

REPORT TO: East Lothian Council

MEETING DATE: 27 February 2024

BY: Chief Executive

SUBJECT: 2024 Council Improvement Plan

1 PURPOSE

- 1.1 To present the 2024 Council Improvement Plan for approval by the Council.

2 RECOMMENDATIONS

- 2.1 That Council approves the 2024 Council Improvement Plan (Appendix 1).

3 BACKGROUND

- 3.1 The Council Improvement Plan 2021-2022 was approved by Council in February 2021. The 16 actions in the Plan included 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 last update report on the Plan considered by Audit & Governance Committee in February 2023 showed that nine actions in the Plan had been completed, four were ongoing and three were to be carried forward into the 2024 Council Improvement Plan (Actions 1, 2 & 3).
- 3.3 In preparing the 2024 Council Improvement Plan consideration has been given to the results of, and recommendations made in, external and internal evaluations on governance, leadership and strategic policy and practice:
- Best Value Leadership Audit carried out by the Council's external auditors, Audit Scotland (draft presented to Audit & Governance Committee, 19 December 2023)
 - The auditors' 2022/23 Annual Audit Report (draft presented to Audit & Governance Committee, 19 December 2023)

- 2023 Corporate Governance Self-evaluation (presented to Audit & Governance Committee, 13 June 2023)
 - Council Management Team's Public Service Improvement Framework (PSIF) Self-evaluation.
- 3.4 Preparation of the 2024 Improvement Plan was delayed, to allow for consideration of recommendations and actions from the Best Value Leadership Audit and the auditors' 2022/23 Annual Audit Report, drafts of which were presented to Audit & Governance Committee, 19 December 2023.
- 3.5 The Best Value Leadership Audit undertaken by Audit Scotland in 2023 made three recommendations. Two of these have been included in the 2024 Council Improvement Plan (Actions 4 & 5). The other recommendation relating to developing longer-term financial planning has already been acted on, as reported in the 2024-2029 Financial Strategy. Officers will keep this 'live' during the year and give further consideration to extending this beyond the 5-year period.
- 3.6 The 2022/23 Annual Audit Report prepared for the members of the Council and the Controller of Audit by the Council's auditors identified four areas where improvement is required. Three of these have been incorporated into the 2024 Council improvement Plan (Actions 5, 6, & 7). The fourth recommendation relating to reprofiling of the capital programmes has been acted on and completed through the 2024/25 Council Capital programme.
- 3.7 The 2022/23 Annual Audit report found that some recommendations from the 2021/22 Annual Audit report have not been fully completed and/ or are ongoing. Therefore, these recommendations have been included in the 2024 Council Improvement Plan (Actions 8, 9, 10 & 11).
- 3.8 The Council carried out a Corporate Governance Self-evaluation exercise in spring 2023, the results of which were reported to Audit & Governance Committee in June 2023. The self-evaluation found that the Council complies well with the principles of the Corporate Governance framework and identified many strengths and areas of good practice. However, four improvement actions were identified, and these have been included in the 2024 Council Improvement Plan (Actions 4, 12, 13, & 14).
- 3.9 The Council has adopted a new self-evaluation framework, replacing How Good is Our Council Service with the Public Service Improvement Framework (PSIF). This was piloted by the Council Management Team (CMT) in early 2023. The CMT's PSIF exercise resulted in seventeen recommended actions under four objectives:
- Clarify the budget challenges facing the Council in order to develop a cross-service approach to identify savings
 - Delivery and accelerating work around the Council's asset review and rationalisation strategies post-pandemic to ensure they are linking to longer-term plans and the Council's key priorities

- Look at ways to ensure that driving transformational change is embedded across the Council to support the Council priorities and plans
 - Consider how the Council makes better use of staff feedback to drive change and improvement.
- 3.10 As of February 2024, ten of the actions have been completed and five are due to be completed by June 2024 in line with the adoption of the 2024/25 Council budget. Commencement of two actions is dependent on completion of other actions. The 2024 Council Improvement Plan includes an action (Action 15) to continue to monitor and ensure delivery of the CMT's self-evaluation improvement plan.
- 3.11 Progress with the 2024 Council Improvement Plan as set out in Appendix 1 will be monitored regularly by the Council Management Team and updates will be presented to the Audit & Governance Committee.

