

City of Edinburgh Council

2018/19 Annual Audit Report to the
Council and the Controller of Audit

September 2019

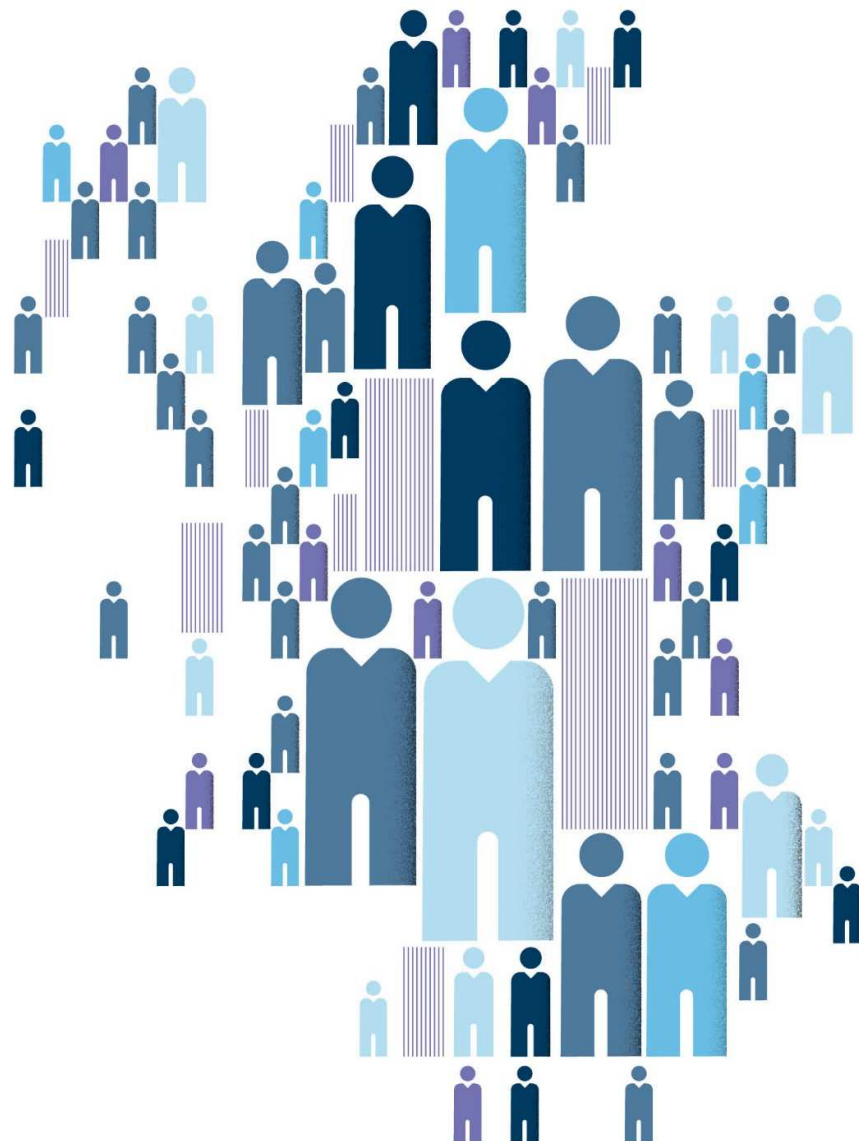




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1. Key messages






Key messages

<p>Annual accounts</p>	<p>The annual accounts for the year ended 31 March 2019 were approved by the Finance and Resources Committee on 26 September 2019. We report within our independent auditor's report an unqualified opinion on the financial statements and on other prescribed matters.</p> <p>We have, however, drawn attention in our independent auditor's report to the fact that the Council's Edinburgh Catering Services – Other Catering trading operation has failed to break even, on a cumulative basis, over the three- year period to 2018/19. While this is a failure to comply with the Local Government in Scotland Act 2003, it does not affect our overall opinion on the financial statements. There are no other matters that we must report to you by exception.</p>
<p> Financial Sustainability</p>	<p>The Council has a well-developed and responsive medium term revenue budget framework. The Council does not however currently have a long term financial strategy. We understand that this will be developed and presented to the Council over the course of 2019/20.</p> <p>In December 2018, the Council had identified an estimated savings requirement of £41million in 2019/20. Reports to the Finance and Resources Committee have emphasised the need to prioritise the identification and delivery of these savings in order to achieve a balanced outturn position. As reported in August 2019, there still remains a residual gap of £11.416million before one-off mitigation through the Council Priorities Fund. In addition to this the residual Edinburgh Integration Joint Board (EIJB) gap for 2019/20 is £7.15million which assumes the delivery of £11.941million of savings. The delivery of this savings requirement poses a significant risk and challenge to the Council and we will continue to closely monitor this for the remainder of the 2019/20 financial year.</p>
<p> Financial Management</p>	<p>The Council had appropriate arrangements in place for managing its financial position during 2018/19. The Council reported a net underspend against its revised balanced revenue budget of £1.582million (representing 0.2% of the total budget for the year). The Council has been able to maintain expenditure within budget for the twelfth successive year, despite reporting a net overspend within general fund directorates of £12.331million and delivering only 60% of approved savings in the year. Savings across non-directorate specific areas, including loans charges and Council Tax income were crucial in delivering a balanced overall position for the year. In 2019/20, these non-directorate specific area savings have been built into the financial plan, limiting the ability to use them in offsetting overspends within the directorates in the current and future years.</p> <p>We carried out a review of the revised financial model used to support the Council's decision to extend the Edinburgh Trams route as part of our audit. Our findings were presented to the Council in March 2019 and are summarised in the financial management section of this report.</p>
<p> Governance & Transparency</p>	<p>The Council has reviewed its political management arrangements to further improve its decision making effectiveness.</p> <p>During the 2018/19 audit, it has become clear that the arrangements for sharing sensitive information between some Councillors and the leadership team require to be reviewed. There are tensions which arise from dealing with personal sensitive data and the rights of Councillors to have access to all information required to carry out their duties. It is important that all Councillors and senior staff have a clear understanding of their rights and responsibilities in relation to information held by the Council. Councillors and the senior leadership team should review the current protocols to ensure these are still appropriate and that both members and officers can comply fully with their responsibilities.</p> <p>We are concerned that there are still considerable overdue findings from internal audit reports and late management responses to draft internal audit reports. In August 2019 internal audit reported that 47 internal audit findings (those overdue where management action had not been actioned or evidenced) were outstanding. Of these 26 were more than one year old. 118 management actions were also identified as overdue. There were high rated findings in both overdue management actions and internal audit findings. Greater prioritisation should be given to addressing issues raised by internal audit across the Council.</p>



	<p>As part of our 2016/17 external audit of the City of Edinburgh Council, we performed a review of CGI's security management arrangements. During the current year audit, we assessed the extent to which progress has been made in addressing outstanding recommendations from the 2016/17 review. Overall, the evidence received from CGI has not been sufficient to allow us to form an opinion on whether recommendations have been appropriately addressed. Based on the evidence that has been provided, there is limited evidence of progress against the majority of recommendations.</p>
 <p>Value for Money</p>	<p>The Council continues to monitor its' performance against "The Programme for the Capital Business Plan 2017 – 2022." The Council outlines its ongoing commitment to improve and invest in local services delivered to citizens.</p> <p>We are satisfied the Council reports its public performance in line with the Local Government Benchmarking Framework. We also consider the 2018/19 Annual Performance Report, represents an honest and balanced view of the 2018/19 performance of the Council.</p> <p>The Council in 2018/19 has demonstrated improvements in performance in several areas including delayed discharge levels, the number of families and young people living in temporary, bed and breakfast accommodation and the proportion of individuals earning less than the living wage.</p> <p>Certain performance indicators in waste management, adult social care services and homelessness however remain poor and significant improvements are required, including an acceleration in the pace of change in delivering improvements.</p>

Looking forward

In May 2019 the Accounts Commission confirmed that City of Edinburgh Council was included in the programme of Best Value audits planned for 2020. It is currently anticipated that best value audit work will be undertaken between February and April 2020 with the outcomes reported in a Best Value Assurance Report in July/August 2020.

Conclusion

This report concludes our audit for 2018/19. Our work has been performed in accordance with the Audit Scotland Code of Audit Practice, International Standards on Auditing (UK) and Ethical Standards.

Scott-Moncrieff
September 2019



2. Introduction

This report is presented to those charged with governance and the Controller of Audit and concludes our audit of the City of Edinburgh Council for 2018/19.

We carried out our audit in accordance with Audit Scotland’s Code of Audit Practice. This report also fulfils the requirements of International Standards on Auditing (ISA) 260: Communication with those charged with governance.

At the City of Edinburgh Council, we have designated the Governance, Risk and Best Value Committee as “those charged with governance”.



Introduction

1. This report summarises the findings from our 2018/19 audit of the City of Edinburgh Council (“the Council”).
2. We outlined the scope of our audit in our External Audit Plan, which we presented to the Governance, Risk and Best Value Committee (GRBV) at the outset of our audit. The core elements of our work include:
 - an audit of the 2018/19 annual accounts, for both the Council and its group and the charitable trusts, and related matters;
 - consideration of the wider dimensions of public audit work, as set out in Exhibit 1;
 - an assessment of the arrangements for the collection and publication of statutory performance information in accordance with the Accounts Commission direction;
 - provision of opinions on a number of grant claims and returns including Whole of Government Accounts;
 - providing existing evidence and intelligence for, and participating in, shared risk assessment (SRA) processes;
 - audit and report on Best Value and the Strategic Audit Priorities (refer to Appendices 3 and 4) and;
 - Monitoring the Council’s participation in the National Fraud Initiative (NFI); and
 - any other work requested by Audit Scotland.

Exhibit 1: Audit dimensions within the Code of Audit Practice



3. The Council is responsible for preparing annual accounts that show a true and fair view and for implementing appropriate internal control systems. The weaknesses or risks identified are only those that have come to our attention during our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit of the annual accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.
4. The report contains an action plan with specific recommendations, responsible officers and dates for implementation. Senior management should assess these recommendations and consider their wider implications before deciding appropriate actions. We give each recommendation a grading to help the Council assess their significance and prioritise the actions required.
5. We discussed and agreed the content of this report with Council management. We would like to thank all management and staff for their co-operation and assistance during our audit.
6. International Standards on Auditing in the UK (ISAs (UK)) require us to communicate on a timely basis

Confirmation of independence



all facts and matters that may have a bearing on our independence.

7. We confirm that we will comply with Financial Reporting Council's (FRC) Revised Ethical Standard (June 2016). In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way.
8. We set out in Appendix 1 our assessment and confirmation of independence. Our assessment includes consideration of:
 - Provision of non-audit services to the Council's group components; and
 - Relationships between Scott-Moncrieff and the Council, its elected members and senior management that may reasonably be thought to bear on our objectivity and independence.

Adding value through the audit

9. All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.
10. As part of our 2018/19 audit we added value to the Council and Audit Scotland in a range of ways, including:

Regular contact with the Council

11. We invest senior time to ensure that we keep up to date with significant issues and share that knowledge across our team. Examples include:
 - Our Engagement Partner and Director hold quarterly meetings with the Chief Executive and the Executive Director of Resources;
 - We hold regular catch ups with the Head of Finance (Section 95 Officer);
 - We meet with the Chief Internal Auditor on a regular basis.
 - We hold discussions with the Council's finance team, in advance of the preparation of the annual accounts, to consider the applicable accounting treatment of balances

and transactions. In 2018/19 this included working with the finance team to identify ways to streamline the annual accounts.

Training and development

- We supported the Council Finance Team to deliver training on understanding the financial statements by providing training materials and examples of scrutiny questions for elected members.
- We host Non-Executive Director forums which elected members have attended.

Providing assurance to the Council and Audit Scotland

- We met the deadlines set out in Audit Scotland's annual planning guidance in respect of the delivery of audit plans, independent auditor reports and annual reports.
- We have worked alongside Audit Scotland's correspondence team to respond to queries received on the Council;
- In response to a specific risk identified, we carried out a review on the revised financial model used to support the decision to extend the Edinburgh Trams route. Our findings were reported to the Council and shared with the Controller of Audit.

Feedback

12. Any comments you may have on the service we provide, the quality of our work and our reports would be greatly appreciated at any time. Comments can be reported directly to the audit team or through our online survey: www.surveymonkey.co.uk/r/S2SPZBX.
13. While this report is addressed to the Council, it will be published on Audit Scotland's website www.audit-scotland.gov.uk.



3. Annual accounts

The Council's annual accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

In this section we summarise the findings from our audit of the 2018/19 annual accounts.



Annual accounts

An unqualified audit opinion on the annual accounts

The annual accounts for the year ended 31 March 2019 were approved by the Finance and Resources Committee on 26 September 2019. We report within our independent auditor's report:

- An unqualified opinion on the annual accounts; and
- An unqualified opinion on other prescribed matters.

We have drawn attention to the fact that the Council's Edinburgh Catering Services – Other Catering trading operation has failed to break even, on a cumulative basis, over the three year period to 2018/19.

Overall conclusion

An unqualified audit opinion on the annual accounts

14. The annual accounts for the year ended 31 March 2019 were considered by the Governance, Risk and Best Value Committee on 17 September 2019 and approved by the Finance and Resources Committee on 26 September 2019. We report within our independent auditor's report:

- An unqualified opinion on the annual accounts; and
- An unqualified opinion on other prescribed matters.

15. We have drawn attention in our audit report to the fact that the Council's Edinburgh Catering Services – Other Catering trading operation has failed to break even, on a cumulative basis, over a three year period (paragraph 41). While this is a failure to comply with the Local Government in Scotland Act 2003, it does not affect our overall opinion on the financial statements.

these matters were designed in the context of our audit of the annual accounts as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the annual accounts is not modified with respect to any of the risks described in Exhibit 2.

Good administrative processes were in place

16. We received unaudited annual accounts and supporting papers of a good standard, in line with our agreed audit timetable. Our thanks go to staff at the Council for their assistance with our work.

Our assessment of risks of material misstatement

17. The assessed risks of material misstatement described in Exhibit 2 are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the audit team. Our audit procedures relating to



Exhibit 2 – Our assessment of risks of material misstatement and how the scope of our audit responded to those risks

1. Management override

In any organisation, there exists a risk that management has the ability to process transactions or make adjustments to the financial records outside the normal financial control processes. Such issues could lead to a material misstatement in the financial statements. This is treated as a presumed risk area in accordance with ISA (UK) 240 - *The auditor's responsibilities relating to fraud in an audit of financial statements*.

Excerpt from the 2018/19 External Audit Plan

18. We have not identified any indications of management override in the year. We have reviewed the Council's accounting records and obtained evidence to ensure that transactions were valid and accounted for correctly. We have also reviewed management estimates and the journal entries processed in the period and around the year end. We did not identify any areas of bias in key judgements made by management and judgements were consistent with prior years.
19. During our prior year audit, we recommended that user access controls to the financial ledger should be strengthened. At that time, any member of the Council finance team with ledger access could post to those organisations' financial ledger to whom they provide such services. We noted during our current year audit that arrangements have now been put in place to tailor and restrict user access to the ledger.

2. Revenue recognition

Under ISA (UK) 240- *The auditor's responsibilities relating to fraud in an audit of financial statements* there is a presumed risk of fraud in relation to revenue recognition. The presumption is that the Council could adopt accounting policies or recognise revenue transactions in such a way as to lead to a material misstatement in the reported financial position.

Excerpt from the 2018/19 External Audit Plan

20. At the planning stage of our audit cycle, we reported that we did not believe the risk of fraud in revenue recognition was present in Council Tax income, non-domestic rates, housing rents and non-ring fenced government grants and we therefore rebutted this risk. Our assessment of this risk has been reviewed throughout the audit and our conclusion to rebut this risk has remained appropriate.
21. We did however conclude that the risk of fraud in relation to revenue recognition is present in all other revenue streams. We evaluated each type of revenue transaction and documented our conclusions. We have gained reasonable assurance on the completeness and occurrence of income and we are satisfied that income is fairly stated in the annual accounts. To inform our conclusion we evaluated Council's key revenue streams and reviewed the controls in place over revenue accounting. We also carried out testing to confirm that the revenue recognition policy is appropriate and that it was applied consistently throughout the year.



3. Risk of fraud in the recognition of expenditure

In 2016, the Public Audit Forum issued Practice Note 10 “*The Audit of Public Sector Financial Statements*” which applies to the audit of public sector financial statements for periods commencing after June 2016. This Practice Note recognises that most public sector bodies are net spending bodies and notes that there is an increased risk of material misstatement due to improper recognition of expenditure.

Excerpt from the 2018/19 External Audit Plan

22. We have evaluated each type of expenditure transaction and documented our conclusions. We gained reasonable assurance over the completeness and occurrence of expenditure and are satisfied that expenditure is fairly stated in the annual accounts. To inform our conclusion we carried out testing to confirm that the Council’s policy for recognising expenditure is appropriate and has been applied consistently throughout the year.

4. Asset valuation and additions

The Council’s revised general fund capital budget for 2018/19 is £239million. As at period 9, the Council was reporting a projected outturn of £201million. The housing revenue account capital budget for 2018/19 is £81million. As at period 9, the Council was reporting a projected outturn of £80million.

The Council carries out a rolling programme of revaluations that ensures all property, plant and equipment required to be measured at fair value is revalued at least every five years.

There is a risk of material misstatement to the annual accounts relating to the recognition of capital expenditure and asset valuations.

Excerpt from the 2018/19 External Audit Plan

23. During 2018/19, the Council reported capital additions of £209.674 million. We carried out testing on material additions and concluded that those additions had been accounted for in the annual accounts in accordance with the Council’s accounting policy and the applicable accounting standard.

Valuations

24. We reviewed the Council’s valuation process and noted the following;
- Valuations are generally carried out by internal valuers. We considered the instructions and information provided to the valuer and performed procedures to confirm the accuracy and completeness of the information. Instructions are disseminated to the individual valuers through the valuation handbook and supporting valuation templates. The results of the valuation exercise were formally communicated to the Council through a valuation report for each asset valued and an overarching valuation report. From our review of the instructions provided to the valuer, the valuers report and assessment of the valuer’s expertise, we are satisfied that we can rely on their work.
 - All property, plant and equipment required to be carried at fair value were included in the five year rolling programme and had been revalued within this time period.
 - Valuations are usually carried out as at 31 March. There is however no requirement for valuations to be carried out at this date and authorities may use a different date within the year subject to the standard condition that the carrying amount at the end of the year does not differ materially from the current value at that date. For 2018/19,



the Council valuations were prepared as at 1 October 2018; this is a change from the previous practice of using 1 April in the relevant financial year. The valuer has provided us with assurance that the carrying amount of these assets as at 31 March 2019 does not materially differ from the date of valuation.

