Notice of meeting and agenda

Governance, Risk and Best Value Committee

10am Thursday 10 October 2013

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

Contact

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1. Order of business

1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declarations of Interest

2.1 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.

3. Deputations

3.1 If any.

4. Minutes

4.1 Minute of the Governance, Risk and Best Value Committee of 25 September 2013 (circulated) – submitted for approval as a correct record.

5. Outstanding Actions

5.1 Outstanding Actions – October 2013 (circulated)

6. Business bulletin

6.1 If any.

7. Work Programme

7.1 Governance, Risk and Best Value Work Programme October 2013 – (circulated)

8. Audit and Scrutiny Reports

8.1 Review of Political Management Arrangements – report by the Director of Corporate Governance (circulated)

8.2 Internal Audit Co-Source Update – report by the Director of Corporate Governance (circulated)

9.   Motions

9.1   If any.

Carol Campbell

Head of Legal, Risk and Compliance

Committee Members

Councillors Balfour (Convener), Blacklock, Gardner, Howat, Keil, Lunn, Main, Munro, Orr, Ross, Shields, Tymkewycz and Whyte.

Information about the Governance, Risk and Best Value Committee

The Governance, Risk and Best Value Committee consists of 13 Councillors and is appointed by the City of Edinburgh Council. The Governance, Risk and Best Value Committee usually meets every four weeks.

The Governance, Risk and Best Value Committee usually meets in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Gavin King, Committee Services, City of Edinburgh Council, City Chambers, High Street, Edinburgh EH1 1YJ, Tel 0131 529 4239, e-mail gavin.king@edinburgh.gov.uk.

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to www.edinburgh.gov.uk/cpol.

Minutes

Governance, Risk and Best Value Committee

2.00 pm Wednesday 25 September 2013

Present

Councillors Balfour (Convener), Blacklock, Gardner, Howat, Keil, Lunn, Main, Munro, Orr, Ross, Shields, Tymkewycz and Whyte.

1. Minute

Decision

To approve the minute of the Governance, Risk and Best Value Committee of 15 August 2013 as a correct record.

2. Outstanding Actions – September 2013

Details were provided of the outstanding actions arising from decisions taken by the Committee.

Decision

1) To note that actions 3, 4, 7 and 12 had been completed.

2) To agree with the proposal from Children and Families to change the wording of the P1 class size (Pledge 2) from "Hold the maximum P1 class size at 25 and seek to reduce class sizes in line with Scottish Government recommendations" to "Hold the maximum P1 class size ratio at 25 and seek to reduce class sizes in line with Scottish Government recommendations" and to refer this as a recommendation to Full Council.

(Reference – Outstanding Actions September 2013, submitted.)

3. Governance, Risk and Best Value Work Programme September 2013

Approval was sought for the Governance, Risk and Best Value Work Programme for September 2013.

Decision

To approve the Work Programme for September 2013.

(Reference – Work Programme September 2013, submitted.)

4   Looked After Children: Transformation Programme

The Looked After Children Service had developed a transformation programme containing a range of initiatives to shift the balance of care towards more preventative and less costly services. This would avoid a continued increase in costs and deliver cashable savings from 2015/16.

Decision

1)   To note the history of growth in numbers of Looked After Children and the associated costs of accommodation.

2)   To note the national picture of Looked After Children and Edinburgh's relative performance.

3)   To note the programme of initiatives developed to shift the balance of care towards more preventative and less costly services.

4)   To note that the next update would be provided in March 2014.

5)   To request the Director of Children and Families to arrange a presentation for all elected members on their legal responsibilities and the wider issues in relation to Looked After Children.

6)   To refer the report to the Education, Children and Families Committee for information.

 (Reference – report by the Director of Children and Families, submitted.)

5.   City of Edinburgh Council – Report to those Charged with Governance on the 2012/13 Audit

Details were provided of the External Auditor's view on matters arising from their audit in compliance with the International Standard on Auditing 260 (ISA 260). The audited financial statements for 2012/13 were also provided.

David McConnell and Stephen O'Hagan (Audit Scotland) attended the Committee.

Decision

1)   To note the audited financial statements for 2012/13 and that these would be submitted to the Controller of Audit.

2)   To note that the External Auditor's Annual Report on the 2012/13 Audit would be reported to the Governance, Risk and Best Value Committee and Council in November/December 2013.

(Reference – report by the Director of Corporate Governance, submitted.)

6. Lothian and Borders Fire and Rescue Board – Report to those Charged with Governance on 2012/13 Audit and Audited Financial Statements

The Police and Fire Reform (Scotland) Act 2012 transferred the accounting and reporting obligations from the joint board to the accounting authority. The City of Edinburgh Council was the accounting authority for Lothian and Borders Fire and Rescue Board.

Details were provided of the External Auditor's view on matters arising from their audit in compliance with the International Standard on Auditing 260 (ISA 260). The audited financial statements were also provided.

Stephen O'Hagan (Audit Scotland) attended the Committee.

Decision

1) To note the report.

2) To note the audited Financial Statements of Lothian and Borders Fire and Rescue Board.

Decision

(Reference – report by the Director of Corporate Governance, submitted.)

7. Lothian and Borders Police Board – Report to those Charged with Governance on 2012/13 Audit and Audited Financial Statements

The Police and Fire Reform (Scotland) Act 2012 transferred the accounting and reporting obligations from the joint board to the accounting authority. The City of Edinburgh Council was the accounting authority for Lothian and Borders Police Board.

Details were provided of the External Auditor's view on matters arising from their audit in compliance with the International Standard on Auditing 260 (ISA 260). The audited financial statements were also provided.

Carol Hislop (Audit Scotland) attended the Committee.

Decision

1) To note the report.

2) To note the audited Financial Statements of Lothian and Borders Police Board.

(Reference – report by the Director of Corporate Governance, submitted.)

8. Internal Audit Plan 2013/14

Approval was sought for the Internal Audit Plan for 2013/14. Progress with the 2012/13 internal audit plan was also provided.

Decision

1)   To note the progress of Internal Audit in respect of the 2012/13 internal audit plan

2)   To approve the Internal Audit Plan for the period 1 October 2013 to 31 March 2014.

3)   To request the Director of Corporate Governance to report back to the Committee in March 2014 with an analysis of the performance of Internal Audit.

(Reference – report by the Chief Internal Auditor, submitted.)

9.   Chief Internal Auditor's Annual Report for year ended 31 March 2013

Details were provided of internal audit activity for the financial year ended 31 March 2013. In particular the role and scope of internal audit and its limitations were highlighted.

Decision

To note the annual internal audit opinion for the year ended 31 March 2013.

(Reference – report by the Chief Internal Auditor, submitted.)

10.   Internal Audit Annual Activity Report for year to 31 March 2013

Details were provided of internal audit activity for the 2012/13 internal audit plan, in particular highlighting the key findings.

Decision

1)   To note the progress of Internal Audit in respect of the 2012/13 internal audit plan.

2)   To request that the Chief Internal Auditor submits a rolling action log of outstanding action plan recommendations to the Governance, Risk and Best Value Committee within a timeframe of 2 months following their consideration by the Corporate Management Team.

(Reference – report by the Chief Internal Auditor, submitted.)

11.   Compliance, Risk and Governance Programme: Review of Council Policy – Referral from Corporate Policy and Strategy Committee

The Corporate Policy and Strategy Committee on 3 September 2013 had referred the review of Council policies which aimed to rationalise existing policies, publish and ensure that an appropriate process of update and review was in place.

