



MINUTES OF THE MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE

**TUESDAY 19 DECEMBER 2023
VIA DIGITAL MEETINGS SYSTEM**

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Committee Members Present:

Councillor Bruce
Councillor Jardine
Councillor McFarlane
Councillor McGuire
Councillor Menzies - Chair
Councillor Ritchie

Other Councillors Present:

Councillor Hampshire
Councillor McMillan

Council Officials Present:

Ms S Fortune, Executive Director for Council Resources
Ms M Ferguson, Head of Corporate Support
Ms E Dunnet, Head of Finance
Mr D Stainbank, Service Manager – Internal Audit
Mr P Vestri, Service Manager – Policy, Improvement & Partnerships
Mr C Grilli, Service Manager – Governance, Council Resources
Mr T Reid, Head of Infrastructure
Ms L Brown, Executive Director for Education & Children’s Services
Ms M Patterson, Chief Executive
Mr S Cooper, Service Manager - Communications
Mr J Baker, Service Manager – Economic Development
Ms L Deegan, Companies Manager – East Lothian Land Ltd
Ms A Glancy, Service Manager – Corporate Accounting
Ms N McDowell, Head of Education
Mr S Kennedy, Team Manager – Emergency Planning & Resilience
Ms S Saunders, Head of Communities & Partnerships
Mr A Cruickshank, Service Manager - IT
Mr P Ianetta, Service Manager – Engineering Services & Building Standards

External Audit:

Mr J Boyd, Audit Director - Audit Scotland
Ms R Browne, Audit Director – Audit Scotland

Clerk:

Ms M Scott

Apologies:

Councillor K McLeod

Councillor T Trotter

Declarations of Interest:

There were no formal declarations of interest but for transparency Councillor Menzies and Councillor Ritchie made Members aware they were appointed Members of the Board of Enjoy Leisure.

1. MINUTE OF AUDIT & GOVERNANCE COMMITTEE ON 26 SEPTEMBER 2023

The minutes of the Audit & Governance Committee from 26 June 2023 were approved as an accurate record.

2. INTERNAL AUDIT REPORT: DECEMBER 2023

A report was submitted by the Service Manager for Internal Audit to inform the Audit and Governance Committee of Internal Audit reports issued since the last meeting of the Committee and provide an update on progress made against 2023/24 annual audit plan.

Duncan Stainbank, Service Manager for Internal Audit reported since the last meeting of the Committee final reports had been issued in respect of the following audits: Utilities Cost Management and Performance Indicators which both provided reasonable assurance.

Mr Stainbank highlighted the key findings, recommendations and the dates for completion for each audit category and paused for questions.

Councillor Jardine asked what had held us back on increasing assurance on objective one. Mr Stainbank explained there were three items granted limited assurance not because they were not being operationally applied but there needed to be guidelines on how properties are heated, procedures in place for the team that are assessing and reviewing this and then a business case for further resource in the area. Mr Tom Reid, Head of Infrastructure explained there is a singular officer dealing with the energy and the need for extra resource has been flagged for a number of years however the ability to supplement that has never been available. Mr Reid added that he and Mr lanetta are confident any of the recommendations highlighted by Mr Stainbank are covered but to bring it to the level of appropriate diligence an additional officer would be required, and a business case will be produced to do that.

Responding to multiple questions from Councillor Menzies in relation to energy and heating policies, Mr Reid explained some of the work Mr lanetta completes is manual and he has to physical check on buildings, some have electronic monitoring systems and all newly developed or upgraded buildings will have the appropriate automated measurement systems. He added that Mr lanetta does a huge amount of work to try and balance the usage of power against the climate change declaration so ensure we are not overproviding in buildings. Mr Reid stated the decision to turn back the heating was done as a general rule, but the set temperature may not feel the same in every building so manual adjustments are required. He made Members aware significant investment is required in buildings, fabric and the retrofit and findings from exercises done at Scottish Government level have shown it would millions of pounds of investment to get us to the point any policy would have a meaningful context. Mr Reid provided information on how the asset work would be completed and he would be happy to have further discussions with Members offline due to the huge amount of

work being done across engineering, estates and strategic assets. Mr Stainbank added there is a need for policy around this but at the appropriate time to make sure it can be implemented operationally.

Councillor Jardine commended officers for the improvements they had already made on the back of recommendations from Internal Audit. She highlighted the wide range of performance indicators under materiality in the report and stated we need to be careful to align everything to the Council Plan and make sure we are only reporting and examining the information that we absolutely need to deliver the priorities we have set.

Councillor Menzies thanked Mr Stainbank for his clear and concise report and was pleased to see progress was being made at a good pace.

Mr Stainbank drew Members attention to the six completed follow up audits, highlighting the City Deal Governance and Monitoring, Finance Business Partners and Budget Monitoring and the Prevent and Return Project.

In response to a question from Councillor Jardine, Sarah Fortune, Executive Director for Council Resources provided information on the internal audit of the innovation hub at Queen Margaret University and assured Members a lot of updates are received from internal management which show this is operating appropriately.

Decision

That the Audit and Governance Committee note:

- i. the main findings and recommendations from the Internal Audit reports issued during the period from October 2023 to December 2023 as contained in Appendix 1;
- ii. the findings from Internal Audit's follow-up work, per Appendix 2;
- iii. Internal Audit's progress against the annual audit plan for 2023/24 as set out in Appendix 3.

3. INTERNAL AUDIT CHARTER

A report was submitted by the Service Manager for Internal Audit as The Public Sector Internal Audit Standards (PSIAS) require an Audit Charter to be in place in each local authority and require the internal Audit Charter to be reviewed periodically and presented to Senior Management and to the Audit and Governance Committee for approval. East Lothian Council's Internal Audit Charter was approved by the Audit and Governance Committee in November 2022. The Charter has been reviewed and updated to include a mission statement as required by the March 2023 QAIP review against PSIAS standards. The updated Internal Audit Charter is being presented to the Audit and Governance Committee for approval.

Duncan Stainbank, Service Manager for Internal Audit defined the mission of Internal Audit to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.

Councillor Jardine asked what value he felt the mission statement brought to the document and the work of the team. Mr Stainbank stated the team were aware of what their mission was, but it was pointed out as part of the external quality assessment that the mission statement was not part of the Internal Audit Charter, so the change was made.

Mr Stainbank continued to answer questions from Members providing information on his direct operational reporting line to the Chief Executive of East Lothian Council as well as the Executive Director for Resources and access to the Chair of the Audit and Governance Committee which allows the independence to review anything within the Council without fear or favour. He also agreed that the Internal Audit Charter would be circulated to the Council Management Team and information on Internal Audit Induction would be refreshed in the new year.

Councillor Jardine stated she found the presentation of the report valuable as it was very clear and covered all areas that needed to be covered. She was pleased to hear the scope and value of Internal Audit being explained and welcomed the degree of independence Mr Stainbank has.

Councillor Menzies thanked Mr Stainbank for his easily read report and giving reassurance to Members and the public that our Internal Audit is independent of any management function.

Decision

That the Audit and Governance Committee were asked to approve the updated Internal Audit Charter. A roll call vote was carried out and it was a unanimous decision to approve.

4. ANNUAL ACCOUNTS 2022/23

A report was submitted by the Executive Director for Council Resources to provide the Committee with an update on any changes arising during the audit of the draft financial statements, and to ask the Committee to approve the audited accounts for 2022/23, noting some changes to the accounts are still being finalised.

Ann-Marie Glancy, Service Manager – Corporate Accounting reported that in July she was advised the audit work for the final accounts would be delayed due to resourcing issues within the audit team and field work commenced mid-October. She added an extended audit period had proved challenging, but Audit Scotland had worked diligently with the team and thanked them for this. Ms Glancy noted an audit of Operational Assets identified incorrect data had been used in the valuation process and the team is currently working with the valuer to correct this and she asked that formal approval be delegated to the Council's Chief Finance Officer and Chair of the Audit and Governance Committee to make any necessary changes to the accounts.

Ms Glancy drew Members attention to areas within the report which highlighted changes made to the draft accounts and noted there had been no changes to the useable reserves position of East Lothian Council. Ms Glancy highlighted the significant change to the pensions and explained how this had now been resolved. She thanked all Council Officers involved in the year end process.