- We confirmed that the basis of valuation for assets is appropriate based on their usage. We reviewed valuation movements against indices of price movements for similar classes of assets and investigated any valuations movements that appeared unusual against this. Overall the valuation movements were in line with our expectation.
- We reviewed the reasonableness of valuation assumptions applied, as they relate to land and buildings, Council dwelling and investment properties. Based on the audit work performed we concluded that the valuations of land and buildings, Council dwellings and investment properties are reasonable.
- A significant level of effort has been committed to developing valuation arrangements in 2018/19. This included the introduction of a valuation handbook, formal instructions and valuation report; the requirement to now consider the remaining useful life of an asset when it is revalued; and consideration of property condition surveys when performing an impairment assessment. However, as set out below, further improvements are required.

Council Dwellings

25. Council dwellings are valued using the beacon method which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. An adjustment factor is applied to reflect the lower rent yield from social housing compared to market rates.
26. In 2018/19, the valuer reviewed the selection and valuation of all beacon properties and the adjustment factor applied, in line with the Council's five year rolling revaluation programme. Council dwellings had not been revalued in the five year period, resulting in a valuation increase of £428million (40% of net book value as at 31 March 2018). We have not identified any industry changes in 2018/19 that would account for this level of change in valuation, hence a proportion of this increase will reflect movements in the four years to 31 March 2018. Following a re-evaluation by the valuer of fair values of Council house dwellings at 31 March 2018 a prior year adjustment of £269.3million has been made to the net book value of Council dwellings.
27. The Council must ensure that all key assumptions and estimates over the valuation of property, plant and equipment are formally reviewed on an annual basis to ensure these remain appropriate. For Council dwellings, this includes the selection and valuation of beacon properties, and the adjustment factor applied.

Action plan point 1

Remaining useful life

28. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that may be incurred in relation to an individual asset. In 2018/19, the valuer undertook an exercise to review the useful life of assets revalued in the period in response to previous audit reports. This ensures the useful life reflects the outcome of recent property condition surveys.
29. The updated useful lives have not been reflected in the fixed asset register or depreciation calculations for 2018/19; but will be updated for 2019/20. The Council must ensure that the remaining useful life of all assets is considered on an annual basis and any material changes are reflected in a timely manner.

Action plan point 1



Impairment

30. As noted in our 2017/18 annual audit report, a paper was presented to the Council's Finance and Resource Committee in January 2018 on the condition of its building estate. This reported noted that, based on detailed condition surveys of the Council's operational estate, there was a requirement to spend £153million over the next five years to address the backlog maintenance. We noted that no assessment of impairment was carried out in 2017/18, other than for those assets forming part of the 2017/18 valuation programme.
31. Condition surveys are being reformed as part of the five year rolling programme. The valuer obtained a listing of all properties surveyed in 2018/19 and identified those where the condition survey had changed. An assessment was made as to whether a revaluation was necessary and whether there was any indication of impairment; revaluations were performed as necessary.
32. The condition surveys performed in 2018/19 are a strong source of evidence to indicate whether an impairment may have occurred. However, this only considers a proportion of the Council's operational estate and does not take cognisance of other sources of information such as the level of maintenance and repairs required in the year. While no indication of material impairment was identified, we would encourage the Council to further develop its procedures for assessing whether there has been an impairment of its estates portfolio.

Prior year action plan point 2

5. Pension assumptions

An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by the pension fund and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities. Assumptions may become less relevant over time, particularly where new information becomes available. There is a risk that the assumptions used are not appropriate.

Excerpt from the 2018/19 External Audit Plan

33. We obtained the information provided to the actuary and agreed to source documentation to confirm accuracy. We reviewed the assumptions used by the actuary and compared these to benchmarks across the sector.
34. We reviewed the validity of the information provided to the actuary and compared this with the actual information reported by City of Edinburgh Council and the Lothian Pension Fund. We considered the results of the actuary alongside our work across the sector and noted the following:
35. The unaudited annual accounts were prepared based on an actuarial report received in April 2019. A subsequent actuarial report was received in May 2019 which had been revised to take account of the year-end results of Lothian Pension Fund.
36. The net pension liability within the audited annual accounts was further revised to take account of the financial effects of the 'McCloud Judgement' and the Guaranteed Minimum Pension (GMP) equalisation:
 - **McCloud Judgement:** This case related to an employment tribunal ruling that transitional provisions impacting on a public sector final salary scheme were



unlawfully age discriminatory. This was upheld in the Courts in December 2018 although the UK Government at that stage sought leave to appeal this judgement. The ruling has implications for all public service schemes including the LGPS funds. In June 2019, the Supreme Court rejected the UK Government's request for a further appeal.

- **Guaranteed minimum pension (GMP)** was accrued by members of the Local Government Pension Scheme (LGPS) between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women. However overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension. The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits. As an interim solution to avoid this problem, GMP rules were changed so that the responsibility for ensuring GMPs kept pace with inflation passed in full to pension schemes themselves for members reaching state pension age between 6 April 2016 and 5 April 2021. This new responsibility leads to increased costs for schemes (including the LGPS) and hence scheme employers.

37. Management requested a revised actuarial report from its Actuary. The financial effect of these pension issues has resulted in an increase in the net pension liability of £53.703million.
38. As at 31 March 2019, the Council reported a net pension liability of £659.468million, compared to a net pension liability of £482.493million as at 31 March 2018. In addition to the increase in the deficit due to the circumstances noted above, the in-year movement has arisen primarily due to changes in financial assumptions made by the actuary.

Other risk factors

39. In addition to the identification of significant audit risks (Exhibit 2), we identified in our External Audit Plan a number of risk factors which could potentially result in a material misstatement to the annual accounts. An update on these risk factors is set out below:

Significant trading operations

40. Local authorities have a duty under section 10 of the Local Government in Scotland Act 2003 to operate their significant trading operations so that income is not less than expenditure over each three-year period. The Council has failed to comply with this statutory requirement for the three-year period ending 31 March 2019 in respect of its one significant trading operation; Edinburgh Catering Services – Other Catering. We have reported this matter in our independent auditor's report.
41. Despite improvements in recent years' financial performance, the Council's Edinburgh Catering Services – Other Catering trading operation reported a deficit of £36,000 in 2018/19 and a cumulative three-year deficit of £0.269million. We have reported that Edinburgh Catering Services has

failed to meet this financial objective in each of the three years of our audit appointment.

42. Moving forward to reduce the deficit the Council will implement a revised tariff to ensure all inflationary rises are covered. A new till system is to be introduced to track income more effectively. This will provide more effective management information and support expected proposals on the rationale of locations of the service delivery.

Common good

43. Local Authorities are required to administer common good funds under section 15 of the Local Government (Scotland) Act 1994. The purpose of common good funds is to provide benefit to the population of the area either through the disbursement of funds, securing assets for on-going use for the population or contributing to specific local projects/initiatives.

Common good asset registers

44. Part 8 of the Community Empowerment Act (Scotland) 2015 came into force on 27 June 2018. This places a statutory duty on local authorities to



establish, maintain and publish a register of all property held by them for the common good. Local people must be consulted on the register, to make sure nothing has been left out. Local authorities are also required to publish their proposals and consult community bodies before disposing of or changing the use of common good assets.

45. In July 2018, the Scottish Government, following consultation in 2017, issued statutory guidance for local authorities on how they should carry out these new legal duties.
46. The guidance identifies that a local authority should 'aim to publish the first version of its common good register as soon as practicable after the initial twelve week consultation period has closed, and in any case, within six months of the end of the consultation.'
47. The Council's common good register was published for consultation in September 2018 and members of the public were able to provide feedback on the register until 31 December 2018. We have reviewed the steps taken by the Council to update the register during this period and noted that they have made significant progress in responding to feedback received. In total, 62 responses were received. As a direct result of the consultation, 18 assets have been transferred from the Council's asset register to the Common Good Fund.
48. As noted above, the guidance required the Council to publish a first draft of the register within 6 months of the consultation period closing. The first post-consultation draft of the register was published on the Council's Common Good Webpage on 28 June 2019, complying with Scottish Government Guidance. The register has remained on the website for the period and the Council has provided updates over the representations received.
49. We understand that the first draft of the register is to be provided to the Finance and Resources Committee in September 2019.

Common good fund annual accounts

50. The Common Good Fund stands separate from the Council's annual accounts and has been described as "the ancient patrimony of the community".
51. During 2018/19, a deficit of £35,000 was reported on the common good fund. Overall useable common good funds stood at £2.352million as at 31 March 2019.

52. In 2016, the Council's Finance and Resources Committee approved the use of the common good fund for planned maintenance of part of the common good assets. £2million was earmarked in 2015/16 (following a receipt from the sale of East Market Street Garage), to fund a maintenance programme for common good assets. Since this earmarked fund was created in 2016, £110,000 has been used on the Scott Monument and £3,000 on surveys at the City Observatory. As at 31 March 2019; the remaining balances have been split £0.496million to remain in the fund and £1.856million in the planned property maintenance earmarked reserve fund.
53. During our 2018/19 audit of the common good fund annual accounts we noted the following:

Common good fund income and expenditure

54. The unaudited common good fund comprehensive income and expenditure statement reported a full disclosure of the income and expenditure which related to the common good fund. Property costs expenditure for the period totalled £4.553million which has been offset by Rent Income for the period of £1.684million. In order to achieve a breakeven position, the Council has offset the expenditure with an income recharge of £1.680million and capital funding of £1.189million.
55. Whilst we note that the common good fund annual accounts disclose the income and expenditure which relates to the Fund, we would encourage the Council to continually review its relationship and use of the common good funds and put in place documented arrangements for the use and maintenance of those assets.

Prior year action plan point 3

Our application of materiality

56. The assessment of what is material is a matter of professional judgement and involves considering both the amount and the nature of the misstatement. This means that different materiality levels will be applied to different elements of the annual accounts.
57. Our initial assessment of materiality for the group annual accounts was £20.4million and for the Council single entity annual accounts £18.7million. We revised our assessment, following receipt of the unaudited annual accounts, to £21.8million for the



group¹ and £19.8million for the Council and it remained at these levels throughout our audit.

58. Our assessment of materiality is set with reference to gross expenditure. We consider this to be the principal consideration for the users of the annual accounts when assessing the performance of the Council and its group.

Performance materiality

59. Performance materiality is the amount set by the auditor at less than overall materiality for the annual accounts as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed materiality for the annual accounts as a whole.
60. We set a performance (testing) materiality for each area of work which was based on a risk assessment for the area. We perform audit procedures on all transactions and balances that exceed our performance materiality. This means that we are performing a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance testing thresholds used are set out in the table below:

	Area risk assessment £million		
	High	Medium	Low
Group	9.810	11.990	15.260
Council	8.910	10.890	13.860

61. We agreed with the Governance, Risk and Best Value Committee that we would report on all material corrected misstatements, uncorrected misstatements with a value in excess of £250,000, as well as other misstatements below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Governance, Risk and Best Value Committee on disclosure matters that we identified when assessing the overall presentation of the annual accounts.

Audit differences

62. Two material adjustments were made to the unaudited annual accounts in respect of valuations

(paragraphs 25-27) and the net pension liability (paragraphs 35-38).

63. We did identify further adjustments to the unaudited annual accounts which have been reflected in the final set of annual accounts. While these are reflected in the final annual accounts they were not considered material.
64. We identified disclosure and presentational adjustments during our audit, which have been reflected in the final set of annual accounts.

Council representations

65. We requested that a signed representation letter be presented to us at the date of signing the annual accounts. This letter is signed by the section 95 officer on behalf of the Council.

An overview of the scope of our audit

66. The scope of our audit was detailed in our External Audit Plan, which was presented to the Governance, Risk and Best Value Committee in March 2019. The plan explained that we follow a risk-based approach to audit planning that reflects our overall assessment of the relevant risks that apply to the Council. This ensures that our audit focuses on the areas of highest risk. Planning is a continuous process and our audit plan is subject to review during the course of the audit to take account of developments that arise.
67. At the planning stage we identified the significant risks that had the greatest effect on our audit. Audit procedures were then designed to mitigate these risks.
68. Our standard audit approach is based on performing a review of the key financial systems in place, substantive tests and detailed analytical procedures. Tailored audit procedures, including those designed to address significant risks, were completed by the audit fieldwork team and the results were reviewed by the audit management team. In performing our work we have applied the concept of materiality, which is explained earlier in this report.

Group audit

69. The Council has a complex group which requires consolidation of a range of subsidiaries, associates and joint ventures. The group structure is detailed within the Council's annual accounts.

¹ For the significant components, within the Council group, we have allocated a materiality that is less than the overall group materiality. For CEC Holdings this was assessed at £300,000 and for Transport for Edinburgh at £3.3million.



70. As part of our audit we reviewed the consolidation entries made within the group accounts and confirmed entries back to the financial statements of the group bodies. Overall, we concluded that the results of the group bodies had been appropriately consolidated into the Council's group accounts.
71. As part of our audit planning process we assessed the group, for the purposes of approach to the audit of the group, and deemed the following subsidiaries to be significant in the context of the group audit:
- CEC Holdings; and
 - Transport for Edinburgh.
72. We revisited our assessment, following receipt of the unaudited accounts. Our assessment remained unchanged. We did not identify any further significant components in the context of our group audit.
73. Scott-Moncrieff is the appointed auditor to CEC Holdings and Transport for Edinburgh. During our audit we liaised with the audit engagement teams to confirm that their programmes of work were adequate for our purposes.
74. We have nothing to report in respect of the following matters:
- No significant deficiencies in the system of internal control or instances of fraud were identified by the component auditor; and
 - There were no limitations on the group audit.

Legality

75. We have planned and performed our audit recognising that non-compliance with statute or regulations may materially impact on the annual accounts. Our audit procedures included the following:
- Reviewing minutes of relevant meetings;
 - Enquiring of senior management and the Council's solicitors the position in relation to litigation, claims and assessments; and
 - Performing detailed testing of transactions and balances.

76. We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

Other matters identified during our audit

77. During the course of our audit we noted the following:

The Local Authority Accounts (Scotland) Regulations 2014

78. As part of our audit we reviewed the Council's compliance with the Local Authority Accounts (Scotland) Regulations 2014, in particular with respect to regulations 8 to 10² as they relate to the annual accounts. In 2018/19 we received correspondence relating to the notice of the public right to inspect. Upon review there was found to be a delay in displaying the hard copy of the public inspection notice which is required to be published prior to 17 June as outlined by the 2014 Regulations. The notice was published in the local newspaper and on the City of Edinburgh Council website by 17 June 2019, however, was not available at Council offices until 26 June 2019.
79. We highlighted issues with regards to the public inspection in 2017/18 and we would recommend the Council makes arrangements to ensure full compliance in 2019/20.
- Action plan point 2*
80. Other than the above issue we concluded that appropriate arrangements are in place to comply with these Regulations.

Management commentary

81. The Local Authority Accounts (Scotland) Regulations 2014 require local authorities to include a management commentary within the annual accounts. The management commentary is intended to assist readers in understanding the annual accounts and the organisation that has prepared them.
82. As auditors we are required to read the management commentary and express an opinion as to whether it is consistent with the annual accounts. We have concluded that the management commentary is consistent with the

² Regulations 8 to 10 relate to the preparation and publication of unaudited accounts, notice of public right to inspect and object to the accounts and consideration and signing of the audited accounts.



annual accounts and has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003.

Annual governance statement

83. The Chief Executive and the Council Leader have confirmed that in their opinion, reasonable assurance can be placed upon the adequacy and effectiveness of City of Edinburgh Council and its group systems of governance. The Annual Governance Statement identifies a range of actions that have been, or will be, taken by the Council to continue to progress improvements in the Council's governance arrangements.
84. We are satisfied that the governance statement within the annual accounts is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016.
85. We continue to note that the Annual Governance Statement is not reported to the Governance, Risk and Best Value Committee (GRBV) prior to the annual accounts being reported. This means that the GRBV has not had the opportunity to consider whether the assurance statements reflect their understanding of risk or consider the adequacy of planned governance improvements.

Prior year action plan point 10

Remuneration report

86. Our independent auditor's report confirms that the part of the Remuneration Report to be audited has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

Charitable trust funds

87. The Council administers six charitable trust funds. Over the last few years the Council has rationalised the number of charitable trusts down from over 100 to six.
88. The total charitable trust fund balance as at 31 March 2019 amounts to £14.868million, an increase of £199,000 in comparison with the prior year.
89. The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The Regulations require an auditor to prepare a report to the charity trustees where an audit is required by any other enactment. The Council's charitable trust funds are covered by

the requirements of section 106 of the Local Government (Scotland) Act 1973 and consequently require a full audit.

90. We have audited the Council's 2018/19 charitable trust funds. Our findings from our audit have been separately reported to the Trustees. In summary we reported the following:
- We have provided an unqualified audit opinion on the charitable trust funds annual accounts;
 - The Council has complied with the Local Authority Accounts (Scotland) Regulations 2014 as they relate to its charitable trust funds;
 - We did not identify any significant weaknesses over the accounting systems and internal controls associated with the charitable trust funds. We have however identified some areas with scope for improvement which have been included in a separate management report to the Trustees of the charitable trust funds.

Looking forward – IFRS 16 Leases

91. IFRS 16 Leases will be effective from 1 April 2020. IFRS 16 Leases will lead to a substantial change in accounting practice for lessees where the current distinction between operating and finance leases will be removed. Instead, it requires that a lessee recognises assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee will recognise a right-of-use asset representing its right to use the underlying leased property, and a lease liability representing the lessee's obligation to pay for that right.
92. There are new requirements for measurement of the lease liability where it will initially be measured at the present value of the lease payments payable over the lease term but may rise to reflect any reassessment or lease modifications, or revised lease payments.
93. This will be an area of focus for our 2019/20 audit.

Qualitative aspects of accounting practices and financial reporting

94. During the course of our audit, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the annual accounts. The following observations have been made:



Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	The accounting policies, which are disclosed in the annual accounts, are considered appropriate to the Council.
The timing of the transactions and the period in which they are recorded.	We did not identify any concerns over the timing of transactions or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	<p>We are satisfied with the appropriateness of the accounting estimates and judgements used in the preparation of the annual accounts. Significant estimates have been made in relation to property, plant and equipment and pension liabilities. We consider the estimates made, and the related disclosures, to be appropriate to the Council.</p> <p>We evaluated the competence, objectivity and capability of management experts in line with the requirements of ISA (UK) 500 and concluded that use of the expert is appropriate.</p>
The appropriateness of the going concern assumption	We have reviewed the financial forecasts for 2019/20. Our understanding of the legislative framework and activities undertaken provides us with sufficient assurance that the Council will continue to operate for at least 12 months from the signing date.
The potential effect on the annual accounts of any uncertainties, including significant risks and related disclosures that are required.	We have not identified any uncertainties, including any significant risk or required disclosures, which should be included in the annual accounts.
The extent to which the annual accounts have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed.	From the testing performed, we identified no significant unusual transactions in the period.
Apparent misstatements in the management commentary or material inconsistencies with the accounts.	The management commentary contains no material misstatements or inconsistencies with the accounts.
Any significant annual accounts disclosures to bring to your attention.	There are no significant annual accounts disclosures that we consider should be brought to your attention. All the disclosures required by relevant legislation and applicable accounting standards have been made appropriately.
Disagreement over any accounting treatment or annual accounts disclosure.	While disclosure and presentational adjustments were made during the audit process there was no material disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no significant difficulties encountered during the audit.



4. Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Council is planning effectively to continue to deliver its services or the way in which they should be delivered.



The Council has a well-developed and responsive medium term revenue budget framework. The Council does not however currently have a long term financial strategy. We understand that this will be developed and presented to the Council over the course of 2019/20.

In December 2018, the Council had identified an estimated savings requirement of £41million in 2019/20. Reports to the Finance and Resources Committee have emphasised the need to prioritise the identification and delivery of these savings in order to achieve a balanced outturn position. As reported in August 2019, there still remains a residual gap of £11.416million before one-off mitigation through the Council Priorities Fund. In addition to this the residual Edinburgh Integration Joint Board (EIJB) gap for 2019/20 is £7.15million which assumes the delivery of £11.941million of savings. The delivery of this savings requirement poses a significant risk and challenge to the Council and we will continue to closely monitor this for the remainder of the 2019/20 financial year.



Significant audit risk

95. Our audit plan identified a significant risk in relation to financial sustainability under our wider scope responsibilities

Financial sustainability

During our 2017/18 audit, we noted that the Council has a well-developed and responsive Medium-Term Revenue Funding Framework.

In September 2018, the Finance and Resources Committee considered an update on the key financial assumptions underpinning the Council's revenue budget framework over the next four years. In noting the requirement to identify and deliver estimated recurring savings of at least £28million in 2019/20 and £106million by 2022/23, members approved *Planning for Change and Delivering Services 2019 – 2023* as the basis of public engagement. This period of engagement ran from 1 October to 7 December 2018, inviting the public to respond to a series of high-level proposals for change.

The financial assumptions underpinning *Planning for Change* have been reviewed and updated following the announcement of the provisional Local Government Finance Settlement for 2019/20. Alongside changes in a number of other expenditure factors, these have increased the incremental savings requirement in 2019/20 to £41.0million.

The achievement of the projected savings requirement presents a significant financial challenge particularly in the context of delivery of savings (80% of savings were delivered in 2017/18).

Excerpt from the 2018/19 External Audit Plan

96. As noted in previous years, the Council has a well-developed and responsive Medium Term Revenue Budget Framework. This framework covers a rolling period of four years; with the assumptions underpinning the framework reviewed on a regular basis and reported to members on at least a half yearly basis. The Council does not currently have a long term (over five years) financial strategy. We understand that a report will be presented to the Finance and Resources Committee during 2019/20 which outlines the Council's longer term financial projections. As outlined below we have reviewed the Council's arrangements for managing its financial position in this context.

Medium term financial planning

97. In September 2018, the Finance and Resources Committee considered an update on the key financial assumptions underpinning the Council's revenue budget framework over the next four years. In noting the requirement to identify and deliver estimated recurring savings of at least £28million in 2019/20 and £106million by 2022/23, members approved *Planning for Change and Delivering Services 2019 – 2023* as the basis of public engagement. A period of engagement ran from 1 October to 7 December 2018, inviting the public to respond to a series of high-level proposals for change.
98. Since the publication of *Planning for Change*, the Council has continued to develop the underlying detail of its long-term Change Strategy, centred around three key principles:
- driving improvements to deliver high quality services that citizens both expect and deserve;
 - targeting investment on prevention and early intervention to reduce long-term reliance on its services and enable citizens to lead active, independent lives; and
 - delivering growth within the city that is sustainable and inclusive.
99. The financial assumptions underpinning *Planning for Change* were reviewed and updated following the announcement of the provisional Local Government Finance Settlement for 2019/20. Alongside changes in a number of other expenditure factors, these increased the incremental savings requirement in 2019/20 to £41.0million. As a result, the savings requirement over the four year period for the framework is estimated to be £134.800million. The Council also noted that if a similar finance settlement was received, as in 2019/20, the revised savings requirement would be almost £150million.



100. The principal assumptions contained within the framework are detailed in Exhibit 3:

Exhibit 3: Principal assumptions contained within the revenue budget framework

	2019/20	2020/21	2021/22	2022/23
Expenditure				
Employee pay award	3%	3%	3%	3%
Other inflation	3%	3%	3%	3%
Income				
Discretionary fees and charges increase	5%	RPI +2%	RPI +2%	RPI +2%
Council Tax increase	3%	3%	3%	3%
Government grant funding change	-0.4%	-0.4%	-0.4%	-0.4%

Source: Council wide Change Strategy and Budget Framework September 2018 (Note: the government grant funding change assumption has been revised to reflect the actual level of settlement received in 2019/20 i.e. 0.7% ` annual reduction across all four years).

101. In addition to the principal financial assumptions, the revenue budget framework incorporates additional annual investment for the financial impact of demographic change, including changes in school pupil rolls, number of older people and individuals with physical and/or learning disabilities. The incremental provision for these assumptions over the four year period totals £37million.

2019/20 revenue position

102. In light of the challenging context within which the Council's 2019/20 budget was set, the need for action across four main areas was identified. Regular update reports have been presented to the Finance and Resources Committee on these areas:

- Development of robust implementation plans for the specific savings actions totalling £29.2million which were approved for delivery in 2019/20;

- Development of detailed and specific proposals to address the £9.5million efficiency savings target which was also approved as part of the 2019/20 budget;
- Identification of mitigating actions to address estimated combined residual pressures of £8.8million across the Communities and Families, Place and Resources Directorates; and
- Agreement, through the EIJB, of specific plans to address its estimated budget gap in 2019/20.

103. Progress in developing implementation plans for all specific savings approved for delivery in 2019/20 is regularly reviewed by the Corporate Leadership Team (CLT) Change Board. Additional project management support has also been allocated from the non-recurring £1million approved by Council in October 2018 to assist delivery of the more challenging approved savings measures.

104. In recognition of the trend of a reduction in the delivery of savings and the measures required to deliver those savings becoming more challenging, a risk contingency has been applied in estimating the actual level of savings that will be delivered during the year. An assumption has been made that 85% of savings identified will be delivered; this results in a revised residual gap of £11.416million.

105. In a report to the Finance and Resources Committee in August 2019, the following was noted:

- 93% of savings by value are assessed to be on track to be delivered during the year;
- Actions to address the Council wide 1.55% efficiencies target have been identified;
- Actions to address residual Directorate pressures on a sustainable basis through the identification and implementation of appropriate mitigating actions have also been identified.
- The residual Edinburgh Integration Joint Board (EIJB) gap for 2019/20 is £7.15million. This assumes full delivery of the approved savings programme of £11.941million on which some 71% of savings as at 19 July 2019 were currently assessed as green or amber.

106. A further update is to be provided to committee in October 2019.

107. We acknowledge the Council is taking active steps to achieve financial balance in 2019/20. The delivery of this savings requirement however poses a significant risk and challenge to the Council and we will continue to closely monitor this for the remainder of the 2019/20.



Edinburgh Integration Joint Board (EIJB)

108. The Council's financial offer to the EIJB for 2019/20 included continuation of the £4million additional funding provided in 2018/19, £9.127million for additional demography pressures, and an on-going requirement to recognising the Scottish Living Wage, along with a further £0.887million for the Carers' Act. The Council also approved to pass on, in full to the EIJB, a further £3.023million provided through the Local Government Settlement for expansion of free personal care for those under 65 years of age. Additional funding of £2.5million was added to the Council Priorities Fund and drawn down based on achievement of prolonged improvements in service outcomes i.e. delayed discharge, timings for assessment. £0.2million was also made available as transitional funding for organisations facing the greatest impacts following the loss of EIJB grant funding. Despite this significant investment substantial savings require to be delivered in year to maintain financial balance.
109. The Chief Executive has written to the Chief Officer of the Edinburgh Health and Social Care Partnership, re-emphasising the urgent need for development of detailed and sustainable savings proposals for 2019/20, given the resulting and increasing impact on the remainder of the Council's activity. Members of the Finance and Resources Committee have also met with the Chief Officer of the Edinburgh Health and Social Care Partnership and the Chief Financial Officer of the EIJB to discuss the EIJB's current and anticipated financial challenges and, more critically, their plans to achieve financial sustainability.
110. The EIJB's financial plan in 2019/20, despite a challenging efficiencies programme and the release of unallocated funds, contained unfunded spending commitments of £7.15million as at 31 August 2019. The financial and service performance of the EIJB remains a high risk issue and the Council needs to work together with the EIJB and NHS Lothian to reach an agreed financial settlement.

Prior year action plan point 6

Capital investment programme

111. The Council budgets for capital expenditure are based on a rolling five-year capital investment programme which is set within a high-level ten-year capital plan. This allows for a strategic approach to investment in the Council's assets.
112. The Council set its current capital investment programme on in February 2019 for the period 2019-

24 and identifies £907.886million investment in the Council's general fund services.

113. In August 2019, the programme was revised to take account of slippage and acceleration from 2018/19. The programme also reflects projects where funding has been approved since February 2019, with the most significant project being the Tram to Newhaven business case, which was approved in March 2019. The Council's indicative capital investment plan for the period 2019-2024 now totals £1.112billion.

Housing revenue account

114. The Council's housing revenue account five year budget strategy (2019-2024) is underpinned by the following key strategic documents:
- Five year business plan: sets out planned investment of £874million over a five year period. Assumes a 2% annual increase in rents.
 - Thirty year business plan
 - Five year capital investment programme
 - A Rapid Rehousing Transition Plan (RRTP)
 - Mixed Tenure Improvement Strategy
 - Strategy Housing Investment Plan (SHIP).
115. As reported to Finance and Resources Committee in August 2019, the HRA is forecasting a balanced position in 2019/20. Risk areas have been identified, including pressures over housing repairs and maintenance and the continued roll out of Universal Credit. These risks are monitored and reported to the Housing, Homelessness and Fair Work Committee and Policy and Sustainability Committee. Similarly, the Council is forecasting that its HRA capital investment programme in 2019/20 will be fully funded.



5. Financial management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.



The Council had appropriate arrangements in place for managing its financial position during 2018/19. The Council reported a net underspend against its revised balanced revenue budget of £1.582million (representing 0.2% of the total budget for the year). The Council has been able to maintain expenditure within budget for the twelfth successive year, despite reporting a net overspend within general fund directorates of £12.331million and delivering only 60% of approved savings in the year. Savings across non-directorate specific areas, including loans charges and Council Tax income were crucial in delivering a balanced overall position for the year. In 2019/20, these non-directorate specific area savings have been built into the financial plan, limiting the ability to use them in offsetting overspends within the directorates in the current and future years.

Around 75% of the general fund capital programme and 100% of the HRA programme was delivered in 2018/19.

We carried out a review of the revised financial model used to support the Council's decision to extend the Edinburgh Trams route as part of our audit. Our findings were presented to the Council in March 2019 and are summarised in this section of the report.



Financial performance

116. The 2018/19 Comprehensive Income and Expenditure Statement shows that the Council spent a total of £2billion on the provision of public services and recorded an accounting deficit of £127million. The accounting deficit is partly technical as it includes elements of income and expenditure that need to be accounted for to comply with the Code of Practice on Local Authority Accounting (the Code), and which are subsequently adjusted to show their impact on statutory Council reserves.

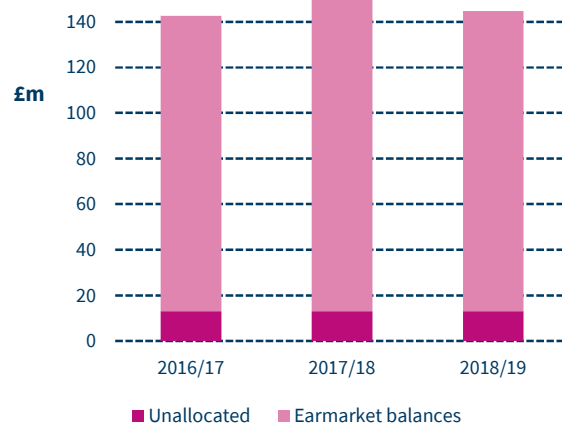
117. The key measure of performance in the year is the movement in the Council's general fund balance. Following the required adjustments, the net impact on the general fund is a decrease of £6.440million to £144.845million³. In total, cash backed (useable) reserves held by the Council decreased by £34.879million in the year to £242.883million (Exhibit 4).

Exhibit 4: Movement in the Council's useable reserves per the Annual Accounts 2018/19

	2017/18 £million	2018/19 £million	Movement £million
General Fund	151.285	144.845	(6.440)
Housing Revenue Account (paragraph 125)	0	0	0
Renewal and Repairs Fund	58.123	26.346	(31.777)
Capital Fund	63.558	55.908	(7.650)
Capital Grants Unapplied Account	4.796	15.784	10.988
Total useable reserves	277.762	242.883	(34.879)

118. In 2018/19 £131.820million of the general fund balance was earmarked with the remainder representing an unallocated general fund of £13.025million (Exhibit 5). This balance is in line with the medium-term strategy of the Council. The unallocated general fund equates to 1.36% of the annual budgeted net expenditure. There were no planned or actual contributions to the unallocated general fund for 2018/19.

Exhibit 5: The Council's General Fund balance decreased in 2018/19



Source: Annual Accounts 2016/17 to 2018/19

³ The overall decrease in the level of reserves is largely due to a net reduction within the Council Tax Discount Fund; reflecting a drawdown to support planned development of affordable housing in line with the HRA Business Plan.



119. Amounts are earmarked for a number of reasons:

- Balances set aside for specific financial risks (£92.421million) – including, for example, staff release costs, dilapidations and the insurance fund.
- Balances set aside from income received in advance (£30.364million) – includes grant income where there are timing differences between the receipt of grant income and associated planned expenditure.
- Balances set aside for investment in specific projects (£2.962million) – these will deliver savings in future years, such as Spend to Save.
- Balances held under the School Board Delegation Scheme (DSM) and Pupil Equity Fund (PEF) (£6.073million).

Revenue performance against budget

120. On 22 February 2018, the Council set a 2018/19 revenue budget of £989.1million. The revenue budget approved was based on the following:

- An increase in Council tax rates by 3%;
- The delivery of £36.5million directorate specific and corporate savings;
- Service investment of £25.602million in areas including property condition surveys and repairs and maintenance (£8.5million), additional funding to Health and Social Care (£4million) and additional provision for employee pay awards (£5.430million), homelessness initiatives (£2million); and
- The use of earmarked reserves of £6.152million.

121. Throughout the year updates are made to the revenue budget to reflect, for example, additional funding received, increases in Council tax income, one-off contributions from earmarked funds and savings in loan charges. As at 31 March 2019; the revised, balanced budget, was £991.173million.

122. The Council reported a net underspend against its revised balanced revenue budget of £1.582million. The Council has been able to deliver services within budget for the twelfth successive year, despite reporting a net overspend within general fund directorates of £12.331million and delivering only 60% of approved savings in the year (Exhibit 6).

123. As highlighted in Exhibit 6, three general fund directorates exceeded budgets during the year and did not achieve savings targets. The Resources Directorate reported a net underspend, despite only achieving only 39% of its savings target.

Exhibit 6: Extract from the 2018/19 Outturn Statement

Directorate	Budget £million	Actual £million	Variance £million	% planned savings achieved
Chief Executive	9.853	9.656	(0.197)	100
Communities and Families	394.862	397.307	2.445	81
Health and Social Care	200.754	208.237	7.483	44
Place	51.559	54.295	2.736	53
Resources	172.718	172.582	(0.136)	39
Lothian Valuation Joint Board	3.575	3.575	-	-
Directorate totals	833.321	845.652	12.331	
Non-directorate specific areas	157.852	142.229	(15.624)	100
Movements in reserves	(3.882)	(1.504)	2.378	-
Sources of funding	(987.291)	(987.959)	(668)	-
Total	-	(1.582)	(1.582)	60

124. Savings across non-directorate specific areas, including loans charges and Council Tax income were crucial in delivering a balanced overall position for the year. In 2019/20, these non-directorate specific area savings have been built into the financial plan, limiting the ability to use them in offsetting overspends within the directorates in the current and future years.

125. As highlighted in the financial sustainability section of this report, the Council has recognised the need for robust savings proposal developments and scrutiny at the inception, development and delivery stages.

Housing revenue account (HRA)

126. The balance on the HRA is nil. In line with the HRA Business Plan, at the end of 2018/19 the HRA was balanced after making a contribution of

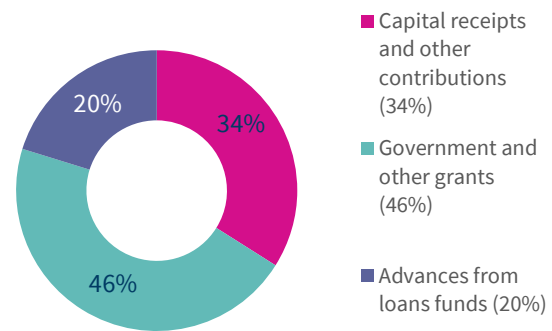


£6.757million towards in-year capital investment, with sums also drawn down from the Strategic Housing Investment Fund (SHIF) during the year to meet the cost of approved projects. The funds held in the SHIF are earmarked for investment in existing housing stock and future capital investment in new homes through the Council's own housing development programme.

Capital expenditure

127. During 2018/19, the Council reported total capital additions of £267million; of which £186million were general fund additions and £81million were housing revenue account (HRA) additions. In so doing the Council delivered on 75% of the revised general fund capital programme and 100% of the HRA revised capital programme. This was funded as shown in Exhibit 7.
128. Projects contributing to the slippage include:
- Early years programme (£15million)
 - National Housing Trust on-lending (£11.8million): completion of mid-market homes.
 - Edinburgh Living (£10.1million): completion of mid-market homes
 - North Bridge Refurbishment (£8.5million)
129. As noted under the 'financial sustainability' section of this report, the Capital Investment
130. Programme (CIP) for the general fund has been adjusted to reflect levels of slippage reported in 2018/19. As there was a negligible net overspend on the HRA capital programme, no revisions were required.

Exhibit 7: Sources of Capital Funding



Source: Capital outturn report 2018/19

Edinburgh Tram – York Place to Newhaven extension

189. Our annual audit plan identified a significant audit risk relating to the Edinburgh Tram proposed extension:



Financial management: Edinburgh Tram – York Place to Newhaven Project

In November 2015, the Council approved in principle Stage 1 plans to extend the Edinburgh tram line from York Place to Newhaven. An Outline Business Case (OBC) was presented to the Council in December 2015 and a high level governance structure was agreed in order to progress Stage 1 activities. This included mobilisation of internal resource, commencement of the procurement process for internal support, site investigation and waiving the Contract Standing Orders to retain the existing tram senior advisor.

As set out in our 2017/18 External Audit Plan and continued into 2018/19, we are undertaking work in conjunction with the Council's internal auditors to review the tram extension project. The scope of our review was considered by the Tram Extension and Leith Programme Board in August 2018. The key areas included within the scope are:

- Options appraisal process;
- Financial model;
- Project business case;
- Project governance;
- Procurement process and supplier management; and
- Lessons learned.

Our work is focused on the options appraisal process and the financial model, while internal audit are considering the project business case, governance arrangements, procurement processes and lessons learned.

In our 2017/18 Annual Report on the Audit we reported on our initial findings; covering the options appraisal process and preliminary work on the financial model.