4 POLICY IMPLICATIONS

- 4.1 The 2024 Council Improvement Plan will assist the Council in demonstrating that it is achieving Best Value. It will provide the necessary focus to improve key areas of the Council at a corporate level, thus aiding delivery of the Council Plan. Moreover, it will support East Lothian 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 Plan are likely to require the commitment of staff resources.
- 6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 Appendix 1: 2024 Council Improvement Plan
- 7.2 2021-2022 Council Improvement Plan Update; Audit & Governance Committee, 14 February 2023
- 7.3 2022/23 Annual Audit Report; East Lothian Council, 19 December 2023

7.4 Corporate Governance Self-evaluation 2023; Audit & Governance Committee,
13 June 2023

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DATE	12 February 2024

Appendix 1: 2024 Council Improvement Plan June 2024

2024 Council Improvement Plan				
	ACTION	OUTCOME/ OBJECTIVE/ IMPACT	LEAD OFFICER / DEADLINE	COMMENT
1	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: carried forward from 2021/22 Council Improvement Plan	Grow our Capacity – meet the Council’s commitment to the principles of openness, accountability and transparency	Service Manager Policy, Performance & Organisational Development June 2024	This project was been on hold as this area of work is not deemed critical within Business Continuity Plans. It is now scheduled to be completed by June 2024
2	Establish formal mechanism for evaluating partnership working and the effectiveness of partnerships based on an agreed partnership self-evaluation framework Source: carried forward from 2021/22 Council Improvement Plan	Grow our Capacity – review of the governance arrangements of the East Lothian Partnership	Service Manager Policy, Performance & Organisational Development June 2024	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. The self-evaluation of the Partnership will take place in spring 2024
3	The Council will ensure it meets any additional requirements to further develop community participation in decision-	Grow our Communities – extend community engagement and decision	Chief Executive Ongoing	Work on the Local Governance Review was interrupted by the public sector response to COVID-19 and was further postponed as a

	<p>making arising from the Local Governance Review</p> <p>Source: carried forward from 2021/22 Council Improvement Plan</p>	<p>making and increase community and individual resilience</p>		<p>result of Scottish Government and COSLA resources being redeployed to deal with other priorities.</p> <p>The Scottish Government and COSLA have launched the next round of the 'Democracy Matters' conversations to explore community empowerment and decision-making. However, progress with other elements of the review have stalled.</p> <p>The outcome of the Review and its implications will be reported to Council once it is completed.</p>
4	<p>The Council should be clear on the level of performance outcomes it aims to achieve against its priorities. It should also be clear on acceptable reductions in performance in non-priority areas as resources are aligned to priorities.</p> <p>Source: Best Value Leadership Audit 2023</p> <p>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.</p> <p>Source: 2023 Corporate Governance Self-Evaluation</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources and demonstrate Best Value</p>	<p>Executive Director for Council Resources / Head of Finance / Service Manager Policy, Improvement & Partnership</p> <p>Target date: June 2024</p>	<p>A number of the indicators were new this year and take time for the council to embed and set realistic, measurable targets. The Council aim to have these in place for the Top 50 performance indicators by December 2023. The Service Manager Policy, Performance and Organisational Development will work with Services to have the remainder in place by June 2024.</p> <p>The Financial Strategy and 2024/25 Council Budget papers will provide further explanation of the Council's financial position and how resources are targeted to achieve policy and performance priorities</p>