Ms Glancy and Mr Reid responded to questions from Members. Ms Glancy provided information on the assets in questions and explained how these will only affect the revaluation reserves which has no impact on the spending power of the Council. Mr Reid explained the consultant team used to provide information historically had gone on net space instead of gross space, so some void areas had not been included in the overall footprint therefore the correct valuation was greater. Ms Glancy then explained what happens when that information is ran through the accounts. Ms Fortune also assured Members the finance team undertake their duties were thoroughly and this

has been an area which has been consolidated through the accounts in previous years in a similar way.

Councillor Hampshire asked if there was a way for Members to get a better understanding of the challenge to individual services that have been caused by growth. Ms Fortune stated the full cost of running the Council is consolidated within the accounts which includes the cost of growth, unfortunately how the accounts are set out are to meet accounting requirements but through management commentary the team have tried to reflect the implications that are important for the Council, one of which is the concern of the impact of population growth.

In response to a question from Councillor Menzies, Ms Glancy stated the issues around the pension fund were very unusual and further guidance on how to deal the unfunded element was released from CIPFA in November. She explained the issue was picked up during the audit, the actuary was contacted, and further information was provided and changed within the accounts.

Councillor Jardine stated as a relatively new Councillor she was still getting used to the complex information on how we are doing as a Local Authority and thanked officers for the clear and concise representation of where we are at the moment as part of how we make decisions going forward.

Decision

- i. Approve the audited Accounts for the Council and Group components.
- ii. Delegate responsibility to the Council's Chief Finance Officer and Chair of the Audit & Governance Committee to make appropriate changes to the Accounts, subject to completion of audit work relating to asset valuations, and formal sign off from External Audit.
- iii. Approve the 2022-23 audited accounts for the Dr Bruce Fund.

A roll call vote was carried out and it was a unanimous decision to approve.

5. ISA 580 Letters:

- a. ELC Audit of 2022/23 Annual Accounts**
- b. Dr Bruce Fund Audit of 2022/23 Annual Accounts**

John Boyd, Audit Director – Audit Scotland presented the ISA 580 Letters for the ELC Audit of 2022/23 Annual Accounts and the Dr Bruce Fund Audit of 2022/23 Annual Accounts and outlined the key documents within. He was pleased to report that subject to the conclusion of the outstanding procedures Audit Scotland plan to issue unmodified opinions on the accounts.

Mr Boyd also took Members through the letter of representations which is a standard procedure as part of the financial statements audit process.

Councillor Menzies asked if there were plans for the Dr Bruce Fund to become more active in the future. Ms Fortune explained recommendations have come from external audit which have been accepted by management and the Council will look at what they can do within the context of the trust deeds. She added these things are fairly complex and the Council are not always able to set out conditions on how the trust funds should be used and the finance team has tried to process some of the wider reviews, but the service remains within business continuity so although we remain committed to try address and explore but not all of this is within the team's remit.

Councillor Menzies was pleased with an unmodified opinion due to the important matter and highlighted the public should know the report is a true representation of our current financial crisis and be fully aware of the crises the Council faces as a public body and have confidence that difficult decisions will be made on truthful financial reporting and good governance.

Decision

The Committee agreed to note the contents of both letters.

6. DRAFT EAST LoTHIAN COUNCIL 2022/23 ANNUAL AUDIT REPORT

7. DRAFT LEADERSHIP BEST VALUE REPORT

Reports were submitted by the Audit Director for Audit Scotland to inform the Audit and Governance Committee of the East Lothian Council 2022/23 Annual Audit Report and the Draft Leadership Best Value Report.

John Boyd, Audit Director – Audit Scotland presented the draft report which detailed the responsibilities in terms of the audit of the annual report and accounts and wider scope responsibilities as outlined in the code of practice. He explained as the Council's auditor he is responsible to report the key areas that have arisen during the audit of the financial statements including the significant audit risks as well as other matters arising. Mr Boyd provided Members with context around the unfunded pension liability and the valuation of land and buildings and confirmed the report would be finalised and issued to the Council on conclusion of procedures.

Mr Boyd highlighted the key areas for Audit Scotland's wider scope audit work and noted all local authority auditors are required to undertake a thematic review this year which covered leadership of the development of the new local strategic priorities, the full report is agenda item seven but the key messages and findings from that report are included in the Annual Audit Report. He highlighted the financial pressures the Council faces and noted the unique position in comparison with other local authorities due to significant growth and the cost implications of sustaining and managing this in the future. Mr Boyd reported the Council faced difficult decisions around future service provisions and drew Members attention to the recommendations to management within the report which will continue to be monitored in the future.

Finally, Mr Boyd thanked all the Council officers involved for their hard work, especially due to the delayed audit start. He added that going forward Audit Scotland hope to get back to pre-covid timelines.

Councillor Jardine asked if there was a danger that if elected Members didn't make necessary changes to how we prioritise our financial commitments to balance the accounts whether we might lose the right to do that, the same as authorities in the South. Mr Boyd made Members aware of the difference in legislation between Scotland and England and highlighted the key challenges the Council will face going forward. Councillor Jardine asked if Members needed to be bolder in their decision making for the forth coming budget due to limited level of reserves and progressing with transformation work. Mr Boyd explained as the Council's external auditor it would not be his place to comment on that and those decisions would come to officers and Members but has been noticed within East Lothian and other local authorities is that any efficiency savings were unlikely to be viable going forward.

Mr Boyd, Ms Fortune and Mr Paolo Vestri, Service Manager – Policy, Improvement & Partnerships continued to answer questions from Members. Ms Fortune confirmed the recommendations from the 2018 Best Value Report had been progressed and

incorporated into the Council's Improvement Plan and explained new risks have emerged since then most notably around Covid. Mr Vestri explained 9 of the 2018 recommendations were incorporated into the Council's Improvement Plan and some were carried forward to the 2020/21 plan which have all now been completed. He stated the few 2021 recommendations which were not completed due to the impact of Covid will be carried forward if they apply to the Council's 2024 Improvement Plan.

Mr Boyd stated some of the key strategic areas and current levels of service would be extremely difficult to maintain in the current climate and highlighted the importance of the Council setting what its priorities and focusing on those and their decisions around resources would need to be managed in a way to be able to deliver those especially around managing growth and the cost implications of those. Mr Boyd confirmed the responsibility of reporting this would be down to the Council, and this could be done through the annual accounts as this highlights the risks and priorities of the Council or through a Corporate Plan to cover all performance measures and indicators.

In response to a question from Councillor McMillan, Mr Boyd explained the current report is reported to the Council and the controller of audit due to the scheme of delegations stating the Audit and Governance Committee has the responsibility to oversee and scrutinise the work of internal audit then after the report is finalised it is shared with Members, is posted on the Audit Scotland website and shared at a full Council meeting.

Councillor Menzies asked questions on the collaborative work of Members and Officers and what else could be done to ensure timely scrutiny across the board. Mr Boyd confirmed he met with a sample group of Members to share their experiences on support and training and an area for development was highlighted as making sure there was joint working from Members and Officers. He named a key area to focus on going forward would be to self-reflect and complete a self-assessment of current scrutiny committees and highlight the remit of the committee and compare if this work had been undertaken.

Councillor Ritchie acknowledged and welcomed the key message from the audit report regarding financial sustainability as it is not sustainable to continue to use reserves to pay for recurring costs. She added that we are only in the current financial position because of difficult decisions already made by the Council over the last decade and are facing an even harder situation than we ever have before. Councillor Ritchie said all Members and Officers are keen to have this as a key priority and are taking action and looked forward to progressing.

Decision

The Committee agreed to note the contents of the Draft East Lothian Council 2022/23 Annual Audit Report and the Draft Leadership Best Value Report.

8. TREASURY MANAGEMENT MID-YEAR REVIEW

A report was submitted by the Executive Director for Council Resources to update the Committee on the Treasury Management activity during the first six months of 2023/34.

Ann-Marie Glancy, Service Manager – Corporate Accounting presented her report which is received against the current Treasury Management Strategy for the Council which was approved in February 2023 as well as the approved treasury indicators. The report included an economic update and a summary of treasury management activity in the first half of the year which includes the impact of updated capital expenditure

projections and sets out performance against potential indicators. She was happy to confirm all indicators had been complied with and no changes had been recommended for the strategy approved by Council.