Decision

1) To note the report.

2) To request that the Director of Corporate Governance reports to the Governance, Risk and Best Value Committee in March 2014 with an update on progress with implementing the Council's policy register together with an analysis of feedback from the Pride in Our People events.

(Reference – report by the Head of Legal, Risk and Compliance, submitted.)

12. Capital Monitoring 2012/2013 – Outturn Slippage and Receipts – Referral from the Finance and Budget Committee

The Finance and Budget Committee on 29 August 2013 had referred the final outturn on the Council's Capital Programme for 2012/13.

Decision

1) To note the report.

2) To include revenue costs in reports outlining capital borrowing for projects.

(Reference – report by the Head of Legal, Risk and Compliance, submitted.)

13. Revenue Monitoring 2012/2013 – Outturn Report – Referral from the Finance and Budget Committee

The Finance and Budget Committee on 29 August 2013 had referred the provisional overall 2012/13 return outturn position for the Council, based on the unaudited statement of accounts.

Decision

To note the report.

(Reference – report by the Head of Legal, Risk and Compliance, submitted.)

14. Treasury Management: Annual Report 2012/13 – Referral from Council

The Council on 22 August 2013 had referred a report detailing the Treasury Management activity undertaken and the performance of the Council's treasury function during 2012/13.

Decision

1) To note the report.

2) To request that the Director of Corporate Governance arranges a further training session for all elected members on the treasury function.

(Reference – report by the Head of Legal, Risk and Compliance, submitted.)

15. Internal Audit Quarterly Activity Report – September 2013

The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 12 of Part 1 of Schedule 7(A) of the Act.

Details were provided of the internal audit management plans completed since 1 April 2013.

Decision

To note the progress of Internal Audit in respect of the 2012/13 internal audit plan and to note the areas of higher priority findings.

(Reference – report by the Chief Internal Auditor, submitted.)

16. Housing Benefit – Risk Based Verification Policy – Referral from Corporate Policy and Strategy Committee

The Council, in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, excluded the public from the meeting during consideration of the following item of business for the reason that it involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 1 of Schedule 7(A) of the Act.

The Corporate Policy and Strategy Committee on 3 September 2013 had referred a report on a new scheme by the Department for Works and Pensions for the Council to utilise, based on Risk Based Verification for administering housing benefit claims.

Decision

To note the report.

(Reference – report by the Head of Legal, Risk and Compliance, submitted.)

Item 5.1   Outstanding Actions

Governance, Risk and Best Value Committee

October 2013

No	Date		Action	Action Owner	Expected completion date	Actual completion date	Comments
1	06.11.12	Audit Scotland – Audit of Housing and Council Tax Benefit – Improvement Plan	That Internal Audit reviews the actions referred to in the improvement plan regarding the audit of housing and council tax benefit.	Director of Corporate Governance	Not specified		
2	06.11.12	Operational Governance Update	To provide a report on the high risks regarding organisational controls.	Chief Executive	January 2013		Risks now being reported as part of the regular six monthly risk reports

No	Date		Action	Action Owner	Expected completion date	Actual completion date	Comments
3	24.01.13	Mortonhall Crematorium Investigation: Initial Findings – Covering Report	To request that the final results of the independent investigation were reported to the Governance, Risk and Best Value Committee	Chief Executive	Not specified		
4	25.04.13	Internal Audit Quarterly Report	To agree that a report should be submitted to Committee regardless of the outcome of the Health and Social Care – Interim Funding and Deferred Payment.	Director of Corporate Governance	n/a		
5	20.06.2013	Review of internal financial controls anti-fraud anti-bribery and anti-corruption arrangements - progress update	To ask the Director of Corporate Governance to report to Committee in March 2014 on how the Compliance, Risk and Governance Programme had been implemented and highlighting any areas of concern.	Director of Corporate Governance	March 2014		

No	Date		Action	Action Owner	Expected completion date	Actual completion date	Comments
6	15.08.2013	Summer Schools Maintenance Report - Update	To request an update report in November 2013 including details on: i) The review scheduled for completion in September; ii) The programme for 2014; iii) Further information regarding best value regarding procurement; and iv) Compliance with Council procedures on projects.	Director of Services for Communities	November 2013		
7	15.08.2013	Summary of Audit Scotland's Major capital investment in councils' review - update report on information requested	To request that the Director of Services for Communities produces a report on the Braid Burn Flood Prevention Scheme for consideration at the November committee meeting.	Director of Services for Communities	November 2013		
8	25.09.2013	Looked After Children: Transformation Programme	To note that the next update would be provided in March 2014	Alistair Gaw	March 2014		

No	Date		Action	Action Owner	Expected completion date	Actual completion date	Comments
9	25.09.2013	Looked After Children: Transformation Programme	To request the Director of Children and Families to arrange a presentation for all elected members on their legal responsibilities and the wider issues in relation to Looked After Children	Director of Children and Families			
10	25.09.2013	Internal Audit Plan 2013/14	To request the Director of Corporate Governance to report back to the Committee in March 2014 with an analysis of the performance of Internal Audit.	Director of Corporate Governance	March 2014		
11	25.09.2013	Internal Audit Annual Activity Report for year to 31 March 2013	To request that the Chief internal Auditor submits a rolling action log of outstanding action plan recommendations to the Governance, Risk and Best Value Committee within a timeframe of 2 months following their consideration by the	Chief internal Auditor			

No	Date		Action	Action Owner	Expected completion date	Actual completion date	Comments
			Corporate Management Team.				
12	25.09.2013	Compliance, Risk and Governance Programme: Review of Council Policy – Referral From Corporate Policy and Strategy	To request that the Director of Corporate Governance reports to the Governance, Risk and Best Value Committee in March 2014 with an update on progress with implementing the Council's policy register together with an analysis of feedback from the Pride in Our People events.	Director of Corporate Governance	March 2014		
13	25.09.2013	Capital Monitoring 2012/13 – Outturn Slippage and Receipts – referral from the Finance and Budget Committee	To include revenue costs in reports outlining capital borrowing for projects.	Director of Corporate Governance			

No	Date		Action	Action Owner	Expected completion date	Actual completion date	Comments
14	25.09.2013	Treasury Management: Annual Report 2012/13 – Referral from Council	To request that the Director of Corporate Governance arranges a further training session for all elected members on the treasury function.	Director of Corporate Governance			

Item 7.1   Work programme

Governance, Risk and Best Value

October 2013

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
Section A – Regular Audit Items								
1	Internal Audit 12/13 – Overview of internal audit follow up arrangements		Paper outlines previous issues with follow up of internal audit recommendations, and an overview of the revised process within internal audit to follow up recommendations, including the role of CMT and the Committee	Internal Audit	Lorna Stewart (HIAR)	Council Wide	Every 3 cycles	December 2013
2	Internal Audit Quarterly Activity Report		Review of quarterly IA activity with focus on high and medium risk findings to allow committee to challenge and request to see further detail on findings or to question relevant officers about findings	Internal Audit	Lorna Stewart (HIAR)	Council Wide	Every 3 cycles	December 2013