5	<p>The Council should review and prioritise the investment needed to support sustainable service delivery into the future. Investment in new technologies needs to be well managed and requires well-planned investment as pressures to cut costs could lead to failure and increased costs in the longer term.</p> <p>Source: Best Value Leadership Audit 2023</p> <p>The Council needs to prioritise where it can invest in digital services to deliver savings in the longer term. The Council needs to strengthen its digital strategy, cyber security, business continuity management and associated policies to address prior year audit recommendations.</p> <p>Source: 2022/23 Annual Audit Report</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources and deliver transformational change</p>	<p>Executive Director for Council Resources / Head of Finance</p> <p>Target date: April 2024</p> <p>Executive Director for Council Resources / IT Service Manager</p> <p>Agreed date: Ongoing</p>	<p>A review of current Transformational Priorities is ongoing and includes digital pipeline and prioritisation work. The Council has agreed an updated Reserves Strategy which includes digital support as a key enabler to support transformational change.</p> <p>The Digital Strategy Board is chaired by the Exec Director for Council Resources and will consider and prioritise critical digital investment and future plans.</p> <p>A digital pipeline prioritisation project remains ongoing and will be determined through Digital Transformation Board IT</p>
6	<p>The Council should continue to identify where it can progress transformational change in how services are delivered to address the longer-term pressures it faces.</p> <p>Source: 2022/23 Annual Audit Report</p>	<p>Grow our Capacity – deliver transformational change</p>	<p>Executive Management Team</p> <p>Agreed date: Ongoing</p>	<p>The Council is currently undertaking a review of its Transformational priorities set within the context of the Financial Strategy and Council Plan</p>
7	<p>Given the scale of the financial challenges facing the Council it should ensure that in developing its financial strategy and annual budget there is a clear consideration around its financial</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources</p>	<p>Head of Finance / Executive Director for Council Resources</p>	<p>The Financial Strategy and 2024/25 Council Budget papers set out the Council's approach to ensuring financial resilience including the level of reserves required.</p>

	<p>resilience, including the level of reserves to allow the Council to meet unforeseen costs and pressures. The Council should also enhance the level of monitoring around financial resilience indicators and risks.</p> <p>Source: 2022/23 Annual Audit Report</p>		<p>Agreed date: Ongoing</p>	<p>Regular, detailed and comprehensive budget monitoring reports including financial resilience and risk will be presented to Council.</p>
8	<p>The Council and the Dr Bruce Fund Trustees should work together to ensure the Fund is being actively managed and used for the purposes intended.</p> <p>Source: 2022/23 Annual Audit Report Carried forward from 2021/22 Annual Audit Report</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources</p>	<p>Executive Director for Council Resources / Head of Finance</p> <p>Ongoing</p>	<p>The Council considered a Trust Funds Review report in June 2023. Members agreed in principle to explore the transfer of stewardship and administration of the trust funds, including the Dr Bruce Fund, to a specialist third party.</p>
9	<p>Processes for identifying and confirming assets held should be reviewed and amended. The formal valuation cycle itself is insufficient to gain the appropriate assurances that assets are classified correctly. The Council should continue to progress the Common Good review. Having recognised that the Council is using Common Good assets for the provision of Council services, the Council should ensure that suitable financial recharging for use by Council services should be set-up.</p> <p>Source: 2022/23 Annual Audit Report Carried forward from 2021/22 Annual Audit Report</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources</p>	<p>Executive Director for Council Resources / Service Manager – Governance</p> <p>Ongoing</p>	<p>Although limitations due to business continuity arrangements, including specifically Finance and Legal services continued, a report on the progress of the Common Good review was submitted to the Council on 23 August 2022. The Council is currently in the process of appointing a Graduate Intern, on a one-year basis. This post is intended to assist and support the capacity of the Council to achieve progress in relation to the Common Good and Trust Funds audit actions (including Dr Bruce).</p>