Councillor Menzies thanked Ms Glancy for her report.

Decision

The Committee agreed to note the report.

9. EAST Lothian Land Ltd 2022/23

A report was submitted by the Companies Manager of East Lothian Land Ltd to inform the Audit and Governance Committee of the work undertaken by East Lothian Land Ltd in 2022/23.

Lisa Deegan, Companies Manager – East Lothian Land Ltd presented her report highlighting there had been no new deals for East Lothian Land Ltd within the year, a number of property related projects that had been under consideration in the prior year were not progressed due to development costs, in addition the Board had been conscious of an impending key personnel change with the previous Company Manger, Richard Baty retiring therefore focus had been on preparing for this change. She stated the purpose of East Lothian Land Ltd continued to mirror and support the strategic goals set out in the Economic Development Strategy, in respect of supporting the development of land and property which stimulates economic growth and increases employment opportunities. Ms Deegan noted a vacant Directors position remained and the Board are committed to strengthening their expertise even further across legal and finance as they look to fill this post.

In response to questions from Members, Ms Deegan stated the Board are actively discussing developmental constraints due to cost and how they can move forward with this strategically. She confirmed East Lothian Land Ltd are early on in discussions regarding risk appetite but look to revisit that in early 2024.

Councillor Menzies said she would like to see more done by ELL even though she understands the constraints, to have large amounts of money not invested at this difficult time it seems to be a wasted opportunity, so she was hopeful in the new year discussions are bold and brave with their decisions.

Decision

The Committee agreed to note the report.

10. CORPORATE SUPPORT RISK REGISTER

11. FINANCE RISK REGISTER

12. INFRASTRUCTURE RISK REGISTER

Reports were submitted by the Chief Executive to present to the Audit and Governance Committee the Corporate Support Risk Register, Finance Risk Register and the Infrastructure Risk Register for discussion, comment and noting. The Risk Registers are developed in keeping with the Council's Risk Management Strategy and are live documents, which are reviewed and refreshed on a regular basis, led by the Corporate Support Local Risk Working Group, Finance Local Risk Working Group and Infrastructure Local Risk Working Group (LRWG).

Scott Kennedy, Team Manager – Emergency Planning & Resilience stated Very High risks are unacceptable and measures should be taken to reduce, transfer or treat the risk to a more tolerable position; high risks may be tolerable providing the Council is assured that adequate and effective control measures are in place; medium risks are tolerable with control measures that are cost effective; and low risks are broadly acceptable without any further action to prevent or mitigate risk.

Corporate Support

Mr Kennedy updated Members on the current Corporate Support Risk Register which contained 1 Very High, 4 High, 14 Medium and 11 Low risks. As per the Council's Risk Strategy only the Very High and High risks are being reported to Committee.

Finance

Mr Kennedy updated Members on the current Finance Risk Register which contained 1 Very High, 6 High, 5 Medium and 3 Low risks. As per the Council's Risk Strategy only the Very High and High risks are being reported to Committee.

Infrastructure

Mr Kennedy updated Members on the current Infrastructure Risk Register which contained 3 Very High, 15 High, 34 Medium and 1 Low risk. As per the Council's Risk Strategy only the Very High and High risks are being reported to Committee.

Councillor Menzies asked if there was enough flexibility to reinstate the services if necessary or is the financial crisis to such an extent that we know just have to know the consequences. Ms Fortune explained these were not mitigation measures that ordinarily we would want to take forward and these can only be temporary measures and cannot be seen as a sustainable and strategic way to deliver and operate an organisation. Ms Fortune encouraged Members to recognise these are mitigation measures still remain appropriate given the severity of the financial situation but cannot be seen as an absolute measure going forward. She added a number of services remain in business continuity mode, a large proportion of which have been caused by recruitment struggles and increased demand on services. Ms Fortune emphasised the importance of looking at which services can be delivered in the future within the currently available resources.

Responding to a further question from Councillor Menzies, Ms Fortune emphasised the importance that the Council takes responsible decisions and deliver services within the resources now available, but the scale of the challenge ahead makes this hugely difficult. She stated she did not see any indications through independent commentators suggesting complete light at the end of the tunnel and would encourage all Members that there is a real responsibility to ensure we take decisions and deliver a balanced budget.

Councillor Hampshire asked a question relating to ash die back trees in East Lothian. Mr Reid stated it had never been flagged to him of any recoverability of ash die back but instead when a tree became infected it would die, he agreed to confirm this with his team after the meeting. He explained the complexity of dealing with ash die back in East Lothian, especially for trees on private land and confirmed the Council are fully invested in identifying trees which may affect main carriageways and working with the landowners to take these trees down. Mr Reid stated if this is not possible the Council may have to take these trees down and attempt to recover the cost as there is a dual liability. He also highlighted the huge pressure on the small team at the moment and were unable to put their report forward to almost double the team and bring in project leads to handle this due to the current revenue position, so the team remains in business continuity and are only dealing with ash die back trees at

this time. Mr Reid was happy to go through the risk register offline with any Members who felt this would be helpful.

In response to a question from Councillor Menzies, Mr Reid explained the team were currently managing the greatest risks within the identified tree stock however this question was relevant to the wider discussion had today on budgets as the Council does not have the revenue and capital to operate to the standards it would wish to deliver to the communities. He stated he is unable to maintain all of the environments he is responsible for due to budget restrictions and is instead having to prioritise and accept risk will increase while this is the case.

Councillors Jardine felt the risk register needs to be looked at alongside considerations we have in terms of the budget going forward and could encourage all Members to take politics out of it to look at things from a pragmatic point of view.

Councillor Menzies echoed the importance of removing politics from decision making and highlighted a push to look at the Council Plan to reevaluate our priorities for the short, medium and longer term to prevent elongating the current financial crises.

Decision

The Committee agreed to note that:

- i. the relevant risks have been identified and that the significance of each risk is appropriate to the current nature of the risk.
- ii. the total profile of the Corporate Support/Finance/Infrastructure risks can be borne by the Council at this time in relation to the Council's appetite for risk.
- iii. although the risks presented are those requiring close monitoring and scrutiny over the next year, many are in fact longer-term risks for Corporate Support/Finance/Infrastructure and are likely to be a feature of the risk register over a number of years.

Signed

Councillor Lee-Anne Menzies
Convener of the Audit and Governance Committee

REPORT TO: Audit and Governance Committee
MEETING DATE: 26 March 2024
BY: Service Manager – Internal Audit
SUBJECT: Internal Audit Report – March 2024

2

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit reports issued since the last meeting of the Committee, provide details of Internal Audit’s follow-up work undertaken and provide an update on progress made against the 2023/24 annual audit plan.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note:
- i. the main findings and recommendations from the Internal Audit reports issued during the period from December 2023 to March 2024 as contained in Appendix 1;
 - ii. the findings from Internal Audit’s follow-up work, per Appendix 2;
 - iii. Internal Audit’s progress against the annual audit plan for 2023/24 as set out in Appendix 3.

3 BACKGROUND

- 3.1 Since the last meeting of the Committee a final report has been issued for the Homelessness Audit, which provided management with Reasonable Assurance.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively. A summary of the main findings and recommendations from the audit is contained in Appendix 1.
- 3.3 Internal Audit follows-up on recommendations made in previously issued audit reports to ensure that they have been implemented as agreed by Management. Detailed spreadsheets are maintained to monitor progress being made and this report provides a summary of the current status for five audits that were reported in previous years. Our findings are detailed below:

Data Protection

- 3.4 Internal Audit's report on Data Protection was issued in November 2022. Our follow-up review has highlighted that four of the five recommendations made have been fully implemented. The final recommendation was to ensure that Information Sharing Agreements are put in place on a timely basis. Progress has been made in simplifying and streamlining the processes for Data Protection Impact Assessments (DPIAs) and Data Sharing Agreements (DSAs). A new Team Leader - Information Governance post has also been recruited to, which has also contributed to the reduction in the backlog of DPIAs and DSAs, however there remains a process of continuous improvement in place to ensure completion on a timely basis. The Audit & Governance Committee can continue to track progress in achieving this recommendation through the Information Annual Governance Report.

East Lothian Works

- 3.5 Internal Audit's report on East Lothian Works was issued in February 2023. Our follow-up review has highlighted that all 11 recommendations made have been fully implemented.