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
3	IA Annual Report for the Year		Review of annual IA activity with overall IA opinion on governance framework of the Council for consideration and challenge by Committee	Internal Audit	Lorna Stewart (HIAR)	Council Wide	Annually	September 2014
4	IA Audit Plan for the year		Presentation of Risk Based Internal Audit Plan for approval by Committee	Internal Audit	Lorna Stewart (HIAR)	Council Wide	Annually	September 2014
5	Risk Management Policy and Strategy		Updated Council wide risk management policy and strategy being submitted for approval	Risk Management/ Internal Audit	Lorna Stewart (HIAR)	Council Wide	Annually	November 2013
6	CMT Risk Register		Updated Council Risk register being presented for consideration and challenge	Risk Management	Lorna Stewart (HIAR)	CMT	June and November	November 2013
7	Review of CMT Risk Scrutiny		Bi-annual review of CMT's scrutiny of risk	Risk Management	Chief Executive	Council Wide	June and November	November 2013
8	Audit Scotland	Benefits Risk Assessment Report	Annual report on risks around benefits section including update on previous reports	External Audit	Lorna Stewart (HIAR)	Council Wide	Annually	November 2013

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
9	Audit Scotland	Review of Internal Audit	Annual report on internal audit support provided to External Audit	External Audit	Lorna Stewart (HIAR)	Council Wide	Annually	TBC
10	Audit Scotland	Annual Audit Plan	Annual audit plan for approval	External Audit	Lorna Stewart (HIAR)	Council Wide	Annually	March 2014
11	Audit Scotland	Annual Audit Report	Annual audit report	External Audit	Lorna Stewart (HIAR)	Council Wide	Annually	December 2013
12	Audit Scotland	Internal Controls Report	Annual report on Council wide control framework	External Audit	Lorna Stewart (HIAR)	Council Wide	Annually	June 2014
13	Audit Scotland	Review of Internal Controls	Progress report on the Council's action plan to address the internal controls highlighted by Audit Scotland for improvement.	Internal Audit	Lorna Stewart (HIAR)	Council Wide	n/a	November 2013
14	Audit Scotland	ISA 260	Annual ISA 260 Report	External Audit	Hugh Dunn	Council Wide	Annually	September 2014
Section B – Standing Performance/Project Items								
15	Tram Project Update	Quarterly Review	To monitor the effectiveness of the Project and its governance	Major Project	Colin Smith SRO Colin.smith@edinburghtrams.com	All	Every three months	November 2013

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
16	Governance of Major Projects	6 monthly updates	To ensure major projects undertaken by the Council were being adequately project managed	Major Project	Alan Coyle Major Projects Manager	All	Every 6 months	February 2014 and August 2014
17	Performance	Performance reports	Progress and accountability of Council Outcomes and Coalition Pledges. This includes regular reporting on the SOA and statutory performance.	Operational (financial and non-financial)	Sarah MacKenzie	All	Quarterly: January 2013 April 2013 August 2013 December 2013	December 2013

No	Title / description	Sub section	Purpose/Reason	Category or type	Lead officer	Stakeholders	Progress updates	Expected date
Section C – Scrutiny Items								
18	Review of Political Management Arrangements	12 month review and consultation outcomes	To input additional evidence to the review of political management arrangements.	Scrutiny	Carol Campbell, Head of Legal, Risk and Compliance and Kirsty-Louise Campbell, Governance Manager	Members of the public, key stakeholders, elected members & senior officers		October 2013
19	Water of Leith Flood Prevention Project	A review of the project	To review the management of the project and investigate lessons learned	Scrutiny	John Bury. Head of Planning			November 2013
20	Welfare Reform	Review	To be confirmed	Scrutiny	Danny Gallacher, Head of Corporate and Transactional Services			December 2013
21	Statutory Repairs	Review	To be confirmed	Scrutiny	Mark Turley, Director of Services for Communities and Cathy King, Head of Housing and Regeneration			Lessons Learned in October 2013 Final report in 2014
22	HR Induction Policy	Review	To scrutinise the induction procedures in place	Scrutiny	Philip Barr, Head of Organisational Development	All staff		November 2013

GRBV Upcoming Reports   Appendix 1

Number	Report Title	Type	Flexible/Not Flexible
14 November 2013 Committee			
1	Risk Management Policy and Strategy	Internal Audit	Flexible
2	Tram Project Update	Major Project	Flexible
3	Water of Leith Flood/Braid Burn Prevention Project	Scrutiny/Major Project	Flexible
4	Risk Register	Internal Audit	Flexible
5	Review of CMT Risk Scrutiny	Scrutiny	Flexible
6	Summer School Maintenance Update	Scrutiny	Flexible
7	Review of Internal Controls	Audit Scotland/Internal Audit	Flexible
8	HR Induction	Scrutiny	Flexible
9	National Fraud Initiative 2012/13	Internal Audit	Flexible
19 December 2013 Committee			
1	Internal Audit – Overview of Follow up arrangements	Internal Audit	Not Flexible
2	Internal Audit Quarterly Report	Internal Audit	Not Flexible
3	Performance Reports	Performance	Flexible
4	Welfare Reform	Scrutiny	Flexible
5	Annual Report for the Year	Audit Scotland	Not Flexible

Governance, Risk and Best Value Committee

10am, Thursday, 10 October 2013

Review of political management arrangements

Item number	8.1
Report number	
Wards	All

Alastair Maclean

Director of Corporate Governance

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Review of political management arrangements

Summary

The Council agreed revised political management arrangements on 20 September 2012. The new model was designed to deliver streamlined and high-quality decisions with effective accountability and oversight from implementation on 29 October 2012.

The Council agreed to review the new arrangements after twelve months operation and to consider a final report with options at the Council meeting in October 2013. The agreed approach involved consultation with the public, elected members and senior officers.

The Governance, Risk and Best Value Committee was asked to consider elements of the consultation findings prior to final reporting to Council, with particular reference to the following key areas:

- Committee model;
- Public protection/community safety;
- Policy development and review;
- Scrutiny;
- Petitions Committee; and
- Webcasting.

Recommendations

1. To consider the outcome of consultation on the review of political management arrangements and make any appropriate recommendations to Council.

Measures of success

The political management arrangements will continue to be monitored and public perceptions assessed via the Edinburgh People's Survey from October 2013.

Financial impact

There are no direct financial impacts as a result of this report.

Equalities impact

There are no direct equalities impacts as a result of the report.

Sustainability impact

There is no direct sustainability impact as a result of the report.

Consultation and engagement

Three strands of research have been completed to inform the review of political management arrangements including:

- 8 public focus groups;

- interviews with petitioners, deputations, additional committee representatives and champions;

- in depth interviews with elected members and senior officers; and

- online survey for elected members.

Background reading / external references

[Item 8.1 (b) Review of political management arrangements – City of Edinburgh Council 23 August 2012](#)

[Item 8.1 Governance Review: political management arrangements and operational governance – City of Edinburgh Council 20 September 2012](#)

[Item 8.1 (b) Governance: Review of political management arrangements – City of Edinburgh Council 2 May 2013](#)

Report

Review of political management arrangements

1.   Background

1.1   The Council agreed revised political management arrangements on 20 September 2012. The new model was designed to deliver streamlined and high-quality decisions with effective accountability and oversight from implementation on 29 October 2012.

1.2   The Council agreed to review the new arrangements after twelve months operation and to consider a final report with options at the Council meeting in October 2013.

