li>• Customer Feedback policy and procedure</li> <li>• Contract conditions and monitoring</li> </ul>   | 5. Very Good      |

| <b>A.3 Respecting the rule of law</b>  |                   |
|--|-------------------|
| A.3.1 Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations   |                   |
| A.3.2 Creating the conditions to ensure that the statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirement   |                   |
| A.3.3 Striving to optimise the use of the full power available for the benefit of citizens, communities and other stakeholder  |                   |
| A.3.4 Dealing with breaches of legal and regulatory provisions effectively   |                   |
| A.3.5 Ensuring corruption and misuse of power are dealt with effectively   |                   |
| <b>Evidence</b>  | <b>Evaluation</b> |
| <p>As A.1 and A.2 and in addition:</p> <ul style="list-style-type: none"> <li>• Statutory Officers job outlines included in Scheme of Administration</li> <li>• Statutory Officers are members of CMT and attend relevant Council, Cabinet and Committee meetings</li> <li>• Internal Audit used to investigate any alleged incidents of breaches of legal and regulatory provisions, corruption or misuse of power</li> <li>• Elected members have received training from the Standards Commission on the Code of Conduct. A comprehensive elected members' induction programme was held following the May 2022 Council elections. The programme included a session on the Councillors Code of Conduct</li> </ul> | 5. Very Good      |

## **PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement**

| <b>B.1 Openness</b>   |                   |
|---|-------------------|
| B.1.1 Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness   |                   |
| B.1.2 Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided  |                   |
| B.1.3 Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear  |                   |
| B.1.4 Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action  |                   |
| <b>Evidence</b>   | <b>Evaluation</b> |
| <ul style="list-style-type: none"> <li>• Compliance with the Freedom of Information Act and Data Protection Act As demonstrated in the Information Governance Annual report to the February 2023 Audit &amp; Governance Meeting.</li> <li>• Council, Cabinet and Committee meetings held in public</li> <li>• Agendas for meetings, minutes and reports published on the Council website. By exception, some items are held in private and the reasons for this are documented</li> <li>• Press releases and social media used to inform the public of council policies and decisions</li> <li>• Community Asset Transfer and Participation Request processes in place with open and transparent decision making which can be challenged</li> <li>• Community Participation Opportunities Guide 2018 provides comprehensive list of ways in which the council consults and engages with citizens, communities and service users</li> <li>• Extensive public consultation has been carried out over the last year on issues such proposals to introduce car parking charges in North Berwick and the Musselburgh flood prevention scheme</li> <li>• The 2018 Best Value Assurance Report found: <i>“Council business and decisions are clearly documented in Council, Cabinet and committee minutes. Decision-making processes are more clear and open. [than was found in 2007] The council has well-established methods for consulting with the public. The council engages effectively with communities.</i></li> <li>• Emergency arrangements for dealing with Council business were put in place in March 2020 as a result of the COVID-19 emergency, including weekly meetings between the Chief Executive and the three Group Leaders, emergency business reporting and special arrangements for Planning and Audit &amp; Governance Committee</li> <li>• Arrangements for dealing with council business arrangements when the council's Business Continuity Plan has been invoked were considered in the structured de-brief following the pandemic</li> </ul> | 5. Very Good      |