IT Asset Management

- 3.6 Internal Audit's report on IT Asset Management was issued in November 2022. Our follow-up review has highlighted that five of the 13 recommendations made have been fully implemented, and details of the outstanding recommendations are included in Appendix 2. Progress has been made in purchasing an asset management module and implementation of this module will allow implementation of six further recommendations. Work is underway for the remaining two recommendations, which are implementing requests that unused IT equipment is returned to IT by services and obtaining baseline data for IT equipment in schools, which is currently complete for Chromebook devices and being worked on for windows devices.

Sundry Accounts

- 3.7 Internal Audit's report on Sundry Accounts was issued in November 2022. Our follow-up review has highlighted that all 17 recommendations made have been fully implemented.

Systems Data Backup & Recovery Testing

- 3.8 Internal Audit's report on Systems Data Backup & Recovery Testing was issued in February 2023. Our follow-up review has highlighted that seven of the eight recommendations have been fully implemented. The one remaining recommendation is in relation to implementing virtual machine replication software, whilst this is in place for some core systems a programme is in place to enable Penston to become fully resilient as a N+1 Data centre.

Progress Report 2023/24

- 3.9 A progress report attached as Appendix 3 is prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan for 2023/24.

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial – None

6.2 Personnel – None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
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DATE	15 March 2024

Conclusion: Reasonable Assurance

Processes are in place to offer an appropriate homelessness service including guidance on housing options within East Lothian. Some improvements in processes are recommended including ensuring application phone calls are recorded, data protection processes are reviewed, quality assurance processes are reviewed, and regular review of onward housing applications are completed.

Background: East Lothian Council’s corporate risk register has Homelessness risk ELC CR2 rated as a Very High risk both prior to and following planned risk mitigation measures. The risk highlights the following key changes impacting on the homelessness service:

- Scottish Government requiring the implementation of a Housing First approach as a key priority.
- Legislative change regarding local connection was in force from 29 November 2022 and requires the Council to accept rehousing responsibility for additional homeless cases, and future changes to discretion around intentionality and change in focus to deliberate manipulation of the system will place additional pressure on the Council in respect of accepting intentionally homeless cases and associated accommodation duties.
- Ongoing breaches of the Unsuitable Accommodation Order due to a shortage of ‘suitable’ temporary accommodation, with extension of the Order introduced October 2021 and subsequent daily breaches.
- Enforceable temporary accommodation standards framework to be implemented from 2021/22 which further reduces the existing portfolio of ‘suitable’ accommodation.
- The risk also identifies several key external impacts that are reducing the supply of suitable housing options across the East Lothian Council area. This review has sought to examine the homeless processes for assessing applicants and ensuring accommodation within the stock available to housing options staff, whilst recognising that this stock is insufficient to meet demands that are continuing to increase.

Summary of findings & recommendations

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

- There are appropriate procedures and guidance documents in place for the homelessness service, improvements are recommended to ensure that homeless application calls are recorded, and data protection requirements reviewed. *Management have agreed to complete this by September 2024.*
- Testing established that current quality assurance notes were not always left and due to clients not returning housing applications on a timely basis, applicants were not always recorded on the housing waiting list on a timely basis. *Management have implemented a new quality assurance system, and a draft action plan has been prepared including an action to implement a process for monthly reconciliations to be in place by September 2024.*
- Homelessness response officers currently have responsibility for client debts, and in 2 cases tested debt has resulted in the Council being unable to consider moving clients from temporary to permanent accommodation. *Management are implementing a process where Accommodation Officers have named responsibility for cases going forward for households in self-contained temporary accommodation, a further review of households in B&B/emergency accommodation will then be completed by December 2024, which will consider named officers and how arrears are dealt with.*
- Consideration should be given to the ongoing need for a second stage appeals process for homeless applications, as only one appeal has been successful in five years, which related to the provision of information during the COVID lockdown. *Management have agreed that second stage review processes will be reviewed by December 2024, noting that this is a request for Members to review and that a revised business case has been prepared.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	8	-	8
Prior Report	5	5	-	10

Materiality

The Scottish Housing Regulator statement for East Lothian Council, concluded in September 2023, identified that for the period between 1 August 2022 and 31 July 2023, 743 new homeless cases had been opened and 133 breaches of the Unsuitable Accommodation Order had been reported.

2 Headlines

Objectives	Conclusion	Comment
<p>1. Policy, processes and procedures in relation to the statutory homelessness service are in accordance with the appropriate legislative, regulatory and guidance framework currently operating across Scotland.</p>	<p>Reasonable</p>	<p>The Council has appropriate procedures in place for the assessment of homelessness applications that meet with legislative requirements. However, changes in processes during COVID resulted in allowing the capability to have homeless applications made over the phone. This process has continued however no process has been put in place to record these application calls creating a risk that a clear audit trail is not retained of the information being provided in applications. From 15 cases selected 3 customers had not returned a data protection form that is subsequently sent out following application. This form was last updated in 2009 and following changes is now being removed.</p>
<p>2. Adequate processes are in place and operational to provide homeless applicants with support, advice and guidance on prevention of homelessness options when available prior to assessing applications.</p>	<p>Substantial</p>	<p>Homelessness response officers complete a full assessment of client's circumstances when a client indicates they are homeless or at threat of homelessness in the next two months and will provide guidance and advice to prevent homelessness where possible. East Lothian Council also operate a prevention service where the potential to become homeless is more than 2 months in the future and will work with a variety of agencies to prevent homelessness when possible.</p>
<p>3. Adequate processes are in place to ensure that complete, accurate and timely assessments of homelessness applications are completed in line with processes and procedures in place at the time of application.</p>	<p>Reasonable</p>	<p>From a sample of 30 applications, in each case they were found to be appropriately assessed in line with the guidance provided. The process of quality assurance is that all applications assessed are then reviewed by a Senior Officer with a note being left identifying that the check was complete, in 5 cases this note was not on the client file. A revised quality assurance process is now in place to ensure 100% checking on all homelessness decisions. An appeals process is in place for homelessness applications with 2 stages, it is noted that only 1 second stage appeal has overturned in the last 4 years which was held in the third week in March 2020 just prior to the COVID lockdown. The continued need for a resource intensive second stage appeals process should be reviewed.</p>
<p>4. Appropriate processes are in place to ensure that homeless assessed applicants are provided with the most appropriate and best value housing available at the time of application.</p>	<p>Reasonable</p>	<p>From the sample of 30 applications reviewed the most appropriate housing option available was being selected for each of the customers from the housing available. Emergency accommodation types are used when necessary. However, whilst 11 of the 15 new applicants reviewed had their housing application completed within 0 and 4 weeks of the homeless application being processed, for 4 applicants this took longer than 6 weeks. Recommendations have been made to assist in ensuring these applications are received and processed on a more timely basis.</p>
<p>5. Monitoring is in place to provide homeless applicants with permanent housing options as soon as practical when placed in temporary accommodation.</p>	<p>Reasonable</p>	<p>From our sample of 15 open housing cases 2 of the cases had been living in temporary homeless accommodation from at least 2020. These clients are unable to move into permanent accommodation due to rent arrears and debt charges from temporary accommodation. Permanent accommodation will not be provided until arrears payments are being made regularly over a 3 month period. Current uncollected homelessness debt amounts to £1.1 million. Debt collection remains the responsibility of Homelessness Accommodation officers rather than dedicated collections staff. This provides a barrier for some clients becoming permanently accommodated.</p>

3 Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	The Housing Options team have a comprehensive set of procedures in place to cover prevention, homelessness assessment and housing options, meeting legislative compliance and audit testing demonstrated that these are being followed in the assessment of homelessness.
2.	Monthly, quarterly and annual monitoring of homelessness figures is undertaken and reported to senior management and the Scottish Government as appropriate to identify key trends in homelessness applications.
3.	Regular reporting to Scottish Government has highlighted the key issues that result in East Lothian Council breaches in the Unsuitable Accommodation Order and the housing pressures being identified through the Homelessness team.