1.3   The agreed approach involved consultation with the public, elected members and senior officers and focused on the following areas:

1.3.1   effectiveness of the political management arrangements with particular emphasis on committee structures, remits, policy, scrutiny, public engagement and business processes;

1.3.2   public awareness and understanding of the Council's decision making processes; and

1.3.3   developments in the public sector environment.

2.   Main report

2.1   The Governance, Risk and Best Value Committee was asked to consider elements of the consultation findings prior to final reporting to Council, with particular reference to the following key areas:

2.1.1   Committee model;

2.1.2   Public protection/community safety;

2.1.3   Policy development and review;

2.1.4   Scrutiny;

2.1.5   Petitions Committee; and

2.1.6   Webcasting.

2.2   In addition to the committee membership, all group leaders have been invited to attend the meeting.

Committee Model

2.3   The current executive committee model has been in place since 29 October 2012 and consists of:

    2.3.1   Corporate Policy and Strategy Committee;

    2.3.2   Seven Executive Committees – Communities and Neighbourhoods; Culture and Sport; Economy; Education, Children and Families; Finance and Budget; Health, Wellbeing and Housing; and Transport and Environment. Each Executive Committee has a Policy Development and Review Sub Committee.

    2.3.3   Governance, Risk and Best Value Committee, Petitions Committee and Pensions Committee.

2.4   As part of the online survey elected members were asked to provide their view on how the new committee structure has improved key elements of the committee and democratic processes. The response is outlined in appendix one.

2.5   A number of benefits have been identified and realised from the current executive committee model including:

    2.5.1   councillor expertise developed in specific service areas;

    2.5.2   enhanced focus on key decisions and Council services;

    2.5.3   allows routine decisions to be taken within short timescales;

    2.5.4   all members involved in the development of policy and executive decision making; and

    2.5.5   supports greater stakeholder engagement with policy development.

2.6   Consultation feedback on the current committee model confirms that:

    2.6.1   38% of elected members indicated there are currently too many meetings with 42% stating the meeting frequency was 'just right';

    2.6.2   23% of elected members perceived an increased level of input to policy making by partners and stakeholders; and

    2.6.3   senior officers highlighted significant resource implications for service areas who can be required to attend up to 8 separate agenda planning and committee meetings.

2.7   The overall outcome of the consultation indicated that the majority of respondees would be open to consideration of the current executive model being adjusted or an alternative model.

2.8   The following options are proposed to strengthen and streamline the current executive committee model based on consultation responses:

2.9   Agenda planning meetings:

2.9.1   continue current cross party arrangements;

2.9.2   adjust to coalition members only; or

2.9.3   convener and vice convener only with reports circulated to members for comments.

2.10   Policy:

2.10.1.1   dissolve the Policy Development and Review Sub Committees and consider policy as an item on the committee agenda;

2.10.1.2   retain sub committee and re-schedule to the same day as the executive committee; or

2.10.1.3   use short life working groups to develop policy.

2.11   Remits:

2.11.1 Communities and Neighbourhoods Committee remit expanded to include:

2.11.1.1   review governance arrangements for the Edinburgh Partnership;

2.11.1.2   community learning and development;

2.11.1.3   locality planning including total neighbourhood; and

2.11.1.4   community resilience.

2.11.2 Governance, risk and best value committee:

2.11.2.1   adjust remit to ensure scrutiny of an item being considered by an executive committee follows the decision being taken.

2.12   The main alternative to an executive committee model is a cabinet system. The cross party cabinet would discharge all the Council's decision making functions, except those reserved to Council, outlined in appendix two. In addition, good practice would be for the establishment of a range of scrutiny panels across key areas. Alternatively the existing Governance, Risk and Best Value Committee could be retained with the addition of a further scrutiny committee focusing on service delivery.

2.13   The benefits of a cabinet model can include:

2.13.1 strategic and corporate leadership across all service areas reducing possible silo working;

2.13.2 corporate decision making and oversight of cross-cutting services as opposed to multiple committees overseeing individual services;

2.13.3 a focus on each of the key elements of the model - decision-making, policy and scrutiny;

2.13.4 efficient and effective use of senior officer time;

2.13.5 decision making structure is fast and streamlined; and

2.13.6 clear accountability and transparency on decision making.

Public protection/community safety

2.14 New scrutiny and governance arrangements for police and fire & rescue services were agreed following implementation of the Police and Fire & Rescue Reform (Scotland) Act 2012, creating a single police force and fire & rescue service for Scotland.

2.15 The Scottish Government had indicated that each Council should have flexibility to create a structure for the new arrangements that was best suited to their needs in line with the parameters of the legislation. In March 2013, the council considered 3 options for revised committee arrangements:

2.15.1 Option one: Public safety executive committee;

2.15.2 Option two: Scrutiny committee; and

2.15.3 Option three: Interim police and fire & rescue review committee.

2.16 The Council agreed to implement option three and consider further information as part of the Council's twelve month review of political management arrangements.

2.17 The remit of the interim committee focuses on advising, agreeing and scrutinising the Edinburgh Police and Fire & Rescue plans and services to consider and recommend improvements along with contributing to the delivery of national outcome 9 'we live our lives safe from crime, disorder and danger.'

2.18 The arrangements for public protection/community safety and police and fire & rescue scrutiny were included in the consultation with elected members and senior officers but a conclusive position was not evident from the consultation feedback. The following options have been developed in line with comments and feedback received:

2.18.1 Option one: Health, Wellbeing and Housing committee. This committee currently has a remit that includes public protection including key areas such as community care services, offender service and community safety.

2.18.2 Option two: Communities and Neighbourhoods committee. There are existing synergies due to the remit including community and neighbourhood planning.

2.18.3 Option three: Public Safety Executive Committee. The pathfinder committee made a recommendation to Council in March 2013 to set up a new or revise an existing committee remit to draw together all areas of public and community safety within Edinburgh, including the scrutiny tasks related to police and fire & rescue.

2.19 The options outlined above to adjust the committee model could have implications for the application of the Local Governance (Scotland) Act 2004

(Remuneration) Regulations 2007 which restricts the Council to appointment of 24 senior councillors at a total cost of £633,000 per annum. The political management arrangements agreed in September 2012 allocated all of the 24 senior councillor posts and budget available. Accordingly there is no scope to designate the convener and vice convener of any new Committee as a senior councillor unless the committee arrangements are significantly revised.
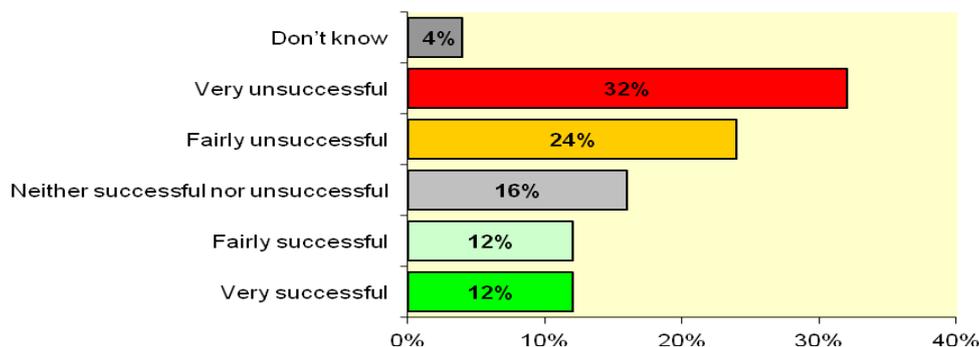
Policy development and review

2.20 Engagement with citizens, key stakeholders, the third sector and communities has not historically been undertaken formally at the outset of policy development. Prior to October 2012 there was also a perception that administration back benchers and members of the opposition were at times unaware of the development of policy in the early stages, until a report was presented for approval at committee. The introduction of the Policy Development and Review Sub-Committees was designed to ensure that consultation and engagement was significantly enhanced, ensuring a range of input was considered at the early stages of policy development from both elected members and the wider public.