In 2018/19, we will carry out a review of the revised financial model which is used to develop the final business case.

Excerpt from the 2018/19 External Audit Plan

- | | |
|--|--|
| <p>131. In 2017 the Council prepared an Outline Business Case for the completion of the existing tram line from York Place to Newhaven. Over the following year detailed design work was undertaken as well as the development of a financial model and the work to support the procurement of this contract. In February 2019 the Transport and Environment Committee considered the detailed final business case for the project. This was subsequently referred to full Council in March 2019 and approved.</p> | <p>134. Our review of the financial model involved:</p> <ul style="list-style-type: none"> • Considering the competencies, capabilities and objectivity of all external parties involved in inputting to the financial model. • Reviewing the assumptions and data used to construct the financial model, and • Reviewing the model's architecture and functionality. |
| <p>132. As part of our responsibilities to report on how the Council demonstrates best value, we agreed to undertake work to consider how the Council had performed against the following best value characteristics:</p> <ul style="list-style-type: none"> • Sound governance at a strategic, financial and operational level; • Sound management of resources; and • Use and review of options appraisal | <p>135. Our conclusions were set out in a letter to the Director of Finance and was also provided to all Members prior to the Council meeting in March. Overall, we concluded that the use of external specialists was appropriate. We were able to agree all material assumptions used in the financial model to supporting evidence, and we were satisfied with the integrity of the financial model. We raised a number of key observations which the Council responded to in a briefing note (again shared with all Members). These are set out below:</p> |
| <p>133. The scope of our work was agreed in conjunction with internal audit.</p> | |



Scott-Moncrieff observation	Council response
Not all sensitivities were considered within the FBC	The worst case cumulative scenario shows a deficit of £131.9m. These scenarios were considered highly unlikely to arise.
The Council used an optimism bias of 6% in line with Scottish Government guidance. A review carried out by Oxford Global Projects was used to support the Council's modelling of optimism bias to reflect a 20% chance of cost overruns. The Oxford Global Projects work also highlighted that to reduce the chance of cost overrun to 5% the Council would have to make contingency for higher project costs of £334.8million. The consultants recognised that this cost was highly unlikely to be required given the work undertaken to date.	The Council ran the financial model using the 5% chance of cost overrun. In the event that this was the eventual outcome the effect was projected to be a deficit of £68m.
Some of the assumptions used in the financial model were based on 2017 data.	2017 figures were validated wherever possible against more up to date 2018 data.
The FBC noted that the Council would consider any recommendations arising from the Edinburgh Tram Inquiry being led by Lord Hardie when these become available.	The Council undertook its own lessons learned exercise and the results of this were built into the Final Business Case. Lord Hardie has yet to report on the findings in relation to the original Edinburgh Tram project.
The potential financial uncertainties arising from Brexit had not been modelled or included within the Final Business Case	Whilst accepting this, the Council noted that risk and sensitivity work regarding the project had included consideration of the impact of exchange rate fluctuations, labour market shortages, interest rate changes, the impact on tourism and a more general economic down-turn which could be caused by Brexit.
136. The Council's procurement strategy for this contract was based on market research and consultation with interested parties. The project was subsequently split into two lots: Lot 1 was the main infrastructure and systems contract, Lot 2 the swept path contract. For Lot 1, following a tendering process, a shortlist of two applicants tendered for the work and following a subsequent best and final offer stage the contract was awarded to SFN JV a joint venture between three contractors. For Lot 2 following a tender process Morrison Utility Services Ltd ((MUS Ltd) were awarded the contract.	delivery of the project. The contractors are currently finalising prices based on detailed design work with the Project Board likely to determine whether a final notice to proceed is issued by October 2019. Construction work will start in early 2020 with a target completion date of 2023.
137. A Project Board made up of senior officers within the Council and representatives from Edinburgh Trams and Transport for Edinburgh is responsible for taking the project forward. The Project Board also includes an independent member and has its own Finance and Risk sub-group which meets monthly to monitor project risks, make recommendations to the Project board and decide on specific matters affecting project delivery. The Senior Responsible Officer (SRO) reports into the Project Board but has overall responsibility for the	138. Internal audit's involvement in the tram project is ongoing. Reviews have been undertaken of project governance and the procurement of the tram infrastructure & systems contract and swept path contract. Both reviews were rated as medium risk with recommendations raised and agreed with the SRO.
	<p>Systems of internal control</p> <p>139. We have evaluated the Council's key financial systems and internal financial controls to determine whether they are adequate to prevent material misstatements in the annual accounts. Our approach includes documenting the processes and key internal financial controls within the Council's key financial systems and performing walkthrough testing to confirm our understanding of those</p>



systems. For certain systems we also test a sample of internal financial controls to establish whether they provide adequate assurance to support the preparation of the financial statements.

140. As reported more fully in our Review of Internal Financial Controls report, we did not identify any significant deficiencies in the design, implementation or operation of internal financial controls over the Council's key financial systems. We considered the systems to be well designed. We did identify areas with scope for improvement which, if addressed, would further strengthen the system of internal financial control.

Internal audit

141. We are committed to avoiding duplication of audit effort and ensuring an efficient use of the Council's total audit resource. Each year we consider whether it is the most effective use of the Council's total audit resource to place reliance on the work of internal audit. When reliance is to be placed over the work of internal audit we carry out an assessment of the internal audit function to ensure this is sufficient in terms of quality and volume, and is performed in accordance with the Public Sector Internal Audit Standards (PSIAS).
142. We have reviewed the Council's internal audit arrangements in accordance with International Standard on Auditing 610 (Using the Work of Internal Auditors), to determine if we could rely on the work of internal audit and if so, to what extent.
143. In its 2018/19 annual report, internal audit noted that it had not fully conformed with Public Sector Internal Audit Standards (PSIAS) for the following reason:
144. Ongoing recruitment challenges arising from staff turnover and an increase in the size of the in-house internal audit team had impacted upon the implementation of the internal quality assurance process to ensure consistency of audit quality
145. Action has been taken to address instances of non PSIAS conformance. Internal audit managed its resourcing challenges to ensure sufficient and appropriate audit coverage. We have considered this area of non PSIAS conformance when assessing whether reliance can be placed on the work of internal audit. We concluded that this has not had a direct impact on our assessment.
146. Overall we concluded that we will place reliance on the work of internal audit where appropriate.

Prevention and detection of fraud and irregularity

147. In accordance with the Code of Audit Practice, we have reviewed the arrangements for the prevention and detection of fraud and irregularity. Overall, we found the Council's arrangements to be sufficient and appropriate.

National Fraud Initiative (NFI)

148. The National Fraud Initiative (NFI) is a counter-fraud exercise co-ordinated by Audit Scotland working together with a range of Scottish public bodies to identify fraud and error.
149. The NFI exercise produces data matches by comparing a range of information held on various public bodies' systems to identify potential fraud or error. Bodies investigate these matches and record appropriate outcomes based on their investigations.
150. The most recent NFI exercise commenced in October 2018 and as part of our 2018/19 audit we monitored the Council's participation in NFI. We submitted an assessment of the Council's participation in the exercise to Audit Scotland in June 2019. Overall we concluded that the Council continues to actively participate in the NFI exercise.



6. Governance and transparency

Governance and transparency is concerned with the adequacy of governance arrangements, leadership and decision making, and transparent reporting of financial and performance information. Through the chief executive, monitoring officer and section 95 officer, the Council is responsible for ensuring the proper conduct of its affairs including compliance with relevant guidance, the legality of activities and transactions and for monitoring the adequacy and effectiveness of these arrangements. Organisations usually involve those charged with governance in monitoring these arrangements.



The Council has reviewed its political management arrangements to further improve its decision making effectiveness.

During the 2018/19 audit, it has become clear that the arrangements for sharing sensitive information between some Councillors and the leadership *team require to* be reviewed. There are tensions which arise from dealing with personal sensitive data and the rights of Councillors to have access to all information required to carry out their duties. It is important that all Councillors and senior staff have a clear understanding of their rights and responsibilities in relation to information held by the Council. Councillors and the senior leadership team should review the current protocols to ensure these are still appropriate and that both members and officers can comply fully with their responsibilities.

We are concerned that there are still considerable overdue findings from internal audit reports and late management responses to draft internal audit reports. In August 2019 internal audit reported that 47 internal audit findings (those overdue where management action had not been actioned or evidenced) were outstanding. Of these 26 were more than one year old. 118 management actions were also identified as overdue. There were high rated findings in both overdue management actions and internal audit findings. Greater prioritisation should be given to addressing issues raised by internal audit across the Council.

As part of our 2016/17 external audit of the City of Edinburgh Council, we performed a review of CGI's security management arrangements. During the current year audit, we assessed the extent to which progress has been made in addressing outstanding recommendations from the 2016/17 review. Overall, the evidence received from CGI has not been sufficient to allow us to form an opinion on whether recommendations have been addressed. Based on the evidence that has been provided, there is limited evidence of progress against the majority of recommendations.



Governance and transparency

Governance arrangements

151. In May 2019, the Council reviewed its political management arrangements. This followed a request by the Council to the Chief Executive to address the imbalance in workload across executive committees, to consider the use of committee working groups, give greater opportunity for policy business at Council meetings and increase the opportunity for scrutiny by executive service committees.

152. As a result of the review, the Council's political management arrangements have been modified from 1 August 2019. Executive committee remits have been rebalanced and the former Corporate Policy and Strategy Committee given a stronger corporate, cross-cutting role with a refreshed membership including all executive committee conveners. Performance reporting including reporting on progress against commitments will in future be undertaken by this committee on a six-monthly basis, rather than through executive committees. We will continue to monitor whether this addresses the issues identified with the previous arrangements during our 2019/20 audit.

153. In considering committee remits the Council considered committee statistics including the volume of reports being submitted to committees. We recommend that further consideration is given as to whether the content of reports can be improved in terms of their clarity and use of technology.

Action plan point 3

154. During the 2018/19 audit, it has become clear that the arrangements for sharing sensitive information between some Councillors and the leadership team require to be reviewed. There are tensions which arise from dealing with personal sensitive data and the rights of Councillors to have access to all information required to carry out their duties. It is important that all Councillors and senior staff have a clear understanding of their rights and responsibilities in relation to information held by the Council. Councillors and the senior leadership team should review the current protocols to ensure these are still appropriate and that both members and officers can comply fully with their responsibilities.

Action plan point 4

155. Our consideration of committee minutes and associated reports concluded that a robust array of support materials was available to decision makers,

including objectives, target KPIs and other metrics. Corporate plans and strategies are referenced throughout performance reports. In general, we considered the information provided to committees was sufficient for members to assess the impact of decisions on resources and performance.

156. The Council provides continuing development opportunities for elected members to support them in their roles and to better understand their responsibilities. The Council has revised its Councillor induction and training programme, drawing upon best practice from other organisations including the Scottish Parliament, informed by exit interviews conducted with Councillors who indicated their intention not to stand again and also reflecting the views of political groups.

Leadership and vision

157. In August 2017, the new Administration published its Business Plan 2017-22. The plan sets out the five Strategic Aims and 20 outcomes for the current term and links the aims and outcomes to 52 coalition commitments. As the capital city, and lead for the Regional City Deal, the Council's role in delivering leadership and clarity of vision for the future is critical.

158. Since 2016, the Council has engaged with partners and communities to develop the Edinburgh City Vision 2050. In 2018 the Community Plan 2018 – 2028 was published by the Edinburgh Partnership. The Plan sets out a programme of work under three workstream priorities:

- Enough money to live on;
- Access to work, learning and training opportunities; and
- A good place to live.

159. The Community Plan is supported by four locality community planning partnerships which are responsible for managing the priorities of each locality: leading, delivering and progressing the associated locality improvement plans.

Best value focus – community responsiveness

160. Empowering communities is a national priority for the Scottish Government. It is an important part of public service reform, focussing attention on reducing disadvantage and inequality and improving outcomes for communities.



161. The Edinburgh Partnership was established as the community planning partnership for the city and is responsible for meeting the statutory requirements of the Community Empowerment (Scotland) Act 2015 (the Act), providing community bodies with new rights in a drive to boost community power and engagement.
162. The Act, which provided the Council with a welcome opportunity to refresh its ways of working, requires the production of a Local Outcomes Improvement Plan (LOIP) or 'Community Plan', The Edinburgh Partnership Community Plan 2018-2028 (Community Plan) underwent an Integrated Impact Assessment (IIA) and was approved by the Partnership Board at its meeting in October 2018 and now provides the framework for supporting the delivery of partnership working to tackle poverty and inequality, considered to be the single most critical challenge faced by community planning partners in the city. This current Community Plan replaces its previous equivalent which had been developed under the old Administration and related to the period 2015-18. A complementary governance framework outlining the vision, membership and remit of the respective components of the Partnership has also been developed.
163. Under the Council's Strategic Planning Framework 2016-2028, the Community Plan forms part of a wider multi-agency approach to improving outcomes for Edinburgh's residents and communities. The Community Plan has been designed to complement and align with wider Council strategies and plans, rather than duplicate or replicate what is already happening.
164. The Community Plan sets out an initial programme of work under these three priority workstreams, identifying:
- What is known now – evidence on the scale of the challenge and opportunity to make improvements through partnership action;
 - What is being done now – current partnership activity already in place and the additional activity needed to meet the vision;
 - What difference the work within the Community Plan will make – the changes and actions that will be led by the Council through the implementation of the Community Plan, and the outcomes those actions will deliver; and
 - How it will be determined whether a difference has been made – the performance indicators set against the plan to provide insight into progress.
165. The developments in community planning have taken significant time to establish. The Community Plan remains in its infancy and many of the key component parts are still being bedded in. During 2019/20 we will re-visit this area to satisfy ourselves that the planned programme of work has been appropriately actioned, good progress is being achieved and that stakeholders are satisfied with the changes made.

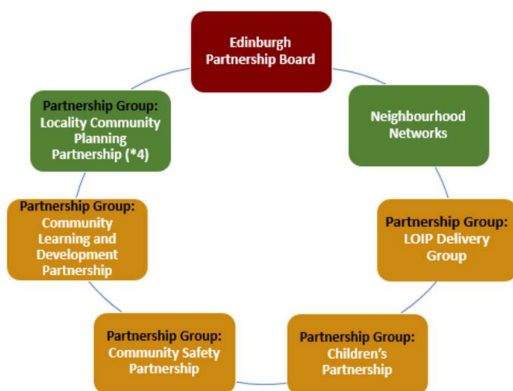
Community responsiveness – revised community planning structures

166. The Edinburgh Partnership recognised that the community planning arrangements in the city were complex with the governance model operating at three levels: city, locality and neighbourhood (community).
167. In December 2017 the Partnership agreed to carry out a review and consultation of governance and partnership working arrangements with the aim of identifying a simplified and streamlined model of working that would:
- Provide a shared understanding and clarity of purpose;
 - Maximise stakeholder influence and participation; and
 - Provide greater accountability and transparency, all with a view to delivering better outcomes for communities and specifically those experiencing the greatest inequality.
168. The work was managed by a project board and was undertaken in two phases: Phase 1 being review and Phase 2, consultation.
169. The review phase, which sought stakeholders' views on the effectiveness, strengths and challenges of the current arrangements and opportunities for improvement, identified weaknesses in the arrangements particularly in relation to transparency, connectivity and community participation. There was a focus on ensuring opportunities were provided for all voices to be heard and in particular on providing a mixture of communication methods that suited different communities and individuals. The review identified that any changes to the governance structure should be radical and not limited to tweaking what was in place.
170. The findings of the review phase were then used to inform the questions posed in the consultation phase, conducted in accordance with the Council's Consultation Framework. The consultation sought the views of participants as to how to simplify the



- Edinburgh Partnership's governance arrangements and improve community participation in its decision making with two options proposed within.
171. We are satisfied that the one-and-a-half month consultation was accessible to stakeholders in a variety of forms (online, paper based, face-to-face workshops), and we were advised that additional publicity was undertaken through social media messaging, and information posted on partners websites and through newsletters, reducing the risk of exclusion.
172. 80 responses to the consultation were received from a variety of stakeholder groups. Responses were unanimously in favour of the new governance structures helping to strengthen community influence and representation in community planning and a variety of proposals were shared as to how this may be achieved. Participants felt that the new governance structure is one way in which the Edinburgh Partnership will clarify how communities are being listened to and also recognised that better communication was key to improving transparency.
173. The findings from both the review and consultation, together with the statutory requirements of the Act, then informed the development of the new governance arrangements which were approved by the Edinburgh Partnership in October 2018 as follows:
175. Additionally there are now four locality community planning partnerships (LCPPs) established (albeit not determined by statutory regulation) which are accountable to the Board in respect of leading, delivering and progress on the locality improvement plan (LIP). We have been advised that the LCPPs should be fully operational by December 2019. These LCPPs replace the locality committees previously in place which have now been disbanded.
176. The revised neighbourhood networks foundation (NNs) is based around the old Neighbourhood Partnership boundaries, applying established geography to determine the neighbourhood networks: previously there were 12 neighbourhood partnerships and now there are 13 networks. These bodies are continuing as community planning bodies whilst the membership, boundaries and remit of the new NNs are considered. It has been recognised that there are already established informal networks within communities and that the development of the NNs should be about broadening and linking them together.
177. The overall role of the networks will be to identify the priorities and outcomes for community planning through building effective and meaningful community participation. Responsibility for determining how best to ensure the different community voices are heard will form a key element of the networks remit.

Exhibit 8: New governance arrangements



174. Under the revised governance model, the Edinburgh Partnership Board, with a refreshed membership and remit remains the strategic lead. The Board is now supported by four partnerships, reduced from the 11 previous partnership and advisory groups. All four partnerships, each with their own remit and membership are directly accountable to the Board.
178. The remit and membership of the locality community planning partnerships and neighbourhood networks are currently being developed with partners as part of the stakeholder engagement process at a local level. However, to ensure consistency across the city, we understand that these will be subject to the agreement of the Board as part of its governance framework, albeit this should not be to the detriment of appropriately recognising the diversity of all communities represented.
179. Good communication across all the groups within the governance structure is seen as key to ensuring trust is built between groups.
180. Whilst an agreed revised governance model has now been reached, it must be recognised that the evolving legislative landscape could bring with it a need for further changes in the future. We are satisfied that the Council has invested significant resource over the last year and a half in reaching its revised position with regard to its Partnership governance structure and its Community Plan. However, whilst the implementation phase remains live, we will need to ensure that we re-visit this in



2019/20 to satisfy ourselves that the revised structures have been satisfactorily rolled out and are delivering needed results.

Following the public pound

181. The Council uses a number of arms-length external organisations (ALEOs) to provide services on its behalf, including Transport for Edinburgh Limited and CEC Holdings Limited. While the ALEOs are responsible for the delivery of the services, the Council remains responsible for the public money it provides to the ALEO and the quality of services the ALEO provides. The Council needs to hold ALEOs to account for their use of public funds and should have sufficient governance arrangements in place to do so.
182. A Council Governance Hub, chaired by the Chief Executive, has been established to scrutinise the management of the Council's ALEOs, seek assurance over the delivery of services and to ensure that the Council is aware of any risks. ALEOs are also required to report to the Council once a year with their forward plans which are considered at the relevant Council committee, with their accounts and past performance is scrutinised by the Governance, Risk and Best Value Committee.
183. We are satisfied that the Council's following the public pound arrangements appear to be well-developed and improving.