| <b>B.2 Engaging comprehensively with institutional stakeholders (including other public and third sector organisations and commercial partners)</b>   |              |
|---|--------------|
| B.2.1 Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder are clear so that outcomes are achieved successfully and sustainably   |              |
| B.2.2 Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively   |              |
| B.2.3 Ensuring that partnerships are based on: <ul style="list-style-type: none"> <li>- Trust</li> <li>- A shared commitment to change</li> <li>- A culture that promotes and accepts challenge among partners</li> </ul>   |              |
| Evidence  | Evaluation   |
| <ul style="list-style-type: none"> <li>• The 20117-2027 East Lothian Plan clearly sets out the objectives and outcomes for the East Lothian Partnership and each member; as do the Children and Young People Plan, Community Justice Outcome Improvement Plan and various other joint strategies</li> <li>• The City Region Deal is a clear example of how effectively the council works in partnership with institutional stakeholders requiring trust, a shared commitment to change and a culture that promotes and accepts challenge among partners</li> <li>• The council has been an active partner in the education regional collaborative</li> <li>• The 2018 Best Value Assurance Report found: <i>“The council has strong links with its partners and works well with local communities. East Lothian Partnership is working to a shared vision and there are good relations between partners. The health and social care partnership is well established and there is evidence of good cooperation between the council and NHS Board.”</i></li> <li>• Partnership and collaborative working are integral elements of any options appraisal carried out by the council. Examples of partnership and collaborative working to achieve best value include the proposal to co-locate police in John Muir House; partnering with HubCo South East in various capital projects; the development of the Food and Drink Hub in partnership with Queen Margaret University<br/>The council had extensive engagement with statutory partners, in particular the NHS and Police Scotland, and with the third sector interface, VCEL and community groups in responding to the COVID-19 emergency. The council supported and worked very closely with 20 local Resilient Community Groups providing extensive voluntary support to shielded people and other vulnerable people in local communities</li> <li>• The council has a strong and positive working relationship with VCEL, East Lothian’s Third Sector Interface</li> <li>• The East Lothian Partnership took responsibility for overseeing and monitoring progress with the East Lothian Recovery and Renewal Plan and Action Plan</li> <li>• The East Lothian Partnership will undertake a self-evaluation in autumn 2023</li> </ul> | 5. Very Good |



| <b>B.3 Engaging with individual citizens and service users effectively</b>  |                   |
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| B.3.1 Ensuring a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other provision) is contributing towards the achievement of intended outcome  |                   |
| B.3.2 Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement   |                   |
| B.3.3 Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs   |                   |
| B.3.4 Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account   |                   |
| B.3.5 Balancing feedback with more active stakeholder groups with other stakeholder groups to ensure inclusivity  |                   |
| B.3.6 Taking account of the impact of decisions on future generations of tax payers and service users   |                   |
| <b>Evidence</b>   | <b>Evaluation</b> |
| <ul style="list-style-type: none"> <li>• The Council Improvement Plan 2018-2020 included an action to review the Consultation and Engagement Strategy. A revised strategy has been developed and the Community Participation Opportunities Guide 2018 providing information on the ways in which council consults and engages with citizens, communities and service users has been published on the council website</li> <li>• The Community Participation Opportunities Guide 2018 provides comprehensive list of ways in which the council consults and engages with citizens, communities and service users</li> <li>• Communications Strategy</li> <li>• Consultation and Engagement Strategy</li> <li>• Complaints procedures and monitoring reports</li> <li>• The 2018 Best Value Assurance Report found: <i>“The council has well-established methods for consulting with the public. The council engages effectively with communities”</i></li> <li>• The Council received a Recognised for Excellence Good Practice Award in 2018 which provided a high degree of assurance: <i>“This organisation clearly has a culture of working in partnership that is deployed right across the organisation. Reviews take place to assess the approaches taken both by the organisation and their strategic partners and staff are encouraged through workshops to look at how they can better work with others both inside and outside the organisation.”</i></li> <li>• The Council provided regular communications with the general public and briefings for elected members and staff on its response to the COVID-19 emergency</li> </ul> | 5. Very Good      |

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

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| <b>C.1 Defining outcomes</b>   |                   |
| C.1.1 Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions   |                   |
| C.1.2 Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer   |                   |
| C.1.3 Delivering defined outcomes on a sustainable basis within the resources that will be available   |                   |
| C.1.4 Identifying and managing risks to achievement or outcomes  |                   |
| C.1.5 Managing service users’ expectations effectively with regard to determining priorities and making the best use of resources available  |                   |
| <b>Evidence</b>  | <b>Evaluation</b> |
| <ul style="list-style-type: none"> <li>• The 2022-2027 Council Plan and East Lothian Plan 2017-27 set out clear vision, objectives, strategic goals and outcomes that are clearly linked to the vision and form the basis of overall strategy, other strategic plans and Service Plans</li> <li>• The council has identified Top 50 Council Plan indicators to map out progress against the Council Plan objective, strategic goals and outcomes</li> <li>• The council’s financial strategy and revenue and capital budgets are based on delivering the Council Plan’s outcomes on a sustainable basis within the resources that will be available. However, the financial challenges faced by the council mean that it will be increasingly difficult to achieve the priorities and outcomes set out in the Council Plan</li> <li>• Corporate and service Risk Registers identify the risks and mitigating actions. The Corporate Risk register is reported to council on an annual basis and the Audit &amp; Governance Committee reviews Corporate and Service risk registers on an annual basis.</li> <li>• The City Region Deal provides significant inward investment in East Lothian’s infrastructure that will support the achievement of the Economic Development Strategy and Local Development Plan</li> <li>• The multi-agency Connected Economy Group was involved in supporting the response to the COVID-19 pandemic to mitigate the negative impact on businesses and will lead the economic recovery from the emergency</li> <li>• The council has commissioned consultants to produce a new local economic strategy for East Lothian which will take account of the impact of the COVID pandemic, Brexit and other factors on East Lothian’s economy</li> </ul> <p>Improvement Action<br/>Given the scale of the financial challenges it faces the council needs to be open and clear with communities and staff about the recurring savings that will be required to fill budget gaps, and how council resources will need to be targeted to achieve long-term policy and performance priorities and the impact this will have on services and the priorities set out in the Council Plan.</p> | 5. Very Good      |