2.21 Feedback from public focus groups confirmed that members of the public would like a say on the local issues that affect them, at an early stage in the process. They indicated that early engagement with the Council via a deputation or the ability to give a presentation to elected members was critical to influence both the direction of discussion and decisions.

2.22 Two questions were raised around policy in an online survey of elected members to test the success of the new sub-committee arrangements. The specific questions and response are as follows:

2.22.1 How successful or unsuccessful has the introduction of the Policy Review and Development subcommittees been at focusing on shaping policy?

Success of the Policy Development and Review Subcommittees at focusing on shaping policy.

Category	Value
Don't know	4%
Very unsuccessful	32%
Fairly unsuccessful	24%
Neither successful nor unsuccessful	16%
Fairly successful	12%
Very successful	12%

2.23 So far the extent of policy development has been limited but there have been examples of early successes such as the vision for schools agreed by the Education, Children and Families Committee.

2.24   Do you think there is more or less public input to policy making?

Level of public input into policy-making.
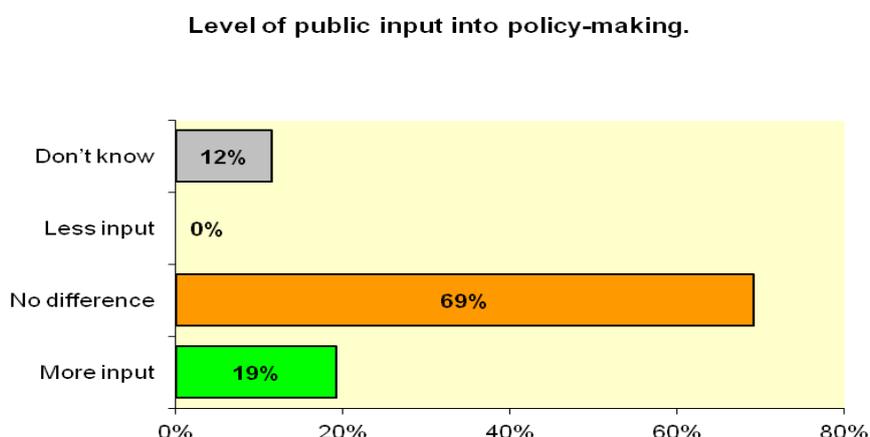
2.25   As a result of feedback received during consultation the following actions are proposed to build on existing good practice developed so far:

2.25.1 remit: strengthen the committee terms of reference with more detail so the sub-committees operate and evolve in a uniform way;

2.25.2 guidance: best practice has been identified in a number of the sub-committees, particularly Health, Wellbeing and Housing and Economy. Detailed, targeted guidance could be made available for elected members, officers and members of the public;

2.25.3 promotion: wider promotion to ensure public awareness including webcasting, agenda promotion, greater presence on the Council website and social media; and

2.25.4 review: further review of effectiveness in June 2015.

Scrutiny

2.26   Oversight arrangements pre-May 2012 were assessed by Audit Scotland as not consistently effective. This was largely attributable to the narrow remit of the former Audit Committee which did not have a focus on services, quality improvement or lessons learned. The Governance, Risk and Best Value Committee was introduced with a much wider, detailed remit covering key areas of Council risk and performance. The remit of the committee was designed to ensure effective, visible oversight and scrutiny in key areas including operational performance, risk and decision-making.
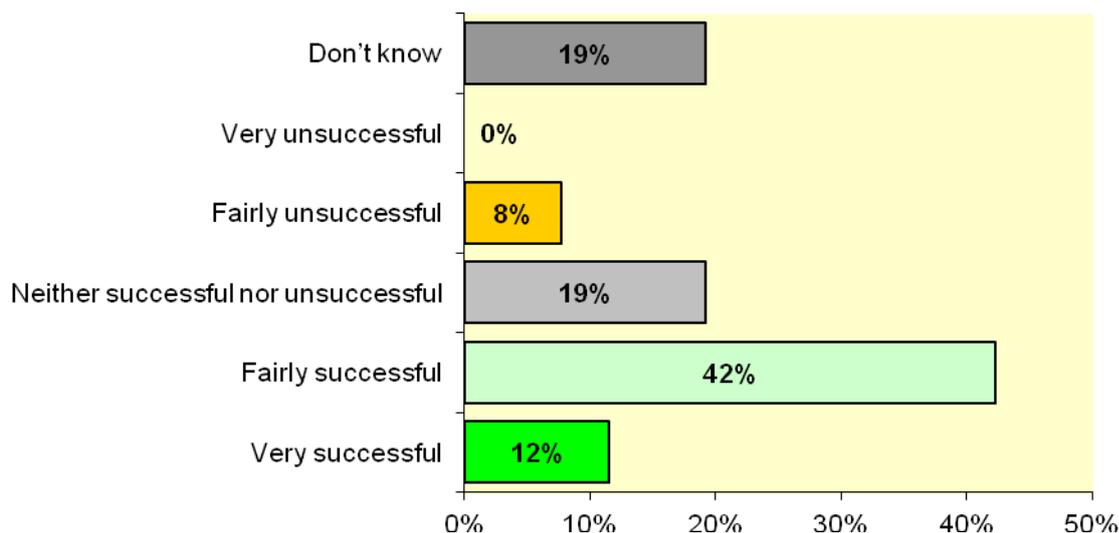
2.27   As part of the review a number of public focus groups were undertaken and some of the feedback indicated that members of the public were:

2.27.1 seeking assurance on the level of scrutiny on major issues and projects; and

2.27.2 seeking further transparency and openness on how council decisions have been made directly from the Council.

2.28 Elected members were asked in an online survey how successful or unsuccessful they thought the introduction of the Governance, Risk and Best Value committee had been at enhancing scrutiny and details of the responses are outlined below:

Success of GRBV Committee at enhancing scrutiny.

Response	Percentage
Don't know	19%
Very unsuccessful	0%
Fairly unsuccessful	8%
Neither successful nor unsuccessful	19%
Fairly successful	42%
Very successful	12%

2.29 Elected members were asked how the quality and effectiveness of scrutiny could be further improved and the following options have been developed in line with the consultation responses:

2.29.1 greater emphasis on planned scrutiny review;

2.29.2 further development of risk based approach;

2.29.3 adjustment of committee remit to ensure that scrutiny follows rather than precedes a committee decision; and

2.29.4 further detail added to minutes when the committee is not being webcast to reflect the distinct role of scrutiny.

Petitions Committee

2.30 The Council aims to be as inclusive and accessible as possible and deliver quality and best value by providing good quality services, which meet the needs of the public, key stakeholders, customers and communities. The Council's petitions process was designed to encourage members of the public, key stakeholders, customers, businesses and communities to fully participate in the decision making process, both in groups and as individuals.

2.31 The petitions process was launched in October 2012 and the Petitions Committee met for the first time in December 2012. Since then 22 petitions have been submitted of which 13 were valid and have received more than 7500 signatures from members of the public and 26 signatures from local businesses.