Standards of conduct

184. In our opinion, the Council's arrangements in relation to standards of conduct and the prevention and detection of bribery and corruption are adequate.

Risk management

185. Well-developed risk management arrangements help Councils to make effective decisions and secure better use of resources. The Council's GRBV committee is responsible for monitoring the effectiveness of the risk management arrangements in place with risk management responsibilities held at corporate, divisional and team level and leadership teams reviewing risks quarterly.
186. Emerging risks are escalated to the Corporate Leadership Team (CLT) as appropriate. During our review, we were satisfied that risks are actively managed and subject to escalation or scaling down as appropriate. There is now a single risk management system in place to manage Health and Social Care Partnership and Integration Joint Board risks.

187. The Council reviewed its Enterprise Risk Management Policy and risk appetite in August 2018. We consider this provides a strong basis for monitoring risk. A review of GRBV meetings confirmed there is robust discussion on the CLT's risk reports.
188. The Councils highest 6 corporate risk as reported in August 2019 are:
- Health and social care services -- increased demands for services and demographic changes impacting adversely on financial and operational performance;
 - The age and condition of certain Council properties impacting on operational delivery and the safety of staff and service users;
 - The lack of appropriately qualified programme management resource to successfully deliver major programmes and projects on budget and to time;
 - Information and data security failure;
 - Reduced funding and increased demand impacting on medium term financial planning;
 - Occurrence of a major incident.
189. During the year there have been changes in the organisation and personnel within the risk management team. Arrangements going forward are currently being reviewed with the intention of further delegating responsibility to teams and reviewing the use of future risk management arrangements.
190. Overall, we are satisfied that risk management arrangements appear to be embedded across the Council. We did however note that risk no longer features as a standing heading on Council reports requiring decisions. We recommend that is re-introduced to ensure it is properly considered in decision-making.

Action plan point 5

Responding to audit recommendations

191. In August 2019 internal audit's annual audit opinion for 2018/19 was reported to the Council's GRBV. The opinion stated that the Council's established control environment; governance and risk management arrangements, had not adapted or evolved sufficiently to support the effective management of the risk environment and the Council's most significant risks. A red rated opinion was issued reflecting that significant enhancements were required to the Council's established control environment to ensure that the most significant risks were mitigated and managed. Internal audit



highlighted the following significant areas where improvement was required:

- Key first line management controls (most notably quality assurance reviews) had frequently not been established or were not consistently reviewed to support the management of key service delivery risks;
- Significant concerns continued to be highlighted in relation to the management of technology risks.
- Further improvements were required to ensure that: Senior Responsible Officers and project managers are managing projects in line with the Council’s project management framework, whole of life costing is applied to projects and that adequate project management resource is provided to support major projects
- A new Corporate Property Strategy which is achievable and realistic is required as is complete and accurate data on all Council property assets.

192. The red rated audit opinion has not changed since the previous financial year. The Council needs to make clear progress in addressing the weaknesses identified to allow an improved internal audit opinion.

193. We are concerned that there are still considerable overdue findings from internal audit reports and late management responses to draft internal audit reports. Whilst these are reported monthly to the Corporate Leadership Team and quarterly to GRBV this trend has continued throughout 2018/19. In August 2019 internal audit reported that 47 internal audit findings (those overdue where management action had not been actioned or evidenced) were outstanding. Of these 26 were more than one year old. 118 management actions were also identified as overdue. There were high rated findings in both overdue management actions and internal audit findings.

194. Whilst we are satisfied that internal audit is seen as an important element of the internal control framework by senior management and Councillors there needs to be a greater prioritisation of addressing issues raised by internal audit across the Council.

Action plan point 6

CGI contract management

195. As part of our 2016/17 external audit of the City of Edinburgh Council, we performed a review of CGI’s security management arrangements. CGI was appointed in 2016 for an initial period of seven years

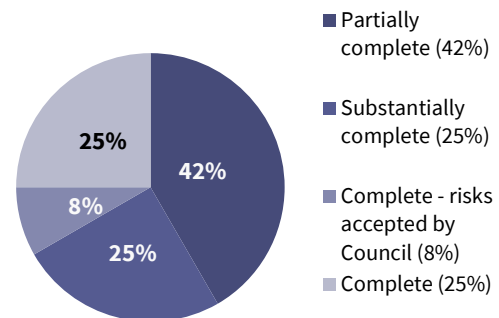
to provide outsourced ICT and transformation related services to the Council.

196. Our review contained twelve recommendations, 9 of which were rated as “High”.

197. The findings from this report were presented to the November 2017 Governance, Risk & Best Value (GRBV) Committee as a ‘B’ agenda item. In response to the findings, the Committee agreed that an update on progress with agreed actions should be presented to the January 2018 and then the May 2018 meetings.

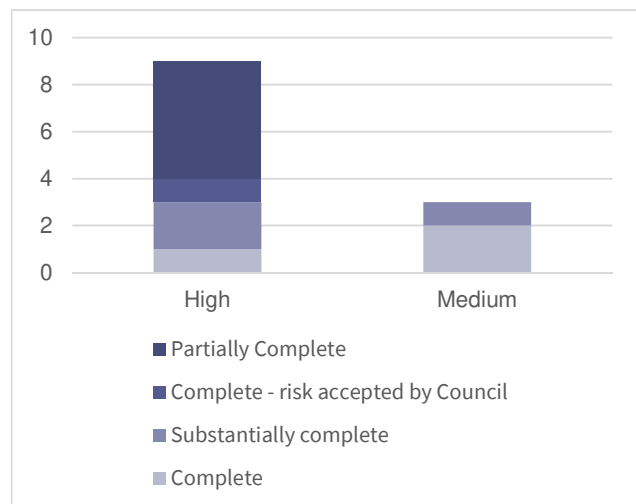
198. The progress report submitted to the May 2018 GRBV Committee was as follows:

CGI Security Management follow-up May 2018 – Summary of progress



199. By grade the position was:

Completion rates by risk grading



200. As part of our external audit work for the 2018/19 audit, we requested an update from CGI with supporting evidence to allow us to assess the extent



to which progress has been made in addressing outstanding recommendations.

201. Overall, the evidence received from CGI has not been sufficient to allow us to form an opinion on whether recommendations have been addressed. Based on the evidence that has been provided, there is limited evidence of progress against the majority of recommendations.

Action plan point 7

202. In particular, we noted that there has not yet been any internal vulnerability scanning performed. CGI agreed to provide this service in early 2018 and it is concerning that this action remains outstanding.
203. We also noted that controls in relation to management and monitoring of generic and default privileged accounts for the Wintel environment are not sufficiently robust to confirm that access can be attributed to a named individual and that use of such accounts is subject to regular monitoring. CGI does include details in monthly security reports of active privileged accounts but these do not provide any assurance on their appropriateness and when the accounts were last used.
204. The patching status of servers and desktops is reported on a monthly basis to the Security Working Group. We noted that the patching levels of the Wintel and UNIX environments are continuing not to meet agreed standards.

Best value focus – fairness and equality

External strategies

205. The Council has continued during the year to develop its Equality, Diversity, and Rights Framework 2017-21. The Framework includes a set of five service improvement outcomes, developed through engagement with members of the Edinburgh Equality and Rights Network, community planning partners, and senior managers and chief officers in the Council.
206. The Framework outcomes were informed by community and service area intelligence drawn from engagement processes, including the development of the Edinburgh City Vision 2050, along with insights from needs assessments and performance information.
207. At the time of completing our audit, it was clear that the external arrangements around fairness and equality, and the Edinburgh Partnership Community Plan ('Community Plan'), were still in the implementation phase.

208. Discussion about concrete outcomes against which the Community Plan will measure indicated that whilst broad outcomes around employment rates, neighbourhood satisfaction, access to affordable housing, and child poverty rates are in place, ways of measuring and outcomes against other equalities measures are yet to be fully determined.

209. The Community Plan 2018- 2028 makes clear that the Council will continue to measure, monitor and develop the plan to reflect the community and progress made. We will consider during 2019/20 whether appropriate actions, and ongoing monitoring and reporting have been implemented.

Internal Council strategies

210. The Council's internal arrangements are also undergoing a transformation. A new Diversity and Inclusion Strategy and Plan is due for committee approval in October 2019.
211. The new strategy clearly looks to engage with the current Council staff to assess the Council make-up and identify gaps, as well as to strengthen internal policies to support staff with varied needs.
212. The plan includes greater involvement with staff networks and plans to use focus groups and external third parties to help inform the process of developing a more inclusive culture that promotes diversity and respect.
213. As reported by Audit Scotland, the Council has a responsibility to tackle poverty, reduce inequality and promote fairness, respect and dignity for all citizens. In achieving Best Value the Council has to be able to demonstrate that: equality and equity considerations lie at the heart of strategic planning and service delivery, that there is a commitment to tackling discrimination, advancing equality of opportunity and promoting good relations within the organisation and the wider community, that equality, diversity and human rights are embedded in its vision and strategic direction and throughout all of its work, including its collaborative and integrated community planning and other partnership arrangements, and there is a culture which encourages and is working towards the elimination of discrimination.
214. We are satisfied from our review of Council documents (including the Business Plan, Change Strategy, the Community Plan and Equalities and Rights Impact Assessments (ERiAs)) as well as discussions with key staff that there is evidence that equality, diversity and human rights are embedded in the Council's vision and strategic direction.



215. Equality considerations are included in the Council's planning, evaluation and reporting processes. There is evidence that there is a commitment to tackling discrimination and advancing equality opportunities and promoting good relations within the organisation and externally, including in its collaborative and integrated community planning and partnership working.

Edinburgh and South East Scotland Regional City Deal

216. On 7 August 2018 the Council signed the Edinburgh and South-East Scotland City Region Deal. Other co-signatories to the Deal included five other local authorities, the region's universities and colleges and the region's business and third sectors. The Deal committed the UK and Scottish Governments to jointly invest £600m over the next 15 years with regional partners committing to add in excess of £700m. Projects included within the Deal included transport, research development and innovation, culture, employability and housing.

217. The principal projects impacting directly on the City of Edinburgh Council's responsibilities were:

- West Edinburgh public transport infrastructure
- IMPACT concert hall
- New housing partnership
- Housing infrastructure projects

218. Business cases for each of the projects are required to be approved by both Governments and the Councils/HE/FE Courts involved and then by the Joint Committee. To date 8 business cases covering approximately 30% of the total projects envisaged under City Deal have been approved.

219. The City of Edinburgh Council was appointed as the accountable body for City Region Deal finance and all grant funding from the Government with the exception of funding on the Sheriffhall roundabout project will be channelled through the Council. In the year to March 2019 no funding was received relating to City Deal projects, the first funds of £41.6m being received from the Scottish Government in April 2019.

220. A Joint Committee comprising the leaders from the six local authorities involved and representatives from the universities/college sectors, the business sector and the third sector together with a secretariat has been established. The Joint Committee will meet at least four times during the year and will oversee and monitor the implementation of the City Deal Programme. Below the Joint Committee, an Executive Board will be supported by Advisory and Thematic Advisory Boards and Groups. Project groups will be

established as part of the respective Business Cases and these will feed into the Advisory Boards. Standing Orders setting out delegated authority levels were approved by the Joint Committee in November 2018.

221. City Deal work is supported by a Programme Management Office established within the Council. This is jointly funded by the 7 partners to the Deal.

222. In 2019/20 further consideration will be required with regard to the accounting required to reflect City Deal transactions and other contributions within City of Edinburgh Council's accounts. We recommend that these discussions take place as soon as possible.

223. Whilst the majority of the City Deal is concerned with the funding of construction projects it is clear that the groups which have been set up as part of the City Deal governance structure enable regional partners to come together to consider joint working over a range of regional issues.



7. Value for money

Value for money is concerned with using resources effectively and continually improving services. In this section we report on our audit work as it relates to the Council's own reporting of its performance.



The Council continues to monitor its' performance against "The Programme for the Capital Business Plan 2017 – 2022." The Council outlines its ongoing commitment to improve and invest in local services delivered to citizens.

We are satisfied the Council reports its public performance in line with the Local Government Benchmarking Framework. We also consider the 2018/19 Annual Performance Report, represents an honest and balanced view of the 2018/19 performance of the Council.

The Council in 2018/19 has demonstrated improvements in performance in several areas including delayed discharge levels and the number of families and young people living in temporary, bed and breakfast accommodation.

Certain performance indicators in waste management, adult social care services and homelessness however remain poor and significant improvements are required, including the pace of change in implementing such improvements.



Value for money

Performance framework

224. The Council published “The Programme for the Capital: The City of Edinburgh Council Business Plan 2017-2022” in August 2017. The business plan sets out the Council’s vision and strategic aims for the term of the administration. These strategic aims are summarised as delivering:

- A Vibrant City
- A City of Opportunity
- A Resilient City
- A Forward-Looking Council
- An Empowering Council.

Public Performance Reporting

225. It is the duty of a local authority to make arrangements for the reporting to the public of the outcomes of the performance of its functions.

226. Public performance reporting is a fundamental requirement of Best Value. Local authorities must ensure that in approaching public performance reporting they must: engage stakeholders, give an honest and balanced picture plus, information is published in a timely and engaging manner.

Local Government Benchmarking Framework

227. The Accounts Commission has a statutory power to define performance information that local authorities have to publish. The 2015 Direction, which applies until 31 March 2019, reinforced the Accounts Commission’s focus on public performance reporting (PPR) prescribed two statutory performance indicators.

SPI 1: Each Council will report a range of information setting out:

- Its performance in improving local public services (including with partners).
- Its performance in improving local outcome (including with partners).
- Its performance in engaging with communities and service users, and responding to their views and concerns.
- Its performance in achieving Best Value, including its use and performance benchmarking; options appraisal; and use of resources.

SPI 2: Each Council will report its performance in accordance with the requirements of the Local Government Benchmarking Framework.

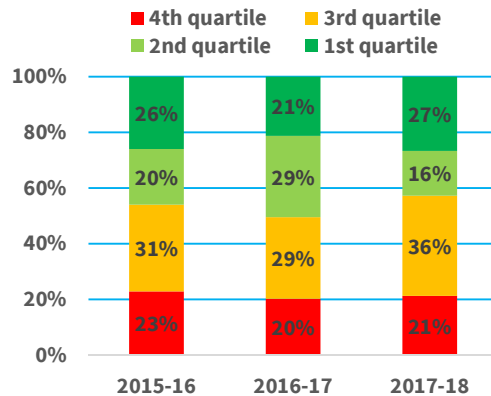
228. We are satisfied the Council reports its’ public performance in line with the Local Government Benchmarking Framework. We also consider the 2018/19 Annual Performance Report, represents an honest and balanced view of the 2018/19 performance of the Council.

229. Overall, the City of Edinburgh’s performance compared to other Scottish local authorities declined in 2017/18 (Exhibit 9 on “performance relative to other Scottish authorities”). The analysis relates to 2017/18 given the timeframe for collecting and publishing LGBF information. Across 75 Local Government Benchmarking Framework (LGBF) indicators, the Council improved performance in 36 of the indicators; has seen two indicators maintaining performance and reported a decline in 37 indicators. Four children’s performance indicators, which are collected every two years with 2016/17 being the latest update, have not been included. Areas of poor performance falling below the national average include:

- The quality and housing standard of Council provided houses (measured by the dwellings meeting the Scottish Housing Quality Standard), remains the lowest nationally for the fourth year in a row. Performance however, has improved in 2017/18 to 80.7% compared to 2016/17 at 75.6%
- The Council recorded lower levels of satisfaction with refuse collection at 63.3%, placing the City of Edinburgh as the lowest ranked authority in Scotland.
- 88.7% of assessed streets achieved a cleanliness score (LEAMS). This is a reduction of 3.6% compared to 2016/17. Satisfaction with street cleaning continued to decline and the Council achieved a low score of 61.3%.
- The cost of road maintenance (measured per kilometre of roads) continues to be substantially higher than the Scottish average. In comparison to other urban cities in Scotland (Aberdeen City, Glasgow City and Dundee City), the Council has comparatively high costs for road maintenance.



Exhibit 9: Overall 2017/18 performance slightly declined relative to other Scottish authorities.



Source: Local Government Benchmarking Framework, Improvement Service 2019.

230. Our performance analysis demonstrates that there are areas the Council performs strongly in, which include:
- Cost indicators for primary, secondary and pre-school per pupil.
 - The percentage of rent lost due to voids in 2017/18 was 0.58%, 0.31% less than the Scottish average.
 - The proportion of individuals earning less than the living wage has decreased to 14% in 2017/18. Edinburgh City Council ranks as the second-best performing authority within this indicator.
 - Adult satisfaction with parks, open spaces, museums and galleries continues to increase year-on-year. This is in part due to the Council continuing to provide low cost leisure services to citizens.
231. In terms of the Council's performance in 2018/19 against previous years, whilst there has been some improvement in some of the Council's key indicators we are disappointed to note that there is a continuation of areas of poor performance within Adult Social Care Services, Environmental Services and Homelessness.

Action plan point 8

Adult Social Care Services

232. Our annual audit plan identified a significant audit risk relating to Health and Social Care:



Value for Money: Health and social care

Our audit in 2017/18 highlighted specific concerns around the performance of health and social care outcomes. An analysis of performance against the rest of Scotland for national outcome indicators continues to place it in the lowest quartile for a number of key indicators including:

- The number of days people spend in hospital when they are ready to be discharged
- The percentage of carers who feel supported to continue in their role
- The proportion of the last 6 months of life spent at home or in a community setting.

In December 2018 the follow-up report from the Care Inspectorate and HIS on services for older people in Edinburgh was published. It found that whilst Edinburgh had made some progress in certain areas only limited progress had been made in improving outcomes and experiences for older people and that there was a lack of strategic leadership and ownership of the improvement agenda. A further report on progress will be made in 2019/20.

The half-year update, reported to the Finance and Resources Committee in December 2018, pointed to an anticipated year-end overspend, without the identification and implementation of further savings measures, of £7.041million. This position primarily reflected a combination of additional expenditure relative to approved levels in the areas of Direct Payments, Individual Service Funds and Care at Home and higher-than-budgeted transport costs, alongside a shortfall in income. The overall level of overspend was expressed net of £3.780million of non-recurring EIJB contributions.

An agreement on funding to support additional service activity, receipt of which is predicated on the achievement of improvements in delayed discharge levels, is in the process of being finalised with NHS Lothian.

The Chief Executive has written to the Chief Officer of the Edinburgh Health and Social Care Partnership, re-emphasising the urgent need for development of both a suitably-robust EIJB recovery plan for 2018/19 and detailed and sustainable savings proposals for 2019/20, given the resulting and increasing impact on the remainder of the Council's activity. Members of the Finance and Resources Committee have also met with the Chief Officer of the Edinburgh Health and Social Care Partnership and the Chief Financial Officer of the EIJB to discuss the EIJB's current and anticipated financial challenges and, more critically, their plans to re-attain financial sustainability.