| <b>C.2 Sustainable economic, social and environmental benefits</b>   |                   |
|--|-------------------|
| C.2.1 Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision   |                   |
| C.2.2 Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints   |                   |
| C.2.3 Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs  |                   |
| C.2.4 Ensuring fair access to services   |                   |
| <b>Evidence</b>  | <b>Evaluation</b> |
| <ul style="list-style-type: none"> <li>• The 2022-2027 Council Plan is set within the context of the social, economic and environmental challenges faced by East Lothian and the council</li> <li>• The 2017 Strategic Needs Assessment which informed the development of the 2017-2027 East Lothian plan is being revised to take account of changes in the social, economic and environmental context and will inform the review of the East Lothian plan</li> <li>• The council's Integrated Impact Assessment covers protected characteristics, Human Rights, sustainability, corporate parenting and the Fairer Scotland Duty</li> <li>• Poverty Commission report led to the adoption of a 50 point Poverty Action Plan in 2017. The plan was reviewed in 2021 and a new East Lothian Poverty Plan 2021-2023 was adopted in late 2021.</li> <li>• Reducing inequalities is an overarching objective of the 2022-2027 Council Plan and 2017-2027 East Lothian Plan</li> <li>• Five-year financial strategy, and revenue and capital budgets are based on a longer-term view and balance wider public interest with conflicting interests</li> <li>• The 2018 Best Value Assurance Report stated: <i>"Financial management is effective with a budget setting process focused on the council's priorities."</i></li> <li>• The council has undertaken budget consultation exercises to gauge public opinion on the 'hard choices' and 'trade-offs' it needs to make to balance budgets when resources are constrained and demand for service is rising</li> <li>• Corporate and Service Risk Registers take account of the social, economic and environmental challenges</li> <li>• The council has adopted an ambitious Climate Change Strategy with a detailed action plan</li> <li>• 2020 Improvement Action to monitor the implementation of the Climate Change Strategy Action Plan, Implementation of the Climate Change Strategy Action Plan is being carried out by the Climate Change Planning Group and reported to Council annually</li> </ul> <p>Improvement Action</p> <ul style="list-style-type: none"> <li>• Further work is required to align the council's budget with Council Plan priorities in light of the growing financial challenges face by the council</li> </ul> | 4. Good           |

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

| <b>D.1 Determining interventions</b>  |                   |
|---|-------------------|
| D.1.1 Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided   |                   |
| D.1.2 Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts   |                   |
| <b>Evidence</b>   | <b>Evaluation</b> |
| <p>As B.1 and in addition:</p> <ul style="list-style-type: none"> <li>• Capital projects, new income charge proposals and transformation change projects are accompanied by business cases which include options appraisal, outcome or benefits projection and risk assessment</li> <li>• Customer feedback, users surveys, and Residents Survey are all used to inform decisions about services</li> <li>• Council has undertaken budget consultation exercises to gauge public opinion on the 'hard choices' and 'trade-offs' it needs to make to balance budgets when resources are constrained and demand for service is rising</li> <li>• The council has established an all-party budget working group that will consider budget proposals and attempt to reach consensus on proposals to meet significant budget reductions to achieve a balanced budget over the next five years</li> </ul> | 5. Very Good      |
| <b>D.2 Planning interventions</b>   |                   |
| D.2.1 Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets   |                   |
| D.2.2 Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered  |                   |
| D.2.3 Considering and monitoring risks facing each partner when working collaboratively, including shared risks   |                   |
| D.2.4 Ensuring arrangements are flexible and agile so that mechanisms for delivering goods and services can be adapted to changing circumstances  |                   |
| D.2.5 Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is measured  |                   |
| D.2.6 Ensuring capacity exists to generate the information required to review service quality regularly   |                   |
| D.2.7 Preparing budgets in accordance with objectives, strategies and the medium term financial plan  |                   |