2.32 To date 9 petitions have been considered by the Committee with the following outcomes:

- Kirkliston Public Transport Provision: Committee agreed to take further action - referred to Transport and Environment Committee.

- Dumbiedykes Bus Committee: Committee agreed to take further action - referred to Transport and Environment Committee.

- Crackdown on Legal Loan Sharks: Committee agreed to take further action –referred to the Corporate Policy and Strategy Committee.

- A safer mechanism for reporting Edinburgh Council mismanagement: Committee agreed to take further action –referred to the Corporate Policy and Strategy Committee.

- Princes Street for People: Committee agreed to take further action – referred to 'Building a Vision for the City Centre' consultation.

- Bedroom Tax: - Committee agreed to take further action – referred to Health, Wellbeing and Housing Committee.

- Remove religious observance from non-denominational schools: Committee agreed to take further action – referred to the Education, Children and Families Committee.

- Retain religious observance in non-denominational schools: Committee agreed to take further action – referred to the Education, Children and Families Committee.

- Ban cycling on City Centre pavements by cyclists over 12 years: Committee agreed to take further action - referred to Transport and Environment Committee

2.33 Elected members were asked in an online survey how successful or unsuccessful the introduction of the Petitions Committee has been at providing a clear route for the public to influence Council business? The response was as follows:

Success of the Petitions Committee at providing a clear route for the public to influence Council business.
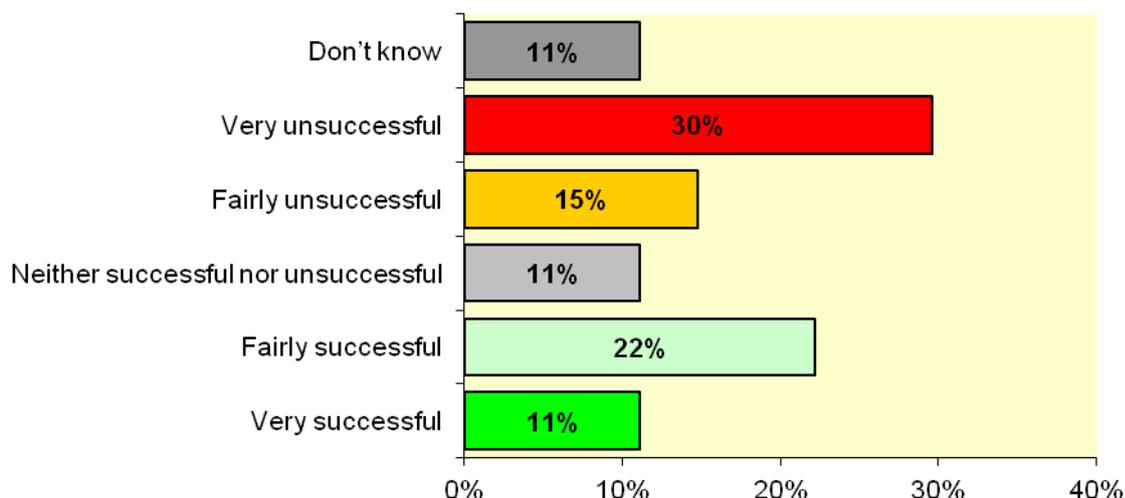
2.34 The public focus groups undertook in depth discussions on a range of key areas in relation to the Council's decision making processes. The feedback on arrangements for petitions was:

2.34.1 the petitions process appeared lengthy and potentially onerous for the petitioner; and

2.34.2 respondents were sceptical around the effectiveness of a petition influencing the Council's decision making processes and outcomes.

2.35 As a result of the feedback received during consultation the following actions are proposed:

2.35.1 widen validity criteria for petitions with local interest to cover communities of interest;

2.35.2 revise the remit to ensure valid petitions are within the Council's powers and remit;

2.35.3 streamline petitions processes;

2.35.4 revise guidance;

2.35.5 introduce youth petitions; and

2.35.6 promote and highlight positive outcomes.

Webcasting

2.36 Webcasting of live Council meetings commenced in September 2012. In addition, the Petitions Committee and Governance, Risk and Best Value Committee have also been webcast from the Council chamber.

2.37 To date over 5,000 people have watched Council and committee meetings webcast live and over 19,000 have viewed footage of meetings in the archive.

2.38 Elected members were asked in an online survey to what extent webcasting had improved openness and transparency, accountability and public participation.

The introduction of webcasting Council meetings has improved...
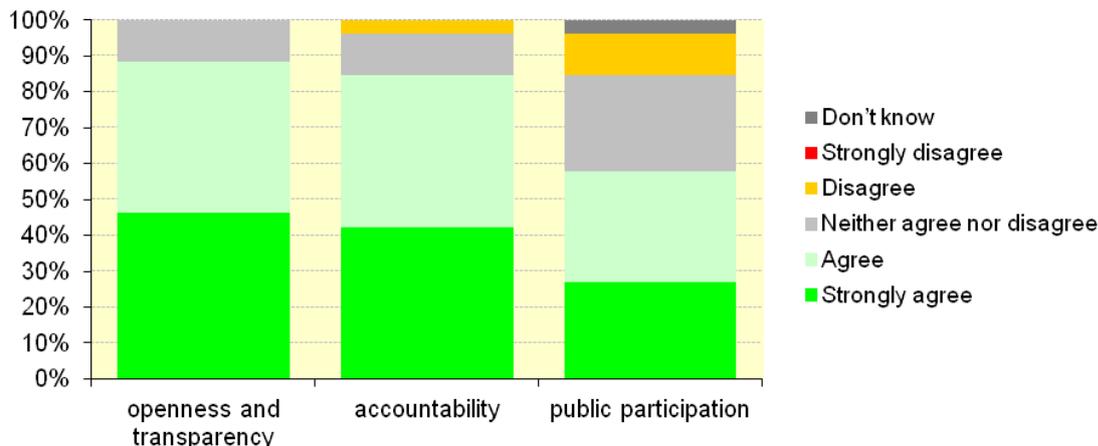
2.39 All public focus groups discussed webcasting and unanimously agreed this was a positive step. This was seen to provide the public with the opportunity to see and hear debates as well as decisions being made by elected members in Council and committee meetings. Webcasting was perceived as making Council business more open and transparent.

2.40 Based on the feedback the following options are being developed:

2.40.1 Set up the Dean of Guild room to webcast a range of committee meetings;

2.40.2 Increase promotion of agendas;

2.40.3 Greater use of social media; and

2.40.4 Newsfeeds in Council buildings coverng specific committee based stories or local decisions.

3. Recommendations

3.1 To consider the outcome of consultation on the review of political management arrangements and make any appropriate recommendations to Council.