10	<p>The Council should progress and conclude on their review of Common Good and trust funds including an exercise to consider whether there is scope to consolidate any/all of the 46 trusts. This should include a review of the method(s) used to promote the Dr Bruce Fund and other charitable trusts to ensure that the potential availability of these funds is known to the wider community.</p> <p>Source: 2022/23 Annual Audit Report Carried forward from 2021/22 Annual Audit Report</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources</p>	<p>Executive Director for Council Resources / Head of Finance</p> <p>Ongoing</p>	<p>The Council considered a Trust Funds Review report in June 2023. Members agreed in principle to explore the transfer of stewardship and administration of the trust funds to a specialist third party. Some funds, particularly those with property assets, may be retained within the Council's stewardship.</p>
11	<p>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.</p> <p>Source: 2022/23 Annual Audit Report Carried forward from 2021/22 Annual Audit Report</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources and meet the council's commitment to the principles of openness, accountability and transparency</p>	<p>Council Management Team / Service Manager Policy, Improvement & Partnership</p> <p>Ongoing</p>	<p>The Council considered and approved the East Lothian Council 2021 Annual Performance and 'State of the Council' report, How Good Is Your Council in December 2021.</p> <p>The Council approved the 2022-2027 Council Plan in August 2022. A detailed Action Plan supporting implementation of the Council Plan was presented to East Lothian Council on 25 October 2022. Subsequently a new set of Top 50 Council Plan Performance Indicators was approved.</p> <p>The Annual State of the Council report will provide a summary of progress of the Council Plan Action Plan Council Plan Performance Indicators.</p>

12	<p>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> <p>Source: 2023 Corporate Governance Self-Evaluation</p>	<p>Grow our Communities - empowering and enabling individuals and communities to have a real say in the decisions that matter most to them.</p>	<p>Executive Director for Council Resources / Head of Finance</p> <p>Ongoing</p>	<p>The consultation on the 2024/25 Council budget conducted in December 2023 provided the public with a detailed explanation of the financial challenges faced by the Council the options being considered to make savings / fill the budget gap</p>
13	<p>Improve the levels of Annual PRDs that are completed.</p> <p>Source: 2023 Corporate Governance Self-Evaluation</p>	<p>Grow our Capacity – sustain a skilled, flexible resilient and motivated workforce</p>	<p>Council Management Team / Service Manager Policy, Improvement & Partnership</p> <p>December 2024</p>	<p>The PRD process and guidance has been reviewed to make it easier to use and relevant to all staff and re-issued to managers.</p> <p>Levels of PRD completion will be monitored through the annual staff engagement survey.</p>
14	<p>Ensure that Service Plans are updated in line with the revised Service Planning guidance.</p> <p>Source: 2023 Corporate Governance Self-Evaluation</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources</p>	<p>Council Management Team / Service Manager Policy, Improvement & Partnership</p> <p>June 2024</p>	<p>Service Planning guidance was reviewed and re-issued to managers in autumn 2023.</p> <p>Further revised guidance will be published in early 2024.</p>
15	<p>Continue to monitor and ensure delivery of the CMT's self-evaluation improvement plan's four objectives</p> <p>Source: CMT Self-evaluation</p>	<p>Grow our Capacity – deliver excellent services as efficiently and effectively as possible within our limited resources</p>	<p>Council Management Team / Service Manager Policy, Improvement & Partnership</p>	<p>The CMT's PSIF self-evaluation identified 17 actions under four themes:</p>

			June 2024	<ul style="list-style-type: none">• Clarify the budget challenges facing the Council in order to develop a cross-service approach to identify savings• Delivery and accelerating work around the Council's asset review and rationalisation strategies post-pandemic to ensure they are linking to longer term plans and the Council's key priorities.• Look at ways to ensure that driving transformational change is embedded across the Council to support the Council priorities and plans.• Consider how the Council makes better use of staff feedback to drive change and improvement. <p>As of February 2024, ten of the actions have been completed, five are partly completed and due to be completed by June following adoption of the 2024/25 council budget. Commencement of two actions is dependent on completion of other actions.</p> <p>CMT will continue to monitor progress with completion of all actions.</p>
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