The Council's financial offer to the EIJB for 2019/20 includes continuation of the £4million additional funding provided in 2018/19, £9.127million for additional demography pressures, and an on-going commitment to recognising the Scottish Living Wage, along with a further £0.845million for the Carers' Act. The Council will also pass on, in full to the EIJB, the monies provided through the Local Government Settlement for expansion of free personal care for those under 65 years of age. Additional funding of £2.5million is to be added to the Council Priorities Fund and drawn down based on achievement of prolonged improvements in service outcomes i.e. delayed discharge, timings for assessment. £0.2million is also being made available as transitional funding for organisations facing the greatest impacts following the loss of EIJB grant funding.

Excerpt from the 2018/19 External Audit Plan

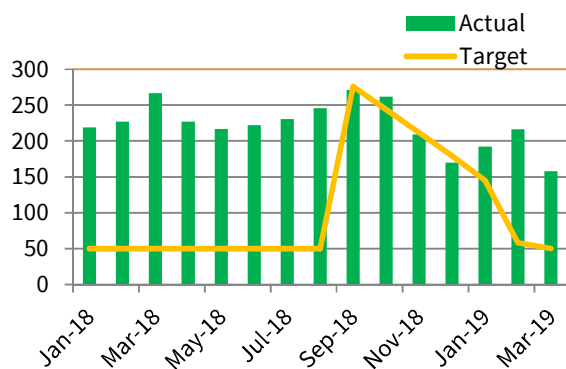
233. Edinburgh City Council is one of the key partners in the Edinburgh Health and Social Care Partnership (EHSCP). In 2018/19, EIJB prioritised focus on shifting the balance of care from a medical and/or residential setting to supporting more residents within their homes.
- The total number of people with an overdue care assessment review fell by 26% in comparison to 2017/18.
 - The number of individuals in the community awaiting care packages stood at 440 patients, a 52% reduction from 2017/18.
 - Average waiting times for non-urgent assessments reduced to 37 days, the lowest waiting period since 2016.
234. In 2018/19, performance outcomes were better in the following of areas within adult social care services:
- Total number of people delayed awaiting discharge from hospital (Exhibit 10)
235. Exhibit 10 demonstrates that the EIJB met its aims for delayed discharges in the months of September, November and December 2018. March 2019 saw the



lowest figure of individuals awaiting discharge at 158.

236. The Edinburgh Health and Social Care Partnership has been working with care providers to support recruitment growth and reduce waiting times via the Sustainable Community Support Programme. As at March 2019, 440 residents in the community were awaiting a package of care – 548 fewer people compared to 2017/18.

Exhibit 10: The Edinburgh Health and Social Care Partnership have not reached Delayed discharge targets in 2018/2019.



Source: Performance Report to Edinburgh Integration Joint Board.

237. The proportion of residents receiving care at home remained at 57% in 2018/19. This is due in part to the ongoing demand for care at home services.

Care inspectorate findings

238. In June 2019 the Care Inspectorate in partnership with Education Scotland and Healthcare Improvement Scotland and HMICS published a report on children and young people in need of care and protection in Edinburgh.
239. The inspection collected and reviewed evidence against 22 quality indicators set out in the Care Inspectorate's quality framework for children and young people in need of care and protection and involved meetings with children and young people, parents and carers, staff and those with leadership and management responsibilities.
240. Edinburgh's Partnership works through multi-agency children's services management groups across four localities. The report's conclusion was

"The Care Inspectorate and its scrutiny partners are confident that the partnership has the capacity to continue to improve and to address the points highlighted in this report."

Staff are competent, confident and clear in their understanding about the expectations of their roles with children in need of care and protection. Supported by collaborative leaders and a positive approach to learning and development, they can further build on the good practice we have seen.

The self-evaluation submitted by the partnership as part of this inspection demonstrated its knowledge of areas of improvement and reflected a collaborative response that included staff at all levels.

The initial response to concern element of the interagency referral discussion process was robust.

Services are responsive to the needs of children and young people and there is a willingness to try new approaches and look for solutions.

However, while we are confident the partnership has the capacity to continue to improve, to do this they will need to evaluate the impact of services and use evidence more systematically. Using data, feedback and lessons from quality assurance activity in a more joined-up way will help the partnership know consistently what is making a difference and what needs to change. Continuing to embed self-evaluation will help the partnership establish how to deliver improvement in outcomes for children and young people."

241. Across a range of areas reviewed for the quality and effectiveness of services the Partnership scored well with no areas considered weak or unsatisfactory.

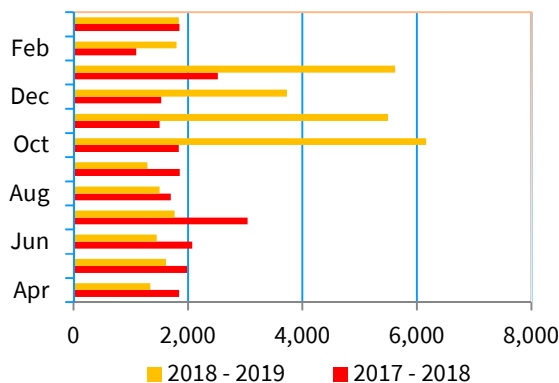
Environmental Services

242. Waste Management Services have identified two key measures of success, the number of missed bin service requests and customer satisfaction (using Edinburgh's People Survey). Compared to last year, the Council's performance against other local authorities fell, with a significant number of indicators in the lowest performing quartile.
243. The four-day week collection model implemented by the Council took a few months to settle in. There were significant periods of disruption particularly between October 2018 and January 2019 where performance was impacted (Exhibit 11 on "domestic missed bin requests").
244. 10,786 more calls were received in 2018/19 compared to 2017/18 in relation to the collection of missed service requests for domestic kerbside bins. The total number of missed service requests for domestic kerbside bins equates to 0.16% of all collections carried out in the year.



245. Communal bin service requests received 21,868 calls in 2018/19, a significant increase from 15,155 in 2017/18. Various factors contributed to this including: contamination of recycling bins, resident misuse and capacity.
246. As Exhibit 11 outlines, performance has improved in recent months. However, planned internal targets have yet to be achieved.
247. The Council has embarked on a longer-term redesigning project, to restructure the way in which the communal bin service is delivered, following significant resident dissatisfaction. A review is being conducted on operations and the long-term delivery of these services.

Exhibit 11: Individual domestic missed bin service requests increased in 2018/2019.



248. The chargeable garden waste service (fee for brown bin collection) implemented in October 2018, brings Edinburgh City Council in line with many other UK local authorities. The Council now collects garden waste from 68,000 households and residents still have the opportunity to use household waste recycling centres for garden waste at zero cost.
249. As at March 2019 household recycling rates reduced by 1.5% to 41.1%. Customer satisfaction with recycling also declined in 2017/18 to 65% - a 7% decrease on 2016/17.
250. The volume of materials rejected at sorting plants was greater this year. This was due to the volatile global crisis in the recycling sector. South-East Asian countries closed their doors to imports of recycled materials which led to exports of plastic waste in the UK falling by 3%. Nonetheless, the Council is collaborating with processing partners to reduce the volume of rejected material.

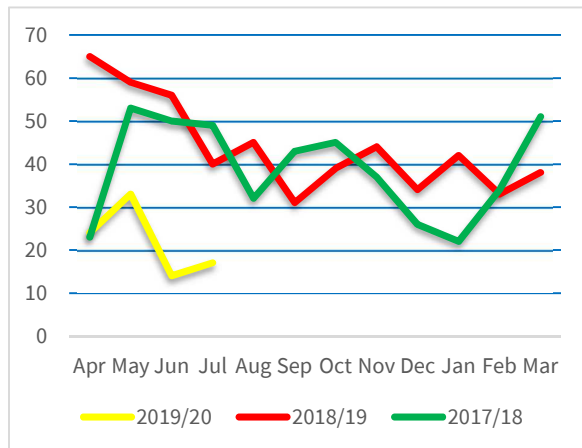
251. The Scottish Government aims to end landfill by 2021 and in order to deliver on this target; the Council opened a new energy-from-waste facility at Millerhill. This has changed how the Council manages 110,000 tons of rubbish that Edinburgh citizens put into grey bins.

Homelessness

252. Overall, improvements have been made within Homelessness services, with 4 out of 7 performance indicators in the Annual Performance Report 2018/19 outlining progress. In 2018, a Homelessness Taskforce was introduced to identify long-term solutions to tackle homelessness and recommend alternative methods to improve quality shared housing facilities. In response to the Taskforce, the Council increased the number of furnished flats used as temporary accommodation and now provides cooking and laundry facilities in shared housing accommodation.
253. Between April 2018 and March 2019 (based on temporary accommodation placement cases closed during this period), there were 465 placements involving a breach of the 'Homeless Persons (Unsuitable Accommodation) (Scotland) Amendment Order 2017' (Exhibit 12 on "Unsuitable accommodation order breach"). The amendment order reduced the number of days local authorities could use unsuitable accommodation such as B&Bs for families with children and pregnant women, from 14 to 7 days. In 2018/19 the City of Edinburgh accounted for 75% of all 620 breaches in Scotland.
254. At 31 March 2019 the number of families and young people living in B&Bs had decreased by over 50% compared to the prior year. Only 21 families were staying in B&B accommodation in addition to 3 young adults. Furthermore, there was a decrease of £0.4M in spend on B&Bs/ shared houses in 2018/19.
255. Edinburgh City Council has developed its Rapid Rehousing Transition Plan which aims to remove the need for temporary housing by matching the number of homes available to the number of citizens becoming homeless. The Council has committed to building 20,000 new affordable homes. In the period between April 2016 and March 2018, 4,033 new homes were built.



Exhibit 12: Unsuitable accommodation order breach



256. The Council faces a number of challenges around rapid rehousing, including:
- In 2017/18, 800 households presented themselves as homeless from the private rented sector – a trend which is increasing year on year.
 - 15% of overall housing stock in Edinburgh is social rent, compared to the Scottish national average of 25%.
 - On average, private rents are up to £1,000 per month compared to the national average of £800 per month.
257. The Council has invested in housing officers and implemented a 'Help-To-Rent' scheme in order to assist homeless people to increase their housing options and have better access to the private rented sector market.

Service Improvement Plans

Housing Services Improvement Plan

258. The Council demonstrates a commitment to achieving the ten-year goal to deliver 20,000 new homes. In 2018/19 a record 1,600 affordable homes were approved for social rent, mid-market rent and low-cost home ownership. There are currently around, 2,300 affordable homes under construction on 35 sites across the city. Due to the strength of the pipeline programme, the Affordable Housing Supply Programme (AHSP) secured an additional £12 million in grant funding from the Scottish Government in 2018/19 and invested a record total of £53.1 million of grant subsidy. This funding was spent in full by the end of March 2019. This was a 29% increase on the original funding allocation. The programme also approved just under 1,000 of the homes (83% for social rent), completed almost

700 new affordable homes and saw almost 1,200 new homes start on site.

259. Edinburgh Living, a housing partnership with Scottish Futures Trust is now operational and has 33 homes for mid rent in management with a strong pipeline of planned acquisitions from the Council's housebuilding programme.
260. The Council is also investing in energy efficient homes. All Council homes need to meet Energy Efficiency Standards for Social Housing by December 2020. Almost 70% of all Council homes met this standard at the end of 2018/19, a 23% increase on 2017/18 levels. Additionally, the Council's new energy advice service assisted over 800 tenants on methods to reduce fuel bills.
261. The three year Housing Service Improvement Plan aims to increase customer satisfaction, improve performance and reduce operating costs. The Council's main priority is to develop highly responsive and effective services to customers. In June 2019, Housing and Economy Committee received a report on the HSIP that prioritised six improvement workstreams; repairing and maintaining homes, finding and letting homes, collecting rent, looking after estates, improving and building homes. Good progress has been made in completing the actions identified for the first year of the plan.

Road Services Improvement Plan

262. The Council established the Road Services Improvement Plan following poor performance within road services. In December 2018, 47% of identified key actions were marked as completed. Performance indicators which have improved or maintained at previous levels in this area include:
- The road condition index score was maintained at 36.4% in 2016 – 2018 (reported on a two-year rolling basis).
 - The percentage of emergency road defects made safe within 24 hours stood at 95% which is above the Council's internal target.
 - 2017/18 figures for satisfaction with road maintenance were at the lowest percentage since 2014 at 42%. Whilst considerable work has been undertaken to restructure Road Services, it is too early to state whether this has arrested the decline in this key performance measure.



8. Appendices





Appendix 1: Respective responsibilities of the Council and the Auditor

Responsibility for the preparation of the annual accounts

The Council is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. The Head of Finance has been designated as that officer within City of Edinburgh Council.

The Head of Finance is responsible for the preparation of the Council's annual accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the annual accounts, the Head of Finance is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- complying with legislation; and
- complying with the Code.

The Head of Finance is also responsible for:

- keeping proper accounting records which are up to date; and
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor responsibilities

We audit the annual accounts and give an opinion on whether:

- they give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of the affairs of the Council and its group as at 31 March 2019 and of its income and expenditure for the year then ended;
- they have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code;
- they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003;
- the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014;
- the information given in the Management Commentary is consistent with the financial statements and has been prepared in accordance with statutory guidance issued under the Local Government Scotland Act 2003; and
- the information given in the Annual Governance Statement is consistent with the financial statements and has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

We are also required to report, if in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with accounting records; or
- we have not received all the information and explanations we require for our audit.



Wider scope of audit

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability.

The Code of Audit Practice frames a significant part of our wider scope responsibilities in terms of four audit dimensions: financial sustainability; financial management; governance and transparency; and value for money.

Best value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value.

Our work in respect of the Council's best value arrangements has been integrated into our audit approach, including our work on the wider scope audit dimensions.

Independence

International Standard on Auditing (UK) 260 "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

Group non-audit services

Scott-Moncrieff provides taxation services to CEC Holdings Group and Transport for Edinburgh Group. All tax services are provided by independent partners and staff who have no involvement in the audit of those financial statements. The total value of taxation services provided is approximately £58,000.

Confirmation of independence

We confirm that we will comply with FRC's Revised Ethical Standard (June 2016). In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Scott-Moncrieff and the Council, its elected members and senior management that may reasonably be thought to bear on our objectivity and independence.



Appendix 2: Our approach to the wider scope audit

Our approach to the wider scope audit (as set out in our 2018/19 External Audit Plan) builds upon our understanding of the Council which we developed from previous years, along with discussions with management and review of minutes and key strategy documents.

During our audit we also considered the following risk areas as they relate to the Council:

- EU withdrawal
- Changing landscape of public financial management
- Dependency on key suppliers
- Openness and transparency
- Care income, financial assessments and financial guardianship

Overall we concluded that the Council has appropriate arrangements in place in respect of these areas as noted below:

Impact of EU withdrawal

The Council has assessed the impact of EU withdrawal on the organisation as it relates to workforce, finance and regulation and where appropriate is taking steps to mitigate any impact.

The Council mapped out its EU/EEA workforce over 18 months ago and has issued written communications directly to its EU/EEA staff keeping them up to date with the latest news from the Home Office and giving them advice on how to apply for settled status. The Council has offered all non-EU staff who may have a partner/family member impacted by Brexit the opportunity to sign up for the written communication. The Council has contacted all line managers advising them of the settled status situation and has created dedicated Brexit intranet pages; that have the latest news about Brexit and useful links for EU/EEA staff to support them with their settled status application. HR also meet with elected members to discuss the potential risks facing the Council and its service provision due to Brexit. The Council has met with partnership colleagues in the NHS to discuss potential service implications due to Brexit and the Integration Joint Board will consider the potential impact of Brexit as part of their workforce planning activities.

The Council and Strategic Planning Partnership who deliver the European Social Fund (ESF) programme on behalf of the city operate core employability projects and Social Inclusion projects. These projects are currently worth over £1.5 million a year and have an impact of £3.75 million (including match) a year supporting vulnerable people to find employability, employment and training skills within our economy. Potential loss of these projects and funding will have a negative impact on Edinburgh College, Further and Higher Education institutions within the city. The Council continues to work with other local authorities and COSLA to assess the potential impact on funding after the guarantees around funding until 2020 have ended. Mitigating actions in respect of these risks are incorporated within the refreshed Economic Strategy.

The Council's refreshed Revenue Budget Strategy, due to be considered by the Finance and Resources Committee in October 2019, will include explicit reference to the potential implications of EU withdrawal, both in terms of direct ESF/ERDF support and wider potential indirect impacts on inflation and public spending. Insofar as their influence can be predicted at this time, these will be incorporated in wider sensitivity analyses of funding and expenditure.

Work is on-going with COSLA and Scotland Excel to examine potential impacts on supply chains, with key areas for consideration including ICT, food and the impact of



port/road congestion holding up goods; storage/stockpiling by suppliers may also potentially increase costs.

On-going risk assessment and contingency planning is being actively discussed at the Brexit Cross-Party Working Group and the Brexit Resilience Working Group.

The Council has identified and assessed the risks to the organisation, including current controls and required treatment actions, details of which are held in the EU Exit Resilience Risk Register, which continues to be developed.

Changing landscape of financial management

Following recommendations of the Scottish Budget Review Group, the Scottish Government has indicated that it will bring forward a three-year funding settlement for local government from 2020/21 onwards. The Council has a well-developed and responsive medium term revenue budget framework. The Council does not however currently have a long term financial strategy. We understand that this will be developed and presented to the Council over the course of 2019/20. The development of a three year funding settlement will assist the Council in the development of its longer term financial strategy.

Dependency on key suppliers

Following the collapse of Carillion, it became apparent that public sector bodies face significant risks where key suppliers are experiencing difficult trading conditions.

In light of this, the Council's GRBV committee received a report which set out the Council's position in respect of the potential impact following the collapse of Carillion and the steps being taken to review other construction companies that may have issued profit warnings to assess any further potential risks. The paper noted that the Council has some residual exposure arising from two identified projects in terms of not being able to enforce warranties and guarantees from Carillion PLC should the need arise.

The Council has had a consistent approach to the review of economic and financial standing of new contract awards for several years. Following the collapse of Land Engineering in 2017, the Council took steps to improve this process. The risks arising from Carillion PLC entering liquidation brought the issue into focus again and a detailed note was prepared for elected members in March 2018 on the monitoring of supplier contracts.

Openness and transparency

Across the public sector there is an increasing focus on how public money is used and what public bodies are achieving. In that regard, openness and transparency supports understanding and scrutiny and public sector bodies must ensure that they keep pace with public expectations on openness and transparency.

In 2017/18 we reported that in relation to Council and committee meetings, there were clear arrangements in place to ensure that members of the public could attend Council and committee meetings as observers, and that agendas were available in advance of each meeting. All committee meetings are broadcast on the Council's website and a large archive is available for review. We consider these conclusions remain appropriate for 2018/19.

X



**Care income, financial
assessments and financial
guardianship**

In response to the identified risks we noted the following:




- In 2018/19 3,000 care income assessments were carried out. We were unable to identify the number that were outstanding/yet to be finalised at 31 March 2019. The Council does not currently set a target time within which care income assessments should be carried out.
- No Council officers undertake financial guardianship roles.