Alastair Maclean

Director of Corporate Governance

Links

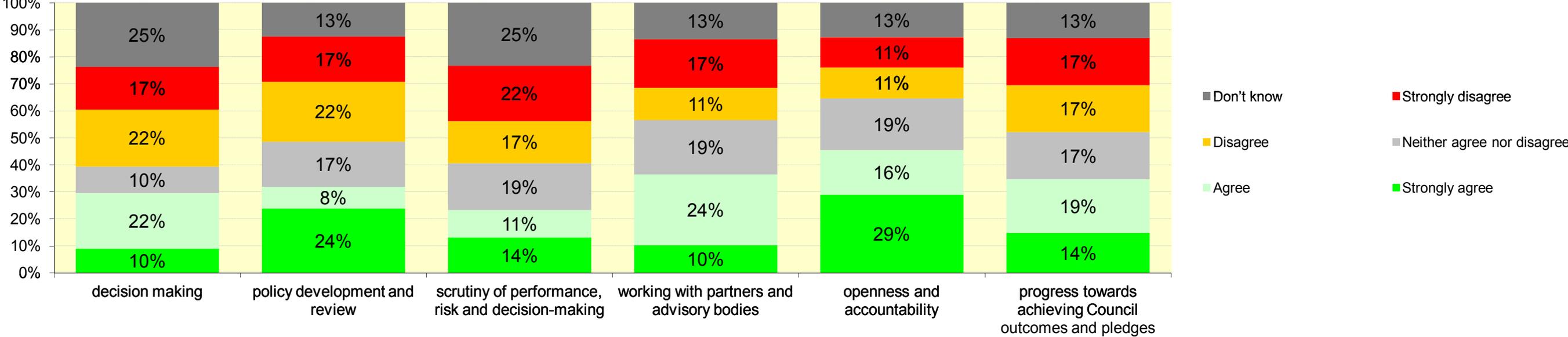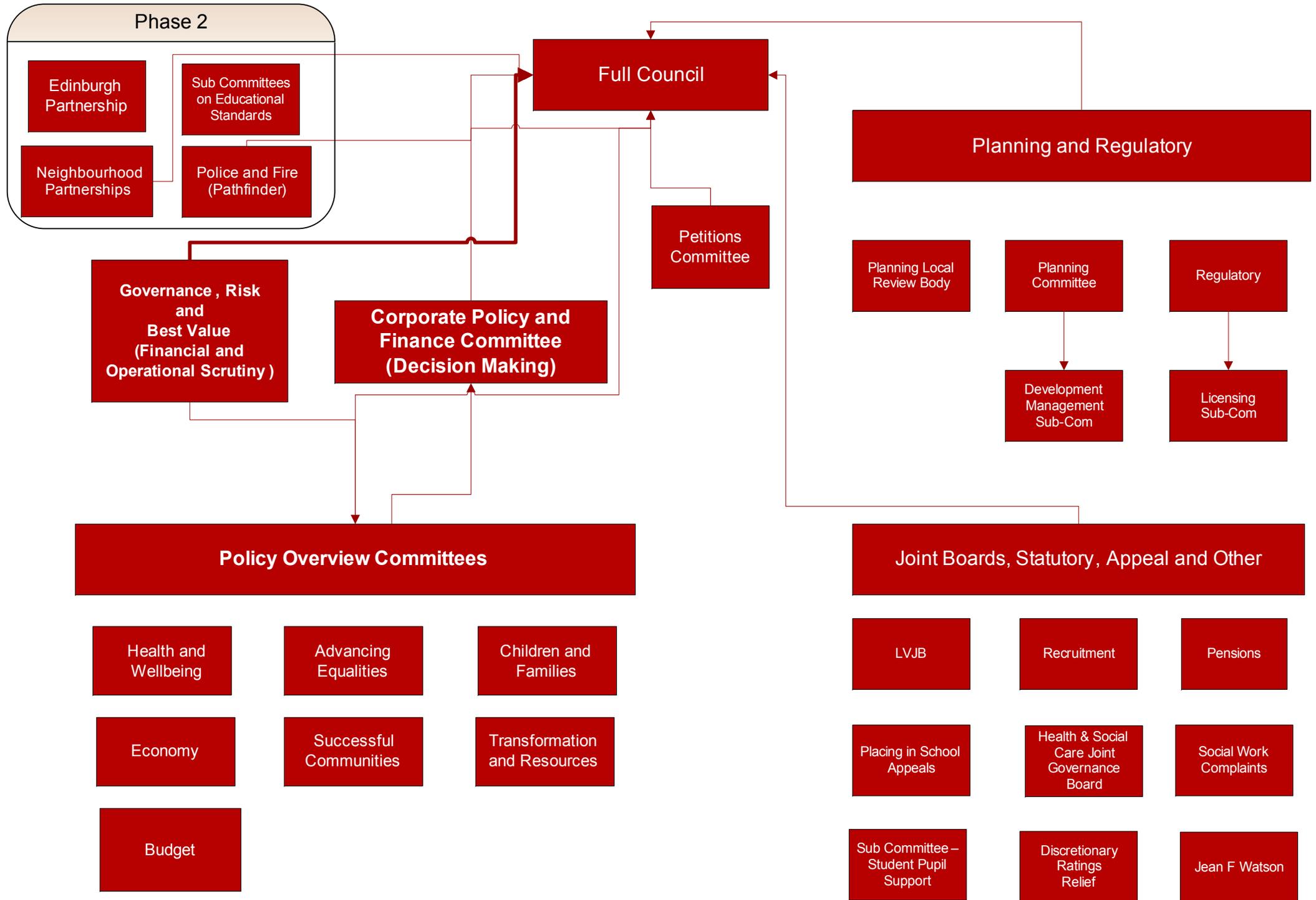|	
Coalition pledges	
Council outcomes	CO24 – The Council communicates effectively internally and externally and has an excellent reputation for customer care.
	CO25 – The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	
Appendices	Appendix one: consultation response: 'the new committee structure has helped improve　'
	Appendix two: Cabinet model

The new committee structure has helped improve

Legend:
- Don't know (dark grey)
- Strongly disagree (red)
- Disagree (orange/yellow)
- Neither agree nor disagree (light grey)
- Agree (light green)
- Strongly agree (green)

Category	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
decision making	10%	22%	10%	22%	17%	25%
policy development and review	24%	8%	17%	22%	17%	13%
scrutiny of performance, risk and decision-making	14%	11%	19%	17%	22%	25%
working with partners and advisory bodies	10%	24%	19%	11%	17%	13%
openness and accountability	29%	16%	19%	11%	11%	13%
progress towards achieving Council outcomes and pledges	14%	19%	17%	17%	17%	13%

Governance, Risk and Best Value

9am, Thursday 10th October 2013

Internal audit co-source update

Item number	8.2
Report number	
Wards	

Links

Coalition pledges	P30
Council outcomes	CO25
Single Outcome Agreement	All

Alastair Maclean

Director of Corporate Governance

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·EDINBVRGH·
THE CITY OF EDINBURGH COUNCIL

Executive summary

Internal audit co-source update

Summary

On 22 November 2012, Council approved the appointment of PwC as co-source partners in the delivery of internal audit and risk management services for a three-year period. The contract incorporating the agreed service delivery plan was signed in early April, with an effective date of 1 April 2013 to coincide with the beginning of the financial year. As part of the approval at Council, it was agreed to bring a report to GRBV within 6 months on the exit strategy for the end of the contract.

The agreed service delivery plan with PwC highlights the key phases of the 3 year contract and the services that PwC will deliver to transform the internal audit function. This report sets out details of the three key phases of the transformation program which are intended to allow the internal audit function to be taken forward by an in-house team at the end of the contract period.

Recommendations

Committee is requested to note:

1. the progress made with by the co-sourced internal audit team and the exit strategy for the end of the contract with PwC; and
2. that further reports will be presented to Committee on progress and relevant performance matters.