A Recommendation Grading/Overall opinion definitions

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

Levels of Assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**OUTSTANDING RECOMMENDATIONS
IT Asset Management**

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	ACTION UPDATE	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
2.1	<p><u>In progress</u></p> <p>Management should ensure that an IT asset register is established detailing the entire life of each asset.</p>	High	Service Manager IT	<p>Asset Management module purchased for IT Service Desk and have contracted with 3rd party to assist with the implementation. Workshops completed. Integrations from Microsoft End Point Manager being mapped at present. Purchased November 2023, currently being implemented.</p>	September 2023	July 2024
2.2	<p><u>Awaiting Implementation</u></p> <p>With assistance from Service Managers a reconciliation of assets purchased in the last three years to location of these assets is required, in order to provide a base for the creation of the IT asset register and clarify how many devices are not accounted for within the Council.</p>	Medium	Service Manager IT/Service Managers	<p>Will be carried out once we have the new Asset Management Module live and Asset Rationalisation Project has completed Penston, JMH and potentially a further stage.</p>	July 2023	September 2024

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	ACTION UPDATE	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
2.3	<p><u>Awaiting Implementation</u></p> <p>IT should provide service managers with a listing at least biannually of the equipment held in their service and any usage information relevant, requesting an update from each service manager confirming what equipment is operational. In order to confirm this all Service Managers should maintain a log of IT equipment and which staff members have this equipment.</p>	Medium	Service Manager IT/Service Managers	Will be carried out once we have the new Asset Management Module live and Asset Rationalisation Project has completed Penston, JMH and potentially a further stage.	March 2023	September 2024
3.1	<p><u>Partly Implemented</u></p> <p>IT should request that all IT equipment is returned to the IT central team where this equipment does not have a current operational use. This would allow the equipment to be utilised in the most appropriate manner for the Council.</p>	Medium	Service Manager IT/Service Managers	This has been attempted with variable success. Some services reluctant to return equipment they have purchased from their own revenue budgets. This will remain an ongoing exercise.	July 2023	October 2024
5.1	<p><u>Partly Implemented</u></p> <p>Management should ensure that a complete check of all school IT equipment is scheduled for all schools as soon as possible and this used as a baseline for a formal asset management database</p>	Medium	Service Manager IT	Education staff are currently carrying this out for Chrome devices across all schools. Windows devices will follow and are currently logged in Microsoft End Point Manager.	April 2023	December 2024

REC REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	ACTION UPDATE	AGREED DATE OF COMPLETION	REVISED DATE OF COMPLETION
5.2	<p><u>Awaiting Implementation</u></p> <p>Management should ensure that an annual review of the number of devices available for each East Lothian School, is completed by Education staff, and the asset management database updated following each annual review.</p>	Medium	Service Manager IT	Will be carried out once we have the new Asset Management Module live.	April 2023	September 2024
6.1	<p><u>Awaiting Implementation</u></p> <p>Management should ensure that cases of equipment lost/stolen can be identified by including a coding that allows for identification of all lost and stolen equipment.</p>	Medium	Service Manager IT	This will be implemented as part of the Asset Management Module.	July 2023	August 2024
6.2	<p><u>Awaiting Implementation</u></p> <p>An annual reconciliation of lost and stolen equipment should be completed between IT, Internal Audit, and Risk to ensure that all incidents have been progressed appropriately.</p>	Medium	Service Manager IT	Will be carried out once we have the new Asset Management Module live.	July 2023	December 2024

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Financial Sustainability/CIPFA FM Code	Examine the processes in place to demonstrate that the Council is taking all recommended steps to ensure continued financial sustainability in the long term against the financial sustainability principles within the CIPFA FM Code.	June 2024	Audit Work Finalised
Capital Expenditure Contract Cost Management	Examine the processes in place for ensuring that capital contract costs remain within the contracted costs and are managed to remain within the budgeted project costs for each Capital Contract.	June 2024	In Progress
Income Receipt, Reconciliation and Bad Debt Control	For all sundry accounts examine the reconciliation controls to recorded income and the processes in place to ensure maximum recovery of income across all Council services.	June 2024	In Progress
Treasury Management Income Maximisation	Review of the Council's Treasury Management processes to ensure that maximum prudential returns are being made on available treasury funds.	June 2024	Terms of Reference Drafted
Agency Worker/ Contractor Use Management	Examine the authorisation processes for approval of the use of agency workers and contractors across the Council and the management of the use of agency workers and contractors to ensure all risks to the Council are managed.	March 2024	Final Draft Report

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Cost of Growth	Review the processes in place to establish what the revenue budget costs are of increasing Council services to meet increased population within East Lothian and how consideration of this growth is demonstrated in the annual budget process and development of medium and long term financial strategies.	June 2024	In Progress
Housing Void Management	Examine the processes in place within the Housing and Property Maintenance teams to manage the timely return of void properties to a compliant standard for operational use.	September 2024	
Devolved School Management	Examine the processes and controls in place to ensure compliance with the newly reviewed and approved Devolved School Management Procedures.	June 2024	Replaced with HSCP expenditure forecasting review
Asset Management Review Project Management	Examine the project management process in place in relation to the current asset management process of building moves across the Council to ensure that it is meeting the objectives set.	June 2024	Replaced with providing assurance assistance to transformation gate reviews across the Council
Utilities Cost Management	Examine the processes in place to ensure that a best value process is in place to manage the utilities costs across the Council's buildings portfolio.	December 2023	Complete

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Musselburgh Flood Prevention Scheme Governance Processes	Examine the Governance processes in place to manage and control the development and procurement for the Musselburgh Flood Prevention Scheme.	June 2024	In Progress
Roads	Examine the Roads trading account operation and establish that this is operating in a best value format for the Council.	June 2024	Carried forward to 2024/25 and replaced with assurance review of Council school projections following Renfrewshire Council reports
Partnership Funding	Review the grant funding provided to external organisations by the Council and review the processes in place to ensure that funding is linked to specific outcomes and organisational sustainability is promoted.	June 2024	Carried forward to 2024/25
Education Additional Support Needs	Examine the processes around assessment and provision of additional support needs for children.	June 2024	In Progress
Miscellaneous Grants	For grants awarded to the Council by the Scottish Government, Internal Audit is sometimes required to provide a statement of compliance with grant conditions on an annual basis.	September 2023	Complete
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulator's Chapter 3 of the Regulatory Framework.	September 2023	Complete

AUDIT REPORTS	SCOPE OF THE AUDIT	TARGET COMPLETION DATE	STATUS
Review of Performance Indicators	Internal Audit will continue to review the systems in place for the preparation and reporting of Performance Indicators.	December 2023	Complete

REPORT TO: Audit and Governance Committee

MEETING DATE: 26 March 2024

BY: Service Manager – Internal Audit

SUBJECT: Internal Audit Plan 2024/25

3

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of Internal Audit's operational plan for 2024/25.

2 RECOMMENDATION

- 2.1 The Audit and Governance Committee is asked to approve the Audit Plan for 2024/25.

3 BACKGROUND

- 3.1 The annual audit plan has been prepared in accordance with Public Sector Internal Audit Standards (PSIAS).

- 3.2 In preparing the annual audit plan a range of factors have been taken into account, including:

- the Council Plan 2022-27;
- areas highlighted by Senior Officers;
- corporate and service area risk registers;
- the Council's performance and financial statements;
- changes in service delivery;
- the findings from previous years' audit work; and
- the need to incorporate flexibility for reactive/investigatory work.

- 3.3 Internal Audit's primary role is to independently review internal control systems within the Council. Internal Audit will evaluate the adequacy and effectiveness of controls in responding to risks within the Council's governance, operations and information systems, regarding the:
- Achievement of the Council's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.
- 3.4 Internal Audit are required to give an opinion on the Council's control environment in the annual Controls Assurance Statement and the audit work carried out will contribute to this opinion.
- 3.5 The provision of the Internal Audit service is on an in-house basis by the Council's Internal Audit Unit. The resources available have been applied to individual audits and a detailed operational plan has been produced for 2024/25 (see Appendix A).
- 3.6 Internal Audit will adopt a risk based approach to audit assignments as the principal means of providing assurance on the adequacy, reliability and effectiveness of internal controls. Testing of controls will be carried out on a sample basis. Samples are selected according to an agreed sampling methodology.
- 3.7 For each individual audit, a detailed audit report is prepared for the relevant member(s) of the Council Management Team (CMT). Copies of the audit report are provided to the Chief Executive, External Audit and to members of the Audit and Governance Committee.
- 3.8 Follow-up audits will be carried out to review the implementation of the recommendations made.