| D.2.8 Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy  |              |
|---|--------------|
| Evidence  | Evaluation   |
| <p>As C1 and C2 and in addition</p> <ul style="list-style-type: none"> <li>The 2018 Best Value Assurance Report concluded: <i>“Financial management is effective with a budget-setting process focused on the council’s priorities. The council has a good track record of delivering services within its overall budget. A five-year financial strategy was approved in December 2017. [and subsequently in December 2018]. The council has developed proposals to address its projected funding gap of £12.5m for the next three years and has presented a three-year balanced budget.”</i></li> <li>The external auditors’ reports provide assurance that the council has a sustainable financial strategy</li> <li>As well as the Top 50 Council Plan indicators the council has an extensive and comprehensive set of key performance indicators covering all services which are reported quarterly and / or annually to the Policy Performance and Review Committee</li> <li>The Council invoked its Business Continuity Plans as soon as the COVID-19 emergency had been declared by the Government. The Plans have been implemented effectively and have ensured that critical services have been delivered, supporting the national effort to control the virus and protect vulnerable people</li> <li>A Recovery and Renewal Framework was put in place to support the preparations for recovery and renewal from the COVID-19 emergency. The Recovery and Renewal Plan has been monitored by the Council’s COVID Recovery and Renewal Co-ordinating Group and the East Lothian Partnership’s Governance Group and reports on progress have been lodged in the Members Library</li> </ul> | 5. Very Good |
| <b>D.3 Optimising achievement of intended outcomes</b>  |              |
| D.3.1 Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints  |              |
| D.3.2 Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term  |              |
| D.3.3 Ensuring the medium term financial strategy sets the context for ingoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage   |              |
| D.3.4 Ensuring the achievement of ‘social value’ through service planning and commissioning   |              |
| Evidence  | Evaluation   |

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|--|---------------------|
| <p>As D2 and in addition</p> <ul style="list-style-type: none"> <li>• Quarterly financial reports are presented to Council highlighting variations between expenditure and budget and associated risks</li> <li>• Financial Strategy 2023/24 to 2027/28 with associated Capital strategy for 2023/24 to 2027/28 were both approved at Council in December 2022</li> <li>• Annual Audit Report presented by the council's auditors</li> <li>• Recovery plans are put in place to address areas of significant overspend and these are monitored by chief officers</li> <li>• The council has closely monitored the financial implications of the COVID-19 emergency and has worked to maximise the allocation of additional resources from the Scottish Government</li> <li>• 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 and other factors impacting on the council's financial position including reductions in core funding from the Scottish Government, inflation and the impact of the growing population</li> </ul> | <p>5. Very Good</p> |
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**PRINCIPLE E: Developing the council’s capacity, including the capability of its leadership and the individuals within it**

| <b>E.1 Developing the council’s capacity</b>   |                   |
|--|-------------------|
| E.1.1 Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness  |                   |
| E.1.2 Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently  |                   |
| E.1.3 Recognising the benefits of partnerships and collaborative working where added value can be achieved   |                   |
| E.1.4 Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources  |                   |
| <b>Evidence</b>  | <b>Evaluation</b> |
| <ul style="list-style-type: none"> <li>• Performance indicators are reviewed quarterly or annually</li> <li>• The council uses the Local Government Benchmarking Framework and takes part in relevant benchmarking exercises run by the Improvement Service, APSE and other networks</li> <li>• All services undertake annual reviews of three-year Service Plans</li> <li>• The 2018-2022 Workforce Plan was reviewed and revised in 2022 and a new 2023-2027 Workforce Plan was adopted by the Council in January 2023</li> <li>• The council is moving from using the How Good is our Council/ Service self-evaluation framework to the Public Service Improvement (PSIF) framework. This was piloted with the CMT in early 2023 and will be rolled out across all services over a three year period</li> </ul> | 5. Very Good      |
| <b>E.2 Developing the capability of the council’s leadership and other individuals</b>   |                   |
| E.2.1 Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding on roles and objective is maintained   |                   |
| E.2.2 Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body  |                   |
| E.2.3 Ensuring the leader and chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority  |                   |