Measures of success

Over the three-year co-source period, PwC will provide services to ensure that the Council's internal audit and risk management function undergoes a transformation. The internal audit function will be repositioned to have a direct focus on mitigating the Council's key risks. By 1 April 2014 a new risk-based audit plan will be in place. By October 2015, a full exit strategy will be presented to Committee.

Financial impact

The cost of the co-source contract has been largely met by savings from the restructuring of the existing internal audit function.

Equalities impact

There are no direct equalities impacts as a result of this report.

Sustainability impact

There is no direct sustainability impact arising from the report's contents.

Consultation and engagement

The finalised co-source service delivery plan reflects extensive engagement and discussion between the Council and PwC and draws as appropriate upon earlier comments raised by the staff group.

Background reading / external references

- [Internal Audit and Risk Management Service Delivery, City of Edinburgh Council, 23 November 2012](#)
- [Internal Audit Co-Source Update, Governance, Risk and Best Value Committee, 23 May 2013](#)

Report

Internal audit co-source update

1.   Background

1.1   On 22 November 2012, Council approved the appointment of PwC as co-source partners in the delivery of internal audit and risk management services for a three-year period. The contract incorporating the agreed service delivery plan was signed in early April, with an effective date of 1 April 2013 to coincide with the beginning of the financial year. The service delivery plan highlights the services that PwC will deliver during that period to progressively move towards a state which allows the service to be taken forward by an internal Council team at the end of the contract.

1.2   As part of the approval at Council, it was agreed to bring an update report to GRBV within 6 months on the exit strategy for the function being taken forward internally.

2.   Main report

2.1   The internal audit function is undertaking a transformation over the next 3 years to ensure the Council has a leading edge internal audit function at the end of the co-source period.   The Council internal audit function previously had a fairly narrow focus on financial controls with a need to increase productivity, capacity and capability. A requirement to increase the authority and influence of the function was also identified. In recognition of this transformation, internal audit will evolve and change over the 3 year co-source period. The transformation program is split into 3 key stages:

- Stabilise and improve –1 April 2013 to 30 September 2013

- Design and build – 1 October 2013 to 31 March 2014

- Implement and embed – 1 April 2014 to 31 March 2016

2.2   The 'stabilise and improve' phase of the transformation project is now complete. This phase has focused on initial steps towards improving the authority and influence of internal audit and ensuring management and elected members have greater visibility of assurance in key risk areas. This has included the development of an audit plan which focuses on scrutinising the high risk areas of the Council. Following consultation with senior management and elected members, this risk based audit plan was approved at Committee on 25 September 2013.

2.3   Over the initial 6 month period, internal capacity has been supplemented and strengthened by the new resource provided by PwC. The close 'one team' approach, with internal staff working closely with PwC colleagues, is intended to

facilitate a transfer of skills to build our in-house capability. Key service improvements and deliverables that have been achieved by the combined team include:

- In line with the increased focus on a risk based approach, risk and control matrices for planning and management of audits have been introduced. This tool allows the internal auditor to focus on the key risk areas under review and assess whether the management controls are adequate to mitigate these. Where management controls are adequate, it allows for effective testing of these controls. This improves the focus and efficiency of the audit thereby increasing productivity of the team.

- Appropriate definitions for risk findings as 'critical', 'high', 'medium' and 'low' have been developed to ensure clarity, consistency and transparency to management.

- Defined procedures have been developed for escalation of critical and high risk issues to CMT and GRBV, to improve authority and influence of internal audit.

- Defined procedures have been developed for escalation of issues to CMT and GRBV where no follow-up actions have been taken by management, to allow effective oversight and assurance of risks.

- A new audit charter has been introduced to define roles and responsibilities in relation to internal audit across the Council and to set management expectations. This document replaces the existing outdated charter.

- The audit year has been realigned with the Council financial year and a 6 month audit program has been developed which links with risk management to improve the effectiveness of internal audit.

- Upgraded audit management software has been installed to allow for more efficient processes.

- A challenging risk based audit plan for the year has been delivered, with some 45 internal audit reviews completed, an improvement of 50% on the prior year.

2.4   In addition to the skills transfer through the one team approach, a personal 3-year training program has been developed for each internal audit team member to ensure that each team member is appropriately trained in internal audit best practice in order to provide the best service to the Council. This journey of personal development for all staff has started through delivery of a number of classroom sessions on effective internal auditing including planning, completion and follow-ups.

2.5   During this time we have also started to look at developing a risk management function as a second line of defence, (audit performing the third line of defence).

Whilst that is not part of this report and it may well take a longer period of time to resolve, the services can be drawn down under the same contract.

2.6   The design and build phase of the transformation program is now underway. This phase includes the delivery of the risk based audit program that was approved by Committee in September. Throughout this phase the productivity and capacity within the team will be challenged with an increased focus on output of risk based internal audits rather than input days. Within this phase the key service improvements and deliverables that will be achieved include:

- Enhancement of an Internal Audit methodology for CEC, including the development of an internal audit quality manual which details the exact procedures and review requirements for each audit job. This will ensure consistency, quality and efficiency in audit approach.

- Development of a robust quality control framework for Council internal audit, including self-assessment program.

- Development of tailored, compliant work programmes, with the effect of reducing the time taken to scope and plan audits and understand the risks of the service area, allowing for time to focus on the key risks

- Enhanced linkage with risk management to ensure the audit program is tailored to high risk areas of the Council.

- Training delivered for each team member on new internal audit methodology and framework, to embed efficiency savings in the program.

- Roll-out and full integration including training for team members on audit management software to reduce non-productive time and to enhance reporting.

- Updated reporting format for internal audit reports to improve communication of internal audit findings which allow for better management oversight of risks.

- Enhancing reporting templates to meet the needs of stakeholders which will improve the efficiency of the reporting process and improve the assurance and scrutiny by senior management and elected members.

2.7   The implementation phase of the program will continue to embed the improvements to the internal audit section and ensure that by the end of the co-source contract, internal audit is an effective and efficient service. The internal audit program will be fully aligned to risk management and ultimately will be value enhancing, scrutinising and providing assurance for the Council on key risk areas. By the end of the co-sourcing contract the following will be in place:

- Full and transparent reporting to CMT and GRBV which will allow senior management and elected members to gain assurance that the Council is managing its risks effectively.

- Regular engagement with senior management and elected members to ensure concerns are raised early and internal audit can provide scrutiny on a timely basis.

- Value enhancement reviews and value adding performance which will allow internal audit to focus on review and scrutiny of wider areas of Council risk and can assist the Council to improve its governance framework.

- Effective and efficient structure of the internal audit department to ensure it is fit for purpose for the future.

- Fully trained and up-skilled internal audit staff which will allow the Council to run internally a leading edge internal audit function.

2.8 Within 6 months of the end date of the contract, the Council will need to begin recruitment activity to allow the in-house section to operate effectively under the improved framework and structure. PwC will assist the Council in the competencies required for candidates and in the recruitment and selection process.

3. Recommendations

3.1 Committee is requested to note:

(a) the progress made by the co-sourced internal audit team and the exit strategy for the end of the contract with PwC; and

(b) that further reports will be presented to Committee on progress and relevant performance matters

Alastair Maclean

Director of Corporate Governance

Links

Coalition pledges	**P30** Continue to maintain a sound financial position including long-term financial planning
Council outcomes	**CO25** – The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	Our public services are high quality, continually improving, efficient and responsive to local people's needs