AUDIT COVERAGE

- 3.9 Core Financial Systems, Risk Assessed Service and Corporate Audits – Internal Audit will review the Council's systems to provide assurance on the adequacy and effectiveness of internal controls. The audit plan includes a range of risk assessed core financial systems and non-financial audits.
- 3.10 Statutory Audits – Internal Audit undertake audit work in respect of specific grant awards made to the Council by the Scottish Government, to ensure compliance with grant conditions. In addition, work to provide assurances required by the Scottish Housing Regulator will also be completed.

- 3.11 Best Value Audit – Internal Audit will review the systems in place for the preparation and reporting of Performance Indicators.
- 3.12 Investigations – Time has been allocated to carry out work on the National Fraud Initiative 2024/25, and provide a reactive service to investigate fraud and irregularity where additional resources are required to support the work of the Counter Fraud Officer.
- 3.13 Integration Joint Board (IJB) – The Committee is asked to note that in 2024/25 internal audit services to the East Lothian IJB will be provided by East Lothian Council's Internal Audit Unit and time has been allocated to carry out audit work for the IJB.

INTERNAL AUDIT PERFORMANCE INDICATORS

- 3.14 Internal Audit will report on the completion of the annual audit plan, the percentage of audit recommendations accepted by Management and the percentage of audit staff with CCAB accounting qualifications.

OTHER FACTORS

- 3.15 The Committee should note that reactive work may impact heavily on the Internal Audit Unit's ability to complete the audit plan. Contingency days are built in for 2024/25 in the investigations section, but by its nature reactive work is difficult to predict.
- 3.16 The plan and its completion have added importance, given its contribution to the annual Controls Assurance Statement to be prepared at the end of 2024/25.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

- 6.1 Financial – None
- 6.2 Personnel – None
- 6.3 Other – None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	15 March 2024

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
CORE FINANCIAL SYSTEMS AUDITS			
Procurement	Examine the processes in place to ensure appropriate contract management is in place across the Council to meet our statutory requirements and ensure that procurement continues to be monitored against achievement of the outcomes agreed during tendering, including best value and community benefits.	High	5
Adult Social Care Case Management, including Contract Award, Billing and Payment	Review the revised processes following upgrading of the Mosaic system to ensure that the case management processes have appropriate control over contract award, billing and payment processes, linked to professional assessment of need in line with appropriate procedures and guidelines.	High	5
PPP Contract Management	Examine the process of management of the PPP schools contract maintenance to ensure that procedures are in place to meet contractual requirements and ensure the safe and effective maintenance of the buildings.	Medium	5
RISK ASSESSED SERVICE & CORPORATE AUDITS			
Sickness and Absence Monitoring	Review the processes in place to record and manage sickness and absence across the Council to ensure that it is being effectively and consistently used and monitored to improve the efficiency and effectiveness of staff.	High	5
Performance Management	Review the performance processes in place to ensure that performance management remains in place and is effective and utilised across the Council for BAU, Home and Hybrid working practices.	Medium	5

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
Comments and Complaints	Review the Council complaints processes, including timely identification, response timescales and approval of content, monitoring, reporting, identification, and resolution of issues identified.	Medium	5
Contact Centre/Council Contact Resolution	Review the structures, governance and monitoring in place around the digital transformation being undertaken to ensure customer contact is being made through the most efficient and effective route.	Medium	5
Pupil Equity Funding/Strategic Equity Fund	Review the processes in place to identify appropriate outcomes, identify expenditure against these outcomes, manage and report this expenditure and report against outcomes from the Pupil Equity Funding provided to individual schools across the Council area.	Medium	5
Partnership Funding	Review the grant funding provided to external organisations by the Council and review the processes in place to ensure that funding is linked to specific outcomes and organisational sustainability is promoted.	Medium	5
Building Asset Data	Review the processes to maintain accurate, up to date and reliable information on building assets across the Council. Particularly examine the data cleansing and transfer processes that have been put in place as a result of the transfer of building data from Badger to CIPFA systems.	Medium	5
IT Education Software Purchasing	Review the processes in place to ensure that only appropriately vetted and authorised software is in use across the schools' network and that data is only uploaded into verified software.	Medium	5

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
Roads	Brought Forward from the 2023/24 Audit Plan. Examine the Roads trading account operation and establish that this is operating in a best value format for the Council.	Medium	5
Assurance Reviews	<p>Undertake assurance reviews on areas of key controls for new or evolving systems of control to provide support for developing systems. Expected to include, but not limited to, reviews of the following areas:</p> <ul style="list-style-type: none"> ➤ School Transport; and ➤ Asylum and Refugee scheme funding monitoring. 	–	16
STATUTORY AUDITS			
Miscellaneous Grants	For grants awarded to the Council by the Scottish Government, Internal Audit is required to provide a statement of compliance with grant conditions on an annual basis.	Medium	2
Scottish Housing Regulator (SHR) Annual Assurance Statement	Work required to provide assurance on the regulatory requirements set out in the Scottish Housing Regulators Chapter 3 of the Regulatory Framework.	Medium	4
BEST VALUE AUDIT			
Review of Performance Indicators	Internal Audit will review a selection of indicators to establish that they are correctly calculated, in line with appropriate guidance, from the underlying data held.	Medium	4

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
INVESTIGATIONS			
Fraud & Irregularity	Internal Audit will assist in investigations of suspected fraud or irregularity to support the 1 FTE of Counter Fraud Officer availability over the next year when required.	High	5
National Fraud Initiative (NFI)	Time has been allocated for coordinating and submitting data for the 2024/25 National Fraud Initiative (NFI) exercise.	Medium	4
OTHER AUDIT WORK			
Integration Joint Board	Time has been allocated for work that will be undertaken by Internal Audit for the East Lothian Integration Joint Board (IJB). A separate audit plan will be prepared which will be presented to the IJB Audit and Risk Committee for approval.	Medium	15
Review of Previous Year's Work	Internal Audit will review the outcome of our previous year's work to ensure recommendations have been actioned as agreed and that risks accepted by Management have been properly managed.	Medium	8
Attendance at Stocktakes	Internal Audit will attend the year-end stocktakes at Property Maintenance, Road Services and Waste Services. We will review the final stock sheets.	Medium	1
Advice and Consultancy	<p>Consultation on New Systems – for new systems implemented, Internal Audit will provide advice on internal control matters.</p> <p>Financial Reports – providing service areas with financial information about companies and offering advice where applicable.</p> <p>Consultancy – providing advice and consultancy on internal control issues.</p>	Medium	4

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
TRAINING			
Training	An adequate allocation of budget resources and time will be given to maintaining and improving the knowledge base and quality of the staff resource. This includes time to attend the Scottish Local Authority Chief Internal Auditor Group (SLACIAG) and Computer Audit Subgroup, also for staff to undertake continuous professional development (CPD).	–	4
Quality Assessment	The PSIAS requires the Internal Audit section to be subject to an External Quality Assessment (EQA) each five years, by appropriately qualified and independent reviewers. This EQA is currently being carried out by Dumfries & Galloway Council. Time is allowed to implement any improvements recommended and make any changes that are to be recommended from the upcoming changes to PSIAS. In addition an annual Internal Quality Assurance review is completed by the Service Manager – Internal Audit on an annual basis.	–	5

REPORT TO: Audit and Governance Committee
MEETING DATE: 26 March 2024
BY: Service Manager – Internal Audit
SUBJECT: External Quality Assessment – Internal Audit

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the findings from the recent external quality assessment of the Council's Internal Audit service.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the report.

3 BACKGROUND

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require the Council's Service Manager – Internal Audit to develop a Quality Assurance and Improvement Programme (QAIP). The purpose of the QAIP is to enable the evaluation of Internal Audit's conformance to the PSIAS. The QAIP must include annual internal self-assessments and a five yearly external assessment, carried out by an independent assessor, a further year was allowed because of the disruption caused by the COVID Pandemic.
- 3.2 The Scottish Local Authorities Chief Internal Auditors' Group has developed an external quality assessment framework to satisfy the requirement for a five yearly external assessment. The attached report sets out the findings from the external quality assessment of East Lothian Council's Internal Audit service, which was recently undertaken by the Chief Internal Auditor of Dumfries and Galloway Council.
- 3.3 The overall conclusion of the external assessment is that East Lothian Council's Internal Audit service fully conforms with the PSIAS and can be found at section 2.1 of the attached report.
- 3.4 Appendix D provides an action plan with seven recommendations made, all classified as routine recommendations. All seven recommendations will be completed during 2024 and a follow up report in conjunction with QAIP reporting will be provided to the March 2025 Audit and Governance Committee to demonstrate progress against implementation.