E.2.4 Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successively to changing legal and policy demands as well as economic, political and environmental changes and risks by:

- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external

E.2.5 Ensuring that there are structures in place to encourage public participation

E.2.6 Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections

E.2.7 Holding staff to account through regular performance reviews which take account of training or development needs

E.2.8 Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

| Evidence | Evaluation |
|----------|------------|
|----------|------------|



|   |                |
|---|----------------|
| <ul style="list-style-type: none"> <li>• Council Standing Orders, Officers and Councillors Codes of Conduct set out the roles and responsibilities of elected members and senior officers</li> <li>• The Scheme of Delegation clearly specifies the remits of Council, Cabinet and Committees and specifies what is delegated to officers</li> <li>• CMT and Service managers have been undertaking a Management and Leadership Development programme</li> <li>• The council has a rigorous annual Personal Review and Development process in place whereby all staff should have a PRD session which takes account of training or development needs. 55% of staff who responded to the 2023 staff survey said they had had a PRD in the previous 12 months – up from 42% in the 2021 survey</li> <li>• Community Participation Opportunities Guide 2018 provides comprehensive list of ways in which the council consults and engages with citizens, communities and service users</li> <li>• Healthy Working Lives activities and renewed emphasis on initiatives aimed at improving the mental wellbeing and resilience of staff</li> <li>• The council has a Staff Charter setting out its commitments to all staff and the behaviours that staff are expected to follow</li> <li>• The response of council staff to the COVID-19 emergency exemplified the East Lothian Way behaviours – Working Together, Be the Best We Can Be, Initiate and Embrace Change, Make Things Happen, Customer Focused. Over 2,000 staff adapted to and were supported to work from home, staff continued to provide critical services or were deployed into providing new critical and redesigned services</li> <li>• The 2023-2027 Workforce Plan has 32 actions based around three themes: <ul style="list-style-type: none"> <li>○ Sustain a skilled, flexible, resilient and motivated workforce</li> <li>○ Support and initiate transformational change, encouraging and supporting staff to work in a more agile way</li> <li>○ Build and sustain leadership and management capacity</li> </ul> </li> <li>• The Council's senior management cohort (c.60 staff) are going through a Leadership and Development programme</li> </ul> <p>Improvement Action</p> <ul style="list-style-type: none"> <li>• Improve the levels of Annual PRDs that are completed</li> </ul> | <p>4. Good</p> |
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**PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management**

| <b>F.1 Managing risk</b>  |              |
|---|--------------|
| F.1.1 Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making   |              |
| F.1.2 Implementing robust and integrated risk management arrangements and ensuring that they are working effectively  |              |
| F.1.3 Ensuring that responsibilities for managing individual risks are clearly allocated  |              |
| Evidence  | Evaluation   |
| <ul style="list-style-type: none"> <li>• Risk Strategy reviewed every four years</li> <li>• Corporate and Service Risk Registers – reviewed and revised regularly by Corporate and Service risk groups and CMT before being presented to Council or Audit &amp; Governance Committee.</li> <li>• CMT has established a risk sub-group</li> <li>• Responsibilities for risks are set out in the registers</li> <li>• The Corporate Risk Register were reviewed to take account of and reflect the risks arising from the COVID-19 emergency</li> <li>• The council will continue to review its policies and processes to support its continuous improvement</li> </ul> | 5. Very Good |
| <b>F.2 Managing performance</b>   |              |
| F.2.1 Monitoring service delivery effectively including planning, specification, execution and independent post implementation review   |              |
| F.2.2 Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risk inherent in the organisation’s financial, social and environmental position and outlook  |              |
| F.2.3 Ensuring an effective scrutiny and oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation’s performance and that of any organisation for which it is responsible<br>(Or for a committee system)<br>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making  |              |
| F.2.4 Providing members and senior management with regular reports on service delivery plans and progress towards outcome achievement   |              |
| F.2.5 Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)  |              |
| Evidence  | Evaluation   |