Appendix 3: Best Value Programme

In October 2016, Audit Scotland introduced a new approach to auditing Best Value in Scottish Councils. The new approach continues to audit against the statutory duties but has an increased focus on the pace and depth of improvement at each Council. Each Council will be subject to a full Best Value Assurance report over a 5 year period.

Under the Code of Audit Practice (May 2016), and supplementary guidance issued by Audit Scotland, we are required to consider and make judgements on 8 Best Value themes over the course of our appointment. This work will build our assessment of the Council's approach to demonstrate Best Value, which will help to risk assess and inform the coverage of the full Best Value Assurance Report. The table below outlines our coverage to date and plans for the remaining 2 years of our appointment.

Wider Scope Dimension	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019 -20	Year 5 2020 - 21
Anticipated BVAR at CEC					
 Financial Management / Sustainability	Effective use of resource				Sustainability
	Financial Governance	Financial governance			
	Financial and service planning	Resource management			
 Governance and transparency	Governance & accountability				
	Governance, decision making and scrutiny	Governance, decision making and scrutiny	Managing risk effectively	Public performance reporting	Governance, decision making and scrutiny
	Member training and development			Member training and development	
		Partnership and collaborative working	Community responsiveness	Vision and leadership	
			Fairness and equality		
 Value for Money		Performance outcomes and improvement		Performance outcomes and improvement	
		Improvement		Performance and outcomes	

Looking forward

In May 2019 the Accounts Commission confirmed that City of Edinburgh Council was included in the programme of Best Value audits planned for 2020. It is currently anticipated that best value audit work will be undertaken between February and April 2020 with the outcomes reported in a Best Value Assurance Report in July/August 2020.

The Best value audit will draw upon the findings from the annual audits undertaken at the Council. As part of our audit in 2018/19 we have included in this report our conclusions regarding the Council's arrangements in relation to Fairness and Equality and Community Planning.



In preparation for the forthcoming Best Value audit, the Council has undertaken its own self-assessment. This will be formally reported to the leadership team and Council over the next month. We understand that the self-assessment identifies the following areas where the Council performs well:

- being aware of challenges
- governance, decision making and scrutiny
- partnership and collaborative working.

In contrast the self-assessment notes the need for further work in relation to:

- effective workforce planning
- progress with health and social care integration.



Appendix 4: Accounts Commission Strategic Priorities

The Accounts Commission, within its Strategy and Annual Action Plan sets out its plans and priorities to fulfil its oversight and scrutiny role, with the overriding aim to hold Councils to account for the pace, depth and continuity of improvement facilitated by effective governance. We aim to support the Accounts Commission's work by using our annual audit work to assess how the Council is progressing against the Commission's priorities. The Strategic Plan for 2018-23 (https://www.audit-scotland.gov.uk/uploads/docs/report/2018/ac_strategy_plan_18-23.pdf) contains five strategic priorities.

Our assessment against the priorities is outlined below.

2018/19 Strategic Priority	Our assessment
<p>Having clear priorities with a focus on outcomes, supported by effective long term planning</p>	<p>The Council's Business plan: "A Programme for the Capital: The City of Edinburgh Council Business plan 2017/22" was approved in August 2017.</p> <p>The Council has also consulted on a 2050 City Vision which is planned to be finalised in October 2019. Consultation responses were considered by the Policy and Sustainability Committee in August 2019.</p> <p>The Council has a number of longer-term financial plans including the Medium Term Financial Strategy 2019–24, the Housing Revenue Account Budget 2019 – 24 and a Capital Investment Programme 2019/20 to 2023/24. A Change Strategy: Risks and Reserves 2019-2023 report was also reported to Council in February 2019.</p> <p>There are a number of other supporting strategies which set out the Council's priorities and focus on outcomes e.g. the Edinburgh Partnership Community Plan 2018-2028 which was agreed in October 2018. Whilst broad outcomes have been identified within this plan, further discreet outcomes are anticipated to emerge as ways of working evolve.</p>
<p>Demonstrating the effective appraisal of options for changing how services are delivered in line with their priorities.</p>	<p>The Council does consider options appraisal for major capital programmes and projects e.g. the tram extension. Options are also included in certain other areas such as the Council's consideration of political management arrangements. However formal option appraisal for the delivery of services is patchy and this is an area the Council needs to improve on.</p>
<p>Ensuring that members and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future.</p>	<p>New members to the Council go through a comprehensive training programme. During a Council term any new members also receive this training. Workshops are held for elected members as and when required to ensure knowledge and skills support is available for complex or technical areas such as planning.</p>
<p>Empowering local communities and involving them in the design and delivery of local services and planning for their local area.</p>	<p>There has been extensive public consultation around the Community Plan 2018-2028 and Edinburgh Partnership Governance Framework during 2018/19. Individuals and community groups were also consulted on their views on local priorities and services. Feedback was incorporated into four Locality Improvement Plans for 2017 to 2022, the ongoing development and delivery of which primarily rests with the Local Community Planning Partnerships (LCPs) formed under the revised Partnership governance structure.</p>
<p>Reporting the organisation's performance in a way that enhances</p>	<p>The Annual Performance Report reports annual performance across a range of KPIs from one year to the next. This was considered by Council in June 2019.</p>



2018/19 Strategic Priority	Our assessment
accountability to citizens and communities, helping them contribute better to the delivery of improved outcomes.	<p>The Council also measures and reports performance against other local authorities as part of the Local Government Benchmarking Framework.</p> <p>The 52 Coalition Commitments are part of the Council's performance reporting. The status of each commitment is reported annually to Council and 6-monthly to Executive Committees.</p>



Appendix 5: Action plan

Our action plan details the weaknesses and opportunities for improvement that we have identified during our audit.

Action plan grading structure

To assist the Council in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated. Our rating structure has been revised to ensure consistency with the structure/terminology used by internal audit.

The rating structure is summarised as follows:

Finding rating	Assessment rationale
Critical	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	<p>A finding that could have a:</p> <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance ; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<ul style="list-style-type: none"> • A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.



Current year action plan

Action plan point	Issue & recommendation	Management comments
<p>1. Property, plant and equipment</p> <p>Rating</p> <p>High</p> <p>Paragraph Ref</p> <p>25-29</p>	<p>Key assumptions and estimates over the valuation of council dwellings held on the HRA account are not adequately reviewed on an annual basis, outwith the five year valuation cycle, to ensure these remain appropriate. The Council incurred a revaluation increase of £526.6million in 2018/19.</p> <p>Key assumptions and estimates noted included;</p> <ul style="list-style-type: none"> The selection and valuation of beacon properties used to value Council dwellings The adjustment factor applied to valuation of Council dwellings <p>Recommendation We recommend that all key assumptions and estimates made in the valuation of council dwellings are reviewed on an annual basis, with the outcome formally reported to the Council. The Council should consider performing interim check valuations of Council dwellings.</p>	<p>On an annual basis, we will consider an appropriate percentage increase to the council dwelling values each year, based on the growth in the housing sector and a check on our adjustment factor to make sure it is still appropriate.</p> <p>We will also carry out check valuations on a small representative sample of the beacon properties.</p> <p>Responsible officer: Operational Estate Manager, Resources</p> <p>Implementation date: March 2020</p>
<p>2. Public inspection notice</p> <p>Rating</p> <p>Medium</p> <p>Paragraph Ref</p> <p>79</p>	<p>In 2018/19 we received correspondence relating to the notice of the public right to inspect. Upon review there was found to be a delay in displaying the hard copy of the public inspection notice which is required to be published prior to 17 June as outlined by the 2014 Regulations. The notice was published in the local newspaper and on the City of Edinburgh Council website by 17 June 2019, however, was not available at Council offices until 26 June 2019.</p> <p>Recommendation We highlighted issues with regards to the public inspection in 2017/18 and we would recommend the Council makes arrangements to ensure full compliance in 2019/20.</p>	<p>While detailed procedure notes are already in place, these will be reviewed to introduce an element of independent review, thereby ensuring all key steps are undertaken by the required dates.</p> <p>Responsible officer: Principal Accountant, Corporate Accounts</p> <p>Implementation date: June 2020 (for 2019/20 inspection process)</p>



Action plan point	Issue & recommendation	Management comments
3. Committee reporting	The Council's political management arrangements have been modified from 1 August 2019.	The Council is currently implementing a new committee management system. This will seek to improve reporting arrangements and will be accompanied by further training for report authors. A report is scheduled to be considered by the Governance, Risk and Best Value Committee following implementation which will consider the benefits and further areas to improve.
Rating	In considering committee remits the Council considered committee statistics including the volume of reports being submitted to committees. We recommend that further consideration is given as to whether the content of reports can be improved in terms of their clarity and use of technology.	
Medium		
Paragraph Ref		Responsible officer: Democracy, Governance and Resilience Senior Manager
153		Implementation date: January 2020

Action plan point	Issue & recommendation	Management comments
4. Elected member and officer protocols	During the 2018/19 audit, it has become clear that the arrangements for sharing sensitive information between some Councillors and the leadership team require to be reviewed. There are tensions which arise from dealing with personal sensitive data and the rights of Councillors to have access to all information required to carry out their duties. It is important that all Councillors and senior staff have a clear understanding of their rights and responsibilities in relation to information held by the Council.	The Council has clear protocols for access to documentation and these are outlined in the member/officer protocol. This document is set to be reviewed in 2019 and an exercise will be carried out with elected members and senior management to ascertain where the protocol needs to be improved including access to documentation.
Rating		
Medium		
Paragraph Ref		Responsible officer: Democracy, Governance and Resilience Senior Manager
154	Recommendation Councillors and the senior leadership team should review the current protocols to ensure these are still appropriate and that both members and officers can comply fully with their responsibilities.	Implementation date: January 2020



Action plan point	Issue & recommendation	Management comments
5. Risk management	Overall, we are satisfied that risk management arrangements appear to be embedded across the Council. We did however note that risk no longer features as a standing heading on Council reports requiring decisions.	The “risk” heading has been removed from the template but risk has not been removed as a key element of the content of the report. The stakeholder/community impact section includes engagement, equalities, risk, governance, health and safety, compliance and regulatory implications and report writers are required to cover these individual elements when preparing a report. The report writing guidance retains a section titled risk and authors are still required to cover risk in the same manner as before.
Rating	Recommendation	
Medium	We recommend that is re-introduced to ensure it is properly considered in decision-making.	Responsible officer: Democracy, Governance and Resilience Senior Manager
Paragraph Ref		Implementation date: n/a
190		

Action plan point	Issue & recommendation	Management comments
6. Implementation of audit recommendations	We are concerned that there are still considerable overdue findings from internal audit reports and late management responses to draft internal audit reports. Whilst these are reported monthly to the Corporate Leadership Team and quarterly to GRBV this trend has continued throughout 2018/19. In August 2019 internal audit reported that 47 internal audit findings (those overdue where management action had not been actioned or evidenced) were outstanding. Of these 26 were more than one year old. 118 management actions were also identified as overdue. There were high rated findings in both overdue management actions and internal audit findings.	While significant progress has been made in verifying historic and/or re-opened findings, it is acknowledged that more needs to be done to implement and evidence completion of some more recent audit actions. To this end, Directorate action plans have been developed and are subject to regular monitoring and CLT consideration including, in the case of more complex findings, opportunities to provide interim or alternative assurance with respect to the issues concerned.
Rating		Responsible officer: Chief Executive and all Executive Directors
High	Whilst we are satisfied that audit is seen as an important element of the internal control framework by senior management and Councillors there needs to be a greater prioritisation of addressing issues raised by internal audit across the Council.	Implementation date: On-going
Paragraph Ref		
194		



Action plan point	Issue & recommendation	Management comments
7. CGI contract management	<p>As part of our external audit work for the 2018/19 audit, we requested an update from CGI with supporting evidence to allow us to assess the extent to which progress has been made in addressing outstanding recommendations.</p> <p>Overall, the evidence received from CGI has not been sufficient to allow us to form an opinion on whether recommendations have been addressed. Based on the evidence that has been provided, there is limited evidence of progress against the majority of recommendations.</p> <p>Whilst we are satisfied that audit is seen as an important element of the internal control framework by senior management and Councillors there needs to be a greater prioritisation of addressing issues raised by external audit across the Council.</p>	<p>The Council is continuing to liaise with its ICT partner to provide evidence to demonstrate full implementation of the recommendations contained within the audit report, taking due account as appropriate of available alternative forms of assurance. In this regard, additional information was provided on 11 September to consider.</p> <p>Responsible Officer: Chief Officer, Customer and Digital Services</p> <p>Implementation date: December 2019</p>
Rating		
High		
Paragraph Ref		
201		



Action plan point	Issue & recommendation	Management comments
8. Service performance	In terms of the Council's performance in 2018/19 against previous years, whilst there has been some improvement in some of the Council's key indicators we are disappointed to note that there is a continuation of areas of poor performance within Adult Social Care Services, Environmental Services and Homelessness.	<p>Adult Social Care Services The EIJB is continuing to work with partners to support the delivery of sustainable improvement. The recent establishment of a Performance and Delivery Committee should provide clearer oversight, more focussed scrutiny and regular progress updates.</p> <p>Responsible officer: Chief Officer, Health and Social Care Partnership Implementation date: On-going</p> <p>Environmental Services A number of improvement actions have been identified and are planned for implementation as follows:</p> <p>Commence operation of the two new Waste Transfer Stations in the East (Seafield) and West (Bankhead) of the city to improve waste collection reliability (Head of Place Management, October 2019);</p> <p>Finalise the design of the new communal waste and recycling collection service (Head of Place Management, March 2020)</p> <p>Complete the rollout of the Routesmart system to ensure that all waste and recycling routes are delivered and monitored for effectiveness (Waste and Cleansing Manager, March 2020).</p> <p>Homelessness Having already secured more than 500 shared house spaces, we are actively working towards identifying alternative forms of accommodation such as temporary furnished tenancies to meet the targets set in the RRTP.</p> <p>Efforts are also continuing to facilitate a steady supply of housing through the housebuilding programme, rent deposit scheme, increased access to mid-market rent properties and increases in preventative work.</p> <p>Responsible officer: Homelessness and Housing Support Senior Manager Implementation date: On-going</p>
Rating		
High		
Paragraph Ref	Significant improvements are required, including the pace of change in implementing such improvements.	
231		



Follow up of prior year recommendations

Of the 11 recommendations raised within our prior year annual audit reports which had yet to be implemented, we note that three have now been implemented, four are progressing and four have yet to be implemented. Details are given below.

1. User access controls

Initial rating	Issue & recommendation	Management comments
Low	<p>Issue</p> <p>We noted during our audit that any member of the Council finance team with ledger access can post entries to organisations that the Council provides financial ledger services to even though they may have no interaction with those organisations.</p> <p>Risk</p> <p>There is a risk that incorrect or fraudulent postings could be made to those organisations' financial ledgers.</p> <p>Recommendation</p> <p>We recommend that the Council reviews user access controls to the financial ledger.</p>	<p>There is no existing system-based means of preventing staff from posting journal entries affecting other organisations. Initial indications are that the cost of introducing such controls would likely be prohibitive relative to the resulting benefits.</p> <p>As part of the detailed monitoring of these organisations' financial affairs, however, transaction lists for the Lothian Valuation Joint Board and SEStran are reviewed on a monthly basis and this identifies any of an unexpected nature. This check will be formally evidenced going forward.</p> <p>Responsible officer: Business Partnering Senior Manager, Finance</p> <p>Implementation date: October 2018</p>
Current status	Audit update	Management response
Complete	<p>We noted during our current year audit that arrangements have now been put in place to tailor and restrict user access to the ledger.</p>	N/A



2. Property, plant and equipment

Initial rating	Issue & recommendation	Management comments
<p>High</p>	<p>Issue</p> <p>Valuation</p> <p>We noted the following through our review of the valuation process:</p> <ul style="list-style-type: none"> The instructions from the Council to the internal valuer are not disseminated to individual valuers who carry out the valuations; A material adjustment was made to the annual accounts as differences were identified between the valuations provided by the valuer and those recorded in the Council's asset register; and The results of the valuation exercise are not formally communicated to the Council. <p>Impairment</p> <p>We noted that no assessment of impairment of the estates portfolio has been carried out in 2017/18; other than for those assets forming part of the 2017/18 valuation programme.</p> <p>Risk</p> <p>There is a risk that the valuations carried out are not consistently prepared, in line with the instructions issued by the Council.</p> <p>There is also a risk that the results of the valuations or impairment reviews are not correctly disclosed and accounted for in the annual accounts.</p> <p>Recommendation</p> <p>We recommend:</p> <ul style="list-style-type: none"> The instructions are circulated to all those responsible for carrying out the valuations; Reconciliations are performed between the records held by the valuers and the Council's asset register; An overarching valuation report is prepared; the content of which is in accordance with the RICS Red Book; and The Council to formalise its procedures for assessing whether there has been an impairment of its estates portfolio. 	<p>For the 2018/19 process, both a handbook for valuers and a manager's checklist of all the steps involved in the asset valuations have been produced.</p> <p>The year-end instructions have been incorporated within the handbook and are being issued to all staff involved in the valuation process.</p> <p>A reconciliation between Logotech and AIS will be carried out to ensure the respective systems are in balance, with any differences investigated.</p> <p>An overarching valuation report, consistent with the requirements of the RICS Red Book, will be produced for 2018/19.</p> <p>A formal procedure will be put in place with regard to assessing whether an impairment has occurred and included within the handbook.</p> <p>Responsible officer: Operational Estate Manager, Resources</p> <p>Implementation date: April 2019</p>



Current status	Audit update	Management response
<p>In progress</p>	<p>An asset valuation handbook was developed and disseminated to all individuals undertaking valuations in 2018/19. This contained the formal instructions from the Council. Action complete</p> <p>A reconciliation was performed between the records held by the valuer and the Council's asset register. This identified 64 assets omitted from the Council's asset register which were subsequently valued and added to the asset register. Action complete</p> <p>An overarching valuation report was prepared, in accordance with the requirements of the RICS Red Book. Action complete.</p> <p>Instructions formally highlight the need to assess whether there is any indication of impairment. The valuer used the results of condition surveys performed in 2018/19 as a key source of evidence. Whilst we deem this to be an appropriate source of evidence, it only provides assurance over a proportion of the Council's operational estate and does not take cognisance of other sources of information, such as the level of repairs and maintenance required in the year. We would encourage the Council to further develop its procedures for assessing whether there has been an impairment.</p>	<p>The Operational Estate Manager is currently in discussions with Facilities Management regarding what data is available on repairs that could be used to improve the identification of impairments.</p> <p>Once this has been reviewed, we will look at ways to develop the final procedure and ensure that impairments are assessed in accordance with that procedure.</p> <p>Responsible officer: Operational Estate Manager, Resources</p> <p>Implementation date: TBC</p>