4 POLICY IMPLICATIONS

4.1 None

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

7.1 External Quality Assessment 2 of East Lothian Council's Internal Audit 2023/24 attached.

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Service Manager – Internal Audit
CONTACT INFO	dstainbank@eastlothian.gov.uk
DATE	15 March 2024

EXTERNAL QUALITY ASSESSMENT 2 OF EAST LoTHIAN COUNCIL'S INTERNAL AUDIT 2023/24

Report Recipients:

Monica Patterson, Chief Executive
Sarah Fortune, Executive Director of Resources
Duncan Stainbank, Chief Audit Executive
Lee-Anne Menzies, Chair of the Audit & Governance Committee

EXECUTIVE SUMMARY

1. INTRODUCTION

- 1.1 The mandatory Public Sector Internal Audit Standards (PSIAS), published initially in April 2013 and updated most recently in March 2017, apply to all internal audit service providers in the UK public sector, whether in-house, provided via a shared service arrangement or outsourced. To supplement the PSIAS, and provide specific guidance surrounding its application within a local government setting, the Chartered Institute of Public Finance and Accountancy (CIPFA) compiled a Local Government Application Note, which was last updated in 2019.
- 1.2 The objectives of the PSIAS are to define the nature of internal auditing within the UK public sector; set basic principles for carrying out internal audit; establish a framework for providing internal audit services which add value to the organisation, leading to improved organisational processes and operations; establish the basis for the evaluation of internal audit performance and drive improvement planning.
- 1.3 The PSIAS require the Chief Audit Executive (the Service Manager Internal Audit in East Lothian Council) to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity. The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outwith the organisation, and enable evaluation of the internal audit activity's (Internal Audit in East Lothian Council) conformance with the PSIAS, including the Mission of Internal Audit, Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.
- 1.4 To assist its members to meet the five-yearly external assessment requirement, the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) established a collaborative system of formal peer reviews. This approach not only assists with ensuring that independent assessors, and their teams, have appropriate knowledge and experience of the local government internal audit environment but also removes the financial burden from councils, associated with procuring these services externally. The allocation of assessors / assessment teams to councils participating in the peer review process was undertaken autonomously, ensuring that, amongst other governing principles, local authorities with perceived / known conflicts of interest could not review one another. At the outset, assessors were required to formally declare any interests so that these could be appropriately addressed during the allocation process. Dumfries and Galloway Council was selected to carry out the external assessment in East Lothian Council.
- 1.5 To support the peer review process, SLACIAG developed a comprehensive External Quality Assessment (EQA) framework, including an EQA Checklist for Assessing Conformance with the PSIAS and the Local Government Application Note (EQA Checklist) and a key Stakeholder Questionnaire proforma. The external assessment of East Lothian Council's Internal Audit has been carried out by internal audit from Dumfries and Galloway Council utilising this framework.
- 1.6 This report provides a high level summary of requirements for each standard per the PSIAS and CIPFA Local Government Application Note and sets out the findings, conclusions and recommendations from the external assessment, which involved discussions with key members of staff, including the Chief Audit Executive, review of the most recent self-assessment carried out utilising the EQA Checklist and consideration of other relevant supporting documentation / information (Evidence Pack) including working paper files and completed stakeholder questionnaires. A comprehensive list of supporting documentation / information and completed stakeholder questionnaires considered as part of the assessment can be found at appendices B and C respectively.

2. OVERALL CONCLUSION

- 2.1 The overall conclusion of the external assessment is that East Lothian Council's Internal Audit fully conforms with the PSIAS. A full summary of assessment, per assessment area, can be found at Appendix A. A summary of totals is as follows:

	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
TOTALS	10	4	0	0

- 2.2 No significant issues were found. The process for planning individual assignments and the format of working papers could be further developed to ensure consistency. We note that the CAE is responsible for internal audit at two Councils as well as the IJB which limits the active involvement with individual assignments.
- 2.3 Full details of the assessment recommendations and management responses can be found in the Action Plan at Appendix D.

3. SECTION A – MISSION OF INTERNAL AUDIT AND CORE PRINCIPLES

The PSIAS state that the Mission of Internal Audit articulates what internal audit aspires to accomplish within an organisation, which is ‘to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight’.

Taken as a whole, the Core Principles for the Professional Practice of Internal Auditing, as set out in the PSIAS, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Core Principles should be present and operating effectively. Failure to achieve any of the Core Principles would imply that an internal audit activity was not as effective as it could be in achieving the Mission of Internal Audit.

- 3.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used, along with specific consideration surrounding the achievement of the Core Principles, to conclude that Internal Audit at East Lothian Council **fully conforms** with accomplishing the Mission of Internal Audit as detailed above. We note that the mission of internal audit was not specifically stated in the Audit Charter (**Action Point 1**).

4. SECTION B – DEFINITION OF INTERNAL AUDITING

The PSIAS state that internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 4.1 Evidence obtained from assessing conformance with other standards in the PSIAS has been used to conclude that the Internal Audit at East Lothian Council **fully conforms** with the definition of Internal Auditing as detailed above.

5. SECTION C – CODE OF ETHICS

The PSIAS state that the purpose of the Institute of Internal Auditor’s Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

Internal auditors in UK public sector organisations must conform to the Code of Ethics as set out in the PSIAS. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

- 5.1 Evidence obtained from assessing conformance with other standards in the PSIAS, in particular the Attribute Standards 1000 – Purpose Authority and Responsibility, 1100 – Independence and Objectivity, 1200 – Proficiency and Due Professional Care and Professional Standards 2000 – Managing the Internal Audit Activity and 2300 – Performing the Engagement, has been used to conclude that East Lothian Council’s Internal Audit **fully conforms** with the requirement to comply with the Code of Ethics.

6. SECTION D – ATTRIBUTE STANDARDS

Attribute Standards apply to organisations and individual internal auditors providing the internal audit services in a local authority.

6.1 1000 - Purpose, Authority, and Responsibility.

The PSIAS state that the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework. The Chief Audit Executive

must periodically review the internal audit charter and present it to senior management and the board for approval. The internal audit charter must also:

- define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity;
- cover the arrangements for appropriate resourcing;
- define the role of internal audit in any fraud-related work; and
- describe safeguards to limit impairments of independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.

6.1.1 PSIAS standard sets out that the purpose, authority and responsibility of the internal audit activity must be defined in an Internal Audit Charter. It should define the nature of assurance services and consulting activities as well as internal audit’s position in the organisation and relationships between the Chief Audit Executive and the Board.

6.1.2 East Lothian Council’s Internal Audit Charter is periodically reviewed with the most recent review taking place in November 2022. The Internal Audit Charter was approved by the Audit and Governance Committee on 29 November 2022.

6.1.3 East Lothian’s Internal Audit Charter includes the majority of the key points required for PSIAS. However, the arrangements for appropriate resourcing is limited. In addition, there is not a definition of the nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation. The process detailed in the Audit Charter is as follows: ‘The Service Manager Internal Audit shall be accountable to the Audit and Governance Committee for: periodically providing information on the status and results of the annual audit plan and the sufficiency of the Internal Audit function’s resources; and co-ordination with other significant assurance functions.

6.1.4 In terms of appropriate resourcing there is a limitation that the Service Manager Internal Audit is responsible for two Internal Audit Teams (East Lothian Council and Midlothian Council) and the Integrated Joint Board. This limits the amount of effective involvement he can have in each audit. In order to achieve compliance with the standards it should be for the Audit and Governance Committee to decide whether to accept the risks associated with the limitation of the Service Manager Internal Audit’s involvement in audit work due to resource limitations or recommend to the Council that it requires Management to identify additional resources, and this should be detailed in the Audit Charter.

6.1.5 The nature of assurance services provided to the organisation, as well as assurances provided to parties external to the organisation should also be clearly defined in the Audit Charter.