|  |                |
|--|----------------|
| <ul style="list-style-type: none"> <li>• Service Plans take account of improvement actions arising from the self-evaluation</li> <li>• Revised Service planning Guidance will be produced in spring 2023 t take account of the new Council Plan and other developments</li> <li>• Performance against service Key Performance Indicators are taken into account in the self-evaluation</li> <li>• The council's three scrutiny committees – Police Performance and Review; Audit &amp; Governance; and Police, Fire and Community Safety – operate effectively and provide challenge to senior officers and the Administration</li> <li>• The Guide to Scrutiny encourages constructive challenge and debate</li> <li>• The Cabinet has approved the revised Improvement to Excellence Continuous Improvement Framework revised</li> <li>• Quarterly and Annual Performance Reporting</li> <li>• The council adopted a new set of Top 50 Council Plan Indicators based on the 2022-2027 Council Plan. These will be reported on to PPR Co in June and then to Council as part of the annual State of the Council report each December</li> <li>• Quarterly financial statements considered by Council detail the variances against the budget</li> <li>• The 2018 Best Value Assurance Report concluded: <i>The council has a well-established improvement framework and extensively reviewed a range of its services. Streamlining performance reporting would provide a better basis for prioritising improvement activity and demonstrating achievement of outcomes. Performance management if thorough and elected members and officers kame good use of reports to evaluate performance. It could be improved by linking the various reports and explaining more clearly whether performance is on track against target. The PPR Co scrutinises performance effectively.</i></li> <li>• Performance reports in 2020/21 and 2021/22 identified indicators that have been impacted by the pandemic and reported on COVID-19 Performance Indicators</li> <li>• The Council has adopted the Public Service Improvement Framework (PSIF) as its self-evaluation framework. This has been piloted by CMT and will be rolled out to all services over the next four years.</li> </ul> <p>Improvement Action</p> <ul style="list-style-type: none"> <li>• Ensure that Service Plans Service Plans are updated in line with the revised Service Planning guidance</li> </ul> | <p>4. Good</p> |
| <p><b>F.3 Robust internal control</b></p>  |                |
| <p>F.3.1 Aligning the risk management strategy and policies on internal control with achieving objectives</p>  |                |
| <p>F.3.2 Evaluating and monitoring risk management and internal control on a regular basis</p>   |                |
| <p>F.3.3 Ensuring effective counter fraud and anti-corruption arrangements are in place</p>  |                |
| <p>F.3.4 Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</p>   |                |

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

| Evidence  | Evaluation          |
|---|---------------------|
| <p>As F.1 and in addition</p> <ul style="list-style-type: none"> <li>• The Council has in place a Strategy for the Prevention and Detection of Fraud and Corruption and takes part in the National Fraud Exercise with activity reported to the Audit &amp; Governance Committee every two years.</li> <li>• Counter fraud and anti-corruption arrangements are audited by external and internal Auditors;</li> <li>• Following recent review of the Counter Fraud provision a Counter Fraud Officer has been appointed within the Internal Audit team</li> <li>• External and Internal auditors provide assurance on the adequacy and effectiveness of all control measures, Internal audit review Risk management arrangements on an annual basis;</li> <li>• The Audit &amp; Governance committee is independent of the Executive. It is chaired by a member of the Opposition, has a majority of opposition members and no Cabinet members</li> <li>• Internal Audit worked with services to ensure that internal control arrangements were reviewed and adapted to take account of the impact of COVID-19</li> <li>• Annual reporting is completed by Internal Audit to the Audit &amp; Governance Committee on the overall effectiveness of the framework of governance, risk management and control of the Council.</li> </ul> | <p>5. Very Good</p> |