3. Common good income and expenditure transactions

Initial rating	Issue & recommendation	Management comments
Medium	<p>Issue</p> <p>The Council's unaudited common good fund accounts did not disclose all transactions pertaining to the common good fund (value approximately £5.8million). These transactions were included within the Council's accounting records. The accounts were subsequently updated.</p> <p>Risk</p> <p>There is a risk that the accounts of the common good funds are not transparent and show the true position of the operation of those funds.</p> <p>Recommendation</p> <p>We would encourage the Council to review its relationship and use of the common good funds/assets and put in place documented arrangement for the use and maintenance of those assets.</p>	<p>To ensure the effective management of relevant assets and associated costs as part of the Council's wider property portfolio, income and expenditure of the Common Good will continue to be coded within the Council's accounts during the year. At the year end, an adjustment will be made between the respective funds to ensure that the income and expenditure are appropriately reflected in both accounts.</p> <p>Property and Facilities Management will review the relationship between the Council and the Common Good Fund and consider proportionate improvements to arrangements for the use and maintenance of the latter's assets.</p> <p>Responsible officer: Principal Accountant (Corporate Accounts), Finance (working with relevant colleagues as appropriate)</p> <p>Implementation date: February 2019</p>
Current status	Audit update	Management response
Complete	<p>Income and expenditure transactions pertaining to the Common Good Fund have been disclosed as required in the 2018/19 annual accounts. Audit testing confirmed no material misstatement in the balances reported.</p>	N/A



4. Common good – asset register

Initial rating	Issue & recommendation	Management comments
High	<p>Issue</p> <p>The Council is currently compiling a common good register to comply with the requirements of the Community Empowerment (Scotland) Act 2015. We noted during our audit that there are assets included on this register which are not currently accounted for as common good in the annual accounts. No adjustment was made to the 2017/18 annual accounts however it is anticipated that there will be an increase in value of common good assets in 2018/19.</p> <p>Risk</p> <p>There is a risk that the common good accounts are misstated.</p> <p>Recommendation</p> <p>The Council, in preparing the 2018/19 common good fund annual accounts should review the accounting policies for property, plant and equipment and heritage assets to ensure that:</p> <ul style="list-style-type: none"> • The assets are classified correctly; • The appropriate valuation basis has been applied; and • Depreciation is applied dependent on the accounting policy and classification of the asset. 	<p>The consultation on the revised common good register is anticipated to begin on 27 September 2018. During this consultation and in advance of the 2018/19 year end, the respective assets of the Common Good Fund and the Council will continue to be assessed and any required reclassification undertaken.</p> <p>As part of this reclassification of assets, the Council will consider the appropriate valuation basis, paying due consideration to statutory mitigation, and ensure that the depreciation applied is consistent with the accounting policy and classification.</p> <p>Responsible officer: Principal Accountant (Corporate Accounts), Finance</p> <p>Implementation date: May 2019</p>
Current status	Audit update	Management response
In progress	<p>The first draft of the asset register was released for consultation in line with the required timescale set by the statutory guidance. The asset register has been reviewed and those assets agreed via legal consultation to be common good have been transferred during 2018/19. A number of assets are still being reviewed by the Council. This review is set to take place over the coming months and an updated asset register will be provided to the Finance and Resources committee for approval.</p>	<p>The first version of the Common Good Register was published on the Council's Common Good webpage on 28 June 2019, complying with Scottish Government guidance.</p> <p>The Register will now be presented to the Finance and Resources Committee for approval on 26 September 2019 as part of the Common Good Annual Performance Report.</p> <p>Assets still under consideration comprise a schedule annexed to the Common Good Register. The Common Good status of these assets is currently being considered by legal counsel and the Council Solicitor and this is stated in the asset register.</p>



Initial rating	Issue & recommendation	Management comments
		<p>Annexing a list of “property still under investigation” complies with Scottish Government Guidance.</p> <p>Work on categorising civic regalia and artefacts that are assets of the Common Good fund is advancing well and the list is to be finalised at a future meeting of the Common Good Project.</p> <p>Those categorised as assets of the Common Good will be added to the register which is live on the Council’s webpage.</p> <p>Responsible officer: Principal Accountant (Corporate Accounts), Finance</p> <p>Implementation date: March 2020</p>

5. Options appraisal – tram extension project

Initial rating	Issue & recommendation	Management comments
High	<p>Issue</p> <p>Reliance has been placed on the original options appraisal for transport modes which took place in support of the Parliamentary bill.</p> <p>The Council has not validated this original appraisal.</p> <p>Risk</p> <p>There is a risk that findings of the original option appraisal are diluted given the passage of time.</p> <p>Recommendation</p> <p>A high-level options assessment should be carried out to validate the conclusions reached in the 2006 STAG 2 appraisal which formed the basis for the Edinburgh Tram (Line One) Act 2006. This work should include the assessment of viable modal options against assessment criteria and objectives derived from the original STAG appraisal in light of current policy. This work should conclude prior to any decision.</p>	<p>A high-level options assessment will be carried out and presented as part of the Final Business Case.</p> <p>Responsible officer: Project Senior Responsible Officer</p> <p>Implementation date: December 2018</p>
Current status	Audit update	Management response
Complete	A high-level options assessment was carried out and presented as part of the Final Business Case.	N/A



6. Financial sustainability – Health and Social Care

Initial rating	Issue & recommendation	Management comments
High	<p>Issue</p> <p>During 2017/18 it became clear that the services that the Council deliver for Edinburgh Integration Joint Board would incur an overspend of over £7million. Planned savings of £6million were not delivered in 2017/18. As a result, and as in 2016-17, additional contributions were made to the IJB.</p> <p>The Council has allocated an additional non-recurring contribution of £4million in 2018-19 to help support capacity challenges.</p> <p>Risk</p> <p>There is a risk that the budget for adult social care is insufficient to deliver the level of improvement required.</p> <p>Recommendation</p> <p>The Council should work with the Edinburgh IJB and other partners to ensure that funding is sufficient to support transformation change.</p>	<p>The Health and Social Care Partnership has identified a broad programme of activity/ transformational changes to optimise delivery within the funding available from the two partner organisations, CEC and NHS Lothian.</p> <p>Responsible officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Implementation date: March 2019</p>
Current status	Audit update	Management response
Outstanding	<p>As noted in the financial sustainability section of this report the EIJB continues to face financial pressures. The EIJB's financial plan in 2019/20, despite a challenging efficiencies programme and the release of unallocated funds, remains unbalanced by £7.1million as at 31 August 2019. The financial and service performance of the EIJB remains a high risk issue and the Council needs to work together with the EIJB and NHS Lothian to reach an agreed financial settlement.</p>	<p>The EIJB Medium Term Financial Plan will be presented to the Board in December 2019 following the approval of the Strategic Plan 2019-2022.</p> <p>Responsible officer: EIJB Chief Finance Officer</p> <p>Implementation date: December 2019</p>



7. Performance reporting

Initial rating	Issue & recommendation	Management comments
Medium	<p>Issue</p> <p>As a result of ongoing development work on the new Community Plan, the Edinburgh Partnership has not yet reported on the outcomes achieved against the Community Plan 2015-18.</p> <p>Risk</p> <p>The Council has not fully complied with the Accounts Commission's Statutory Performance Indicator Direction. Without regular reporting on the achievement of outcomes, it may be difficult to assess effectiveness of steps taken by the Partnership.</p> <p>Recommendation</p> <p>The Council should ensure that arrangements are in place to regularly report to the Edinburgh Partnership on the delivery of outcomes.</p>	<p>The Council team supporting the Edinburgh Partnership (EP) is aware of the delay in the production of the annual performance report and is currently working on drafting this report. It should be noted that the Edinburgh Partnership will be focusing its attention on a review of governance arrangements and the new community plan currently in development, so discussion of the performance report will likely not happen until the end of 2018.</p> <p>As part of the development of the new community plan, high-level performance indicators are being identified to support monitoring of progress going forward. Creating a performance framework around these indicators will be a key stage in the early days of the new plan.</p> <p>Finally, the EP has also started to shift the focus of its discussions onto thematic outcomes. This allows it to have more in-depth discussions on progress to date, covering joint working, existing barriers and impact for communities. At its last meeting in June, the discussion focused on partnership working to address causes of motorbike crime.</p> <p>Responsible officer: Policy and Insight Senior Manager</p> <p>Implementation date: December 2018</p>
Current status	Audit update	Management response
In progress	<p>The Edinburgh Partnership considered the final progress report for the Community Plan 2015-18 at its meeting on 6 December 2018. The Partnership approved the new Local Outcome Improvement Plan 2018-2028 at its meeting on 30 October 2018.</p> <p>A further report on the performance framework for the new plan was presented to the meeting in June 2019.</p>	<p>Work has begun to embed this performance framework through developing reporting formats and identification of appropriate KPIs for the priorities within the new plan. There will be a further performance update for the LOIP provided to the Edinburgh Board in December.</p> <p>The Annual progress reports on the Children's services plan and the Criminal Justice outcome Improvement Plan are being presented at the Edinburgh Partnership Board in September.</p> <p>Responsible officer: Policy and Insight Senior Manager</p> <p>Implementation date: December 2019</p>



8. Health and Social Care performance

Initial rating	Issue & recommendation	Management comments
High	<p>Issue</p> <p>Despite investment in interventions, some of the key performance measures for health and social care remain poor. Our review of progress against the improvement plan concluded that reporting and therefore governance of the plan lacked clarity and focus. As a result, the pace of change and level of improvement has not been good enough.</p> <p>Risk</p> <p>There is a risk that key indicators continue to decline. Delayed discharges mean that partnership resources are directed towards unnecessary acute care, rather than the preventative strategic priorities.</p> <p>Recommendation</p> <p>The Council must ensure that effective scrutiny arrangements are in place to monitor and assess improvement.</p>	<p>The transformational programme, which is still in the final stages of development, is intended to optimise the systems, processes and delivery within existing statutory expectations, as well as shift the strategic focus to prevention and early intervention in order to deliver best possible outcomes and constrain the growth of demand.</p> <p>Responsible officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Implementation date: March 2019</p>
Current status	Audit update	Management response
Outstanding	<p>Whilst there has been some improvement in performance, it remains too early to conclude whether this can be sustained. The approval of a new Strategic Plan should provide a framework for delivering real improvement however there is a danger that this is compromised by the significant financial challenges faced by the IJB in reaching a balance position.</p>	<p>The IJB is continuing to work with partners to support the delivery of sustainable improvement. The recent establishment of a Performance and Delivery Committee should provide clearer oversight, more focussed scrutiny and regular progress updates.</p> <p>Responsible officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Implementation date: On-going</p>



2016/17 recommendations which were outstanding in 2018/19

9. Register of interests

Initial rating	Issue & recommendation	Management comments
Medium	<p>The Council discloses within its annual accounts material transactions with related parties. These can be defined as bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.</p> <p>The Councillors' register of interests is one way that the Council can identify its related parties. On review of the Councillors' register of interests we identified four additional interests which had not been declared. There is a risk, should the registers not be updated, that the Council does not identify and report all related party transactions in its annual accounts.</p> <p>It is the responsibility of a Councillor to make sure that he/she is familiar with, and their actions comply with, the provisions of the Code of Conduct. The Ethical Standards in Public Life, etc. (Scotland) Act 2000 does impose on Councils a duty to help their members to comply with the relevant code. Councillors should be reminded of the importance of ensuring the register of interests is updated regularly and completely</p> <p>2017/18 Audit update</p> <p>Despite actions been taken during 2017/18 to remind and support Councillors in their responsibilities to maintain a register of interests, our review of the Councillors' register of interests in 2017/18, identified eight Councillors for which not all interests had been disclosed and a further six for which the registers had not been updated to reflect the fact that the interests had ceased.</p> <p>While it is the responsibility of a Councillor to make sure that he/she is familiar with, and their actions comply with, the provisions of the Code of Conduct, the Ethical Standards in Public Life, etc. (Scotland) Act 2000 do impose on Councils a duty to help their members to comply with the relevant code. We would encourage the Council to consider the following:</p> <ul style="list-style-type: none"> Request that Councillors' review and update their register of interests on a formal basis at least twice a year; one of which should be done as at the 31 March 	<p>2016/17 management comments</p> <p>The Council has robust arrangements to remind Councillors of their duties under the Act.</p> <ul style="list-style-type: none"> We regularly review Elected Member Register of Interests; Remind Elected Members of their responsibilities in registering any changes/updates within a month of the change occurring; Check individual registers for anomalies that we can identify and highlight these to relevant elected members to prompt updates; Regularly review our process; Provide appropriate guidance and prompts to Elected Members to support compliance. <p>For the new Council in May 2017:</p> <ul style="list-style-type: none"> We explained the requirement for Elected Members to make their first Register of Interest within one month of election in their introduction letter/pack issued at the count, with a copy of the Code of Conduct and the relevant form; We emphasised the importance of this requirement in the Code of Conduct training sessions that formed part of the Induction and Training Programme for Elected Members (May/June 2017). We reminded Elected Members ahead of the deadline (31 May 2017) We engaged with political Group Business Managers to secure their support in reminding their members ahead of the deadline; We issued additional guidance on declaring property income under remuneration following a couple of queries on this topic and after seeking clarification from the Standards Commission; We reminded all Elected Members that they would need to update their Register of Interests to reflect appointments made at Council in June 2017; We reminded Elected Members of their responsibilities for updating their Register of Interests following further appointments at Council in August and to remind about registering gifts and hospitality.



Initial rating	Issue & recommendation	Management comments
	<p>2018. Confirmation of no changes should also be obtained.</p> <p>Council staff should review the disclosures against, for example Companies House records, to ensure disclosures are complete and discuss with Councillors any omissions identified with a view to updating the registers.</p>	<p>We will continue to remind regularly Councillors of their duties under the Act.</p> <p>2017/18 management comments</p> <p>The Council continues to have robust arrangements to support elected members in fulfilling their duties under the Councillors' Code of Conduct. This includes a twice-yearly reminder and additional reminders after appointments at Council meetings.</p> <p>Officers have concerns over reviewing disclosures to Companies House with elected members as the responsibility for complying with the Code is for each individual member and the Council should not put in place arrangements that could dilute that ownership and responsibility. However, as a means of continuing to improve the process, committee management software is being explored that would simplify the process for elected members in updating their register which currently is a paper-based exercise.</p> <p>Responsible officer: Democracy, Governance and Resilience Senior Manager</p> <p>Implementation date: On-going</p>
Current status	Audit update	Management response
In progress	<p>Our review of the Councillors' register of interests in 2018/19, identified a number of Councillors for which either not all interests had been disclosed or for which the registers had not been updated to reflect the fact that the interests had ceased</p>	<p>The Council is currently implementing a new committee management software system that will simplify the process for elected members updating their register. Training is provided to all elected members on the requirements of the Code of Conduct and it remains the responsibility of individual elected members to update their register accurately and timeously.</p> <p>Responsible officer: Democracy, Governance and Resilience Senior Manager</p> <p>Implementation date: on-going</p>



10. Publication of the Council's Corporate Governance framework self-assessment

Initial rating	Issue & recommendation	Management comments
Medium	<p>In April 2016, CIPFA published a revised Delivering Good Governance in Local Government: Framework (2016 Edition). The Council has a Local Code of Corporate Governance in place, but the annual self-assessment against the Code had not been undertaken at the time of our report.</p> <p>We also noted that the Annual Governance Statement was not subject to separate scrutiny by a committee as part of the preparations for the annual accounts process.</p> <p>2017/18 Audit update It is good practice for the Audit Committee (GRBV at the Council) to review the Annual Governance Statement and Assurance Statements as part of preparations for the annual accounts. We noted during our review in 2017/18 (refer to paragraph 169) that the Annual Governance Statement had not been subject to separate scrutiny.</p>	<p>2016/17 management comments The Council revised its Corporate Governance Framework self-assessment template to reflect the revised CIPFA/SOLACE framework. The 2016/17 self-assessment exercise commenced on 4 September 2017 and is scheduled for scrutiny by the Governance, Risk and Best Value Committee on 28 November 2017.</p> <p>As in previous years, the Annual Governance Statement was considered by Council on 29 June 2017. Given the local government election in May 2017 and the introduction of revised political management arrangements it would have been difficult to provide for separate scrutiny ahead of Council consideration.</p> <p>Responsible Officer: Governance and Democratic Services Manager</p> <p>Completion Date: November 2017</p> <p>201718 management comments The process for completion of the annual assurance statements and the Corporate Governance Framework is being reviewed and the new timescales will allow for early scrutiny of the assurance statements and annual governance statement for 2018/19.</p> <p>Responsible officer: Democracy, Governance and Resilience Senior Manager</p>
Current status	Audit update	Management response
Outstanding	<p>We continue to note that there has been no change to this process, which means that the GRBV has not had the opportunity to consider whether the assurance statements reflect their understanding of risk or consider the adequacy of planned governance improvements.</p>	<p>Management acknowledges that delays to the completion of documentation meant that the annual governance statement did not go to the Governance, Risk and Best Value Committee prior to the publication of the accounts. A review of timescales, the effectiveness of the assurance documentation and the linkages to the Corporate Governance Framework will take place in late 2019. It has been agreed that this review will also involve members of the Governance, Risk and Best Value Committee.</p> <p>Responsible officer: Democracy, Governance and Resilience Senior Manager</p> <p>Implementation date: December 2019</p>



11. Delayed discharges

Initial rating	Issue & recommendation	Management comments
High	<p>The Council's performance in relation to delayed discharges has continued to worsen in the period to June 2017 despite a focus being given to the issue.</p> <p>Edinburgh has regularly had the highest number of delayed discharges of any Integration Authority in Scotland.</p> <p>We recommend that improving performance in this area remains a priority.</p> <p>2017/18 Audit update</p> <p>We note that while a range of interventions have been taken to improve performance, the level of delayed discharges continues to significantly exceed target levels.</p>	<p>Performance is closely monitored at:</p> <ul style="list-style-type: none"> A weekly Star Chamber meeting of key managers from the four localities and hospital sites – progress, challenges being faced (e.g. reductions in provider capacity) and improvement actions are identified and discussed. The IJB, which receives a “Whole System Delays” report at each of its meetings. The report includes progress with key improvement workstreams, including reviewing the contract with care at home providers. <p>Responsible Officer: Interim Chief Officer, Edinburgh Health and Social Care Partnership NHS Director</p> <p>Completion Date: December 2017</p> <p>2017/18 management comments</p> <p>There is a large-scale remedy programme being undertaken across the entire Discharge Pathway, including:</p> <ul style="list-style-type: none"> Whole-systems Delayed Discharge Oversight Group established and chaired by CO New dedicated Delayed Discharge Lead appointed Whole-system analysis and impact undertaken and Action Plan formulated with stretch timescales Realignment of delivery platform – including interface with acute services via the Hub – is in the process of being implemented <p>Responsible Officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Completion Date: August 2019</p>
Current status	Audit update	Management response
Outstanding	<p>Towards the end of 2018/19 there was some improvement in the level of delayed discharges. It is important this is sustained over the forthcoming year.</p>	<p>The IJB is continuing to work with partners to support the delivery of sustainable improvement. The recent establishment of a Performance and Delivery Committee should provide clearer oversight, more focussed scrutiny and regular progress updates.</p> <p>Responsible officer: Chief Officer, Edinburgh Health and Social Care Partnership</p> <p>Implementation date: On-going</p>