**F.4 Managing data**

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

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

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

| Evidence | Evaluation |
|----------|------------|
|----------|------------|

| <ul style="list-style-type: none"> <li>• GDPR policy and processes</li> <li>• Information Governance Annual report to the February 2023 Audit &amp; Governance Meeting</li> <li>• Records Management Policy</li> <li>• Data sharing protocols are in place</li> <li>• Performance Data is audited by Internal Audit</li> <li>• Data sharing agreements and arrangements had to be reviewed / put in place as a result of the COVID-19 emergency, in particular around managing the personal data of over 3,600 Shielded People</li> </ul> | 5. Very Good      |
|---|-------------------|
| <b>F.5 Strong public financial management</b>   |                   |
| F.5.1 Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance  |                   |
| F.5.2 Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls  |                   |
| <b>Evidence</b>   | <b>Evaluation</b> |
| <ul style="list-style-type: none"> <li>• Financial Management Strategy updated and approved by Council, December 2022</li> <li>• No significant recommendations arising from external audit</li> <li>• The 2018 Best Value Assurance Report concluded: <i>“The council has well-established processes for setting and monitoring budgets.”</i></li> </ul>   | 5. Very Good      |

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

| <b>G.1 Implementing good practice in transparency</b>  |              |
|--|--------------|
| G.1.1 Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate  |              |
| G.1.2 Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand  |              |
| Evidence   | Evaluation   |
| <ul style="list-style-type: none"> <li>The 2018 Best Value Assurance Report provided a high level of assurance. It concluded:<br/><br/> <i>“In 2007, we reported that there was an informal approach to conducting business and many meetings were held in private. Council business is now conducted in public and in a formal manner. Agendas, minutes and reports are available on the council website. By exception, some items are held in private and the reasons for this are documented. Working relationships between officers and councillors are professional and constructive.”</i><br/><br/> <i>“Council business and decision are clearly documented. The standard of scrutiny by members of the two main scrutiny committees is good. The council’s decision-making processes are clear and open. Performance management is thorough, and elected members and officers make good use of reports to evaluate performance. It could be improved by linking the various reports and explaining more clearly whether performance is on track against target.”</i> </li> </ul> | 5. Very Good |
| <b>G.2 Implementing good practice in reporting</b>   |              |
| G.2.1 Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way  |              |
| G.2.2 Ensuring members and senior management own the results reported  |              |
| G.2.3 Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)   |              |
| G.2.4 Ensuring this Framework is applied to jointly managed or shared service organisations as appropriate   |              |
| G.2.5 Ensuring the performance information that accompanies the financial statement is prepared in a consistent and timely basis and the statements allow for comparison with other similar organisations  |              |
| Evidence   | Evaluation   |

| <ul style="list-style-type: none"> <li>• The council produces quarterly performance reports and an Annual Public Performance Report which are reported to PPR Committee</li> <li>• The Council Management Team (CMT) reviews the quarterly and annual performance reports</li> <li>• The CMT reviews the Corporate Governance Framework and self-evaluation before it is reported to Audit &amp; Governance Committee</li> <li>• The council participates fully in the Local Government Benchmarking Framework and the annual LGBF report which includes a wide range of performance benchmarking data is considered by CMT and then the PPR Committee</li> </ul>   | 5. Very Good |
|---|--------------|
| <b>G.3 Assurance and effective accountability</b>   |              |
| G.3.1 Ensuring that recommendations for corrective action made by external audit are acted upon   |              |
| G.3.2 Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon  |              |
| G.3.3 Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations   |              |
| G.3.4 Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement  |              |
| G.3.5 Ensuring that when working in partnership arrangements for accountability are clear and the need for wider public accountability has been recognised and met  |              |
| Evidence  | Evaluation   |
| <ul style="list-style-type: none"> <li>• Actions identified by external audit are reported to members via the Audit &amp; Governance Committee and are acted on</li> <li>• All internal audit reports are reported to members via the Audit &amp; Governance Committee and all recommendations are acted on</li> <li>• The 2018 Best Value Assurance Report stated: <i>“The council considers a wide range of scrutiny and inspection reports at Council, Committee and senior management level. This includes Audit Scotland and inspectorate reports. The council is pro-active in this area ensuring national reports are presented to relevant committees. Elected members use these reports to discuss and challenge officers about the implications of the report findings for the council, what actions are required and how services are performing.”</i></li> <li>• The council has actively sought external peer review and challenge by applying for Investors in People and Investors in Young People and then Recognised for Excellence accreditation in 2017 and 2018.</li> <li>• All ALEO organisations report on an annual basis to the Audit &amp; Governance Committee</li> </ul> | 5. Very Good |