6.1.6 Based on the results of our review, it has been concluded that the Internal Audit Charter at East Lothian Council **generally conforms** with Standard 1000 on Purpose, Authority and Responsibility. We have made two recommendations for improvement in relation to this standard (**Action Point 1**).

6.2 1100 - Independence and Objectivity

The internal audit activity must be independent and internal auditors must be objective in performing their work. Various aspects of independence and objectivity are covered in this standard as well as 1200, including reporting functional lines of the CAE, the relationship between the CAE and the board and any impairment to individual internal auditors’ objectivity or independence. Reporting and management arrangements must be put in place that preserve the CAE’s independence and objectivity, in particular with regard to the principle that the CAE must be independent of the audited activities.

6.2.1 The Service Manager Internal Audit reports functionally to the Audit and Governance Committee and administratively to the Executive Director of Resources (S95 Officer), who is a member of the Council’s Senior Management Team. The Service Manager Internal Audit does have direct and unrestricted access to the Chief Executive, the Monitoring Officer and the Chair of the Audit and Governance Committee and this has been confirmed through the completed Stakeholder Questionnaires. These

reporting / access arrangements are clearly defined in the Internal Audit Charter as are safeguards to limit impairment of independence or objectivity.

- 6.2.2 In support of organisational independence, the Service Manager Internal Audit attends Audit and Governance Committee meetings to present all internal audit reports (including, for example, the Internal Audit Charter, Annual Report, Internal Audit Plan and reports / executive summaries from the planned audits) to Elected Members. The reports are all submitted in the Senior Manager Internal Audit's own name.
- 6.2.3 The Service Manager Internal Audit does not have operational responsibility for the activities audited.
- 6.2.4 The PSIAS requires that the Chief Audit Executive's performance appraisals should be subject to independent scrutiny (most likely by the Chief Executive) and countersigned. We noted that the Service Manager Internal Audit's appraisal was carried out in February 2022 and more recently in September 2023 however had not been countersigned by the Chief Executive or the Chair of the Audit and Governance Committee.
- 6.2.5 All staff within the Internal Audit Team are required to complete a conflicts of interests form on an annual basis.
- 6.2.6 East Lothian Council's Internal Audit Service **fully conforms** with Standard 1100 on Independence and Objectivity. We have made one recommendation for improvement in relation to this standard (**Action Point 2**).

6.3 1200 - Proficiency and Due Professional Care

The CAE must be professionally qualified, suitably experienced and responsible, in accordance with the organisation's human resources processes, for recruiting appropriate staff. He or she is responsible for ensuring that up-to-date job descriptions exist, reflecting roles and responsibilities, and that person specifications define the required qualifications, competencies, skills, experience and personal attributes.

The CAE should periodically assess individual auditors' skills and competencies against those set out in the relevant job descriptions and person specifications. Any training or development needs identified should be included in an appropriate ongoing development programme that is recorded and regularly reviewed and monitored. In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This may be fulfilled through requirements set by professional bodies or through the organisation's own appraisal and development programme. Auditors should maintain a record of such professional training and development activities.

The internal audit activity should be appropriately resourced to meet its objectives. It should have appropriate numbers of staff in terms of grades, qualifications, personal attributes and experience or have access to appropriate resources in order to meet its objectives and to comply with these standards. The PSIAS states that the CAE must obtain competent advice and assistance if the activity is unable to perform all or part of an engagement.

- 6.3.1 The Service Manager Internal Audit holds a relevant professional qualification with the Chartered Institute of Public Finance and Accountancy (CIPFA). He is suitably experienced. The Service Manager Internal Audit is a member of SLACIAG and regularly attends and contributes to meetings. In relation to the two SLACIAG Sub-groups, the Computer Audit Sub-Group (CASG) and the Scottish Local Authorities Investigators Group (SLAIG), East Lothian Council's Internal Audit Service is represented on both.
- 6.3.2 To support the Service Manager Internal Audit in East Lothian Council's Internal Audit Service there are three Senior Auditors. The Senior Auditor post requires the postholders to be a qualified accountant (e.g. CIMA, CIPFA, ICAS, ACCA) and the current postholders meet this requirement. There are a total

of 5 members of staff in the Internal Audit function, including the Service Manager Internal Audit (shared with Midlothian Council), 3 Senior Auditors (FTE) and 1 Senior Audit Assistant (0.6FTE). We noted that whilst Disclosure Checks were done for all staff, this requirement was not referred to in job descriptions. The job description for the Service Manager does not refer to the mandatory nature of PSIAS (**Action Point 3**).

- 6.3.3 The Internal Audit function delivers audit services to East Lothian Integrated Joint Board in addition to East Lothian Council. East Lothian Council's Internal Audit Service does not include a dedicated qualified Information Technology Auditor. The Service Manager Internal Audit advised however that consideration will be given to contracting an external supplier to provide assurance as part of future audit plans along with further IT audit training for auditors. East Lothian Council support the Council's NFI arrangements and have a dedicated Fraud Officer.
- 6.3.4 East Lothian Council operate a corporate competency based Employee Personal Review and Development (PRD) Scheme and the Internal Audit Service follow this scheme. All internal audit staff participate in this process with the most recent review having being completed in June 2023.
- 6.3.5 The Service Manager Internal Audit and the 3 Senior Auditors have specific CPD requirements to adhere to due to their professional memberships. For all members of the Internal Audit Service personal learning plans are prepared and monitored as part of the PDR scheme. Further development of training however particularly in terms of data analytics would be beneficial (**Action Point 4**).
- 6.3.6 From the Stakeholder Questionnaires received no issues were noted in relation to the knowledge, experience or due professional care of the Internal Audit Service.
- 6.3.7 Based on the results of our review, East Lothian Council's Internal Audit Service **generally conforms** with standard 1200 on Proficiency and Due Professional Care.

6.4 1300 - Quality Assurance and Improvement Programme

The PSIAS state that the Chief Audit Executive must develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity.

The QAIP must include both periodic internal self-assessments and five-yearly external assessments, carried out by a qualified, independent assessor from outside the organisation, and enable evaluation of the internal audit activity's conformance with the PSIAS, including the Definition of Internal Auditing and Code of Ethics. In addition, the QAIP should also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The public sector requirement in the PSIAS states that results of the QAIP and progress against any improvement plans must be reported in the annual report.

- 6.4.1 Internal audit reports are reviewed by the Service Manager Internal Audit prior to issue and working papers are, in general, reviewed by the Service Manager Internal Audit. Where the assignment is carried out by the Senior Audit Assistant, one of the Senior Auditors will review the working paper file.
- 6.4.2 Client feedback is actively pursued by the Internal Audit Service for assignments carried out within East Lothian Council.
- 6.4.3 One of the key performance indicators for the Internal Audit Service is completion of the annual audit plan. Progress in the completion of the plan is reported throughout the year and an 'Annual Internal Audit Report' is also submitted to the Audit and Governance Committee. The Annual report for 2022/23 was presented to Committee on 13 June 2023. The audit plan was 87.5% completed, 100% of recommendations were accepted by Management and 80% of Internal Audit staff have CCAB accounting qualifications. One audit was not completed albeit testing was substantially progressed, and another was at the draft report stage.

6.4.4 An external assessment against PSIAS for East Lothian Council was last carried out by the Chief Internal Auditor of Argyll and Bute in 2018.

6.4.5 A self assessment against the PSIAS was carried out utilising the EQA checklist in March 2023. This was referred to in the 2022/23 Internal Audit Annual Report submitted to the Audit and Governance Committee in June 2023.

6.4.6 East Lothian Council's Internal Audit Service **fully conforms** with Standard 1300 on Quality Assurance and Improvement Programme.

7. SECTION E – PERFORMANCE STANDARDS

Performance Standards describe the nature of the internal audit services being provided and provide criteria against which the performance of an internal audit function can be measured.

7.1 2000 - Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organisation. The internal audit activity is effectively managed when it achieves the purpose and responsibility included in the internal audit charter, it conforms with the PSIAS, its individual members conform with the Code of Ethics and the PSIAS and it considers trends and emerging issues that could impact the organisation. The internal audit activity adds value to the organisation and its stakeholders when it considers strategies, objectives and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance.

7.1.1 An annual Internal Audit Plan is compiled by the Service Manager Internal Audit outlining the planned programme of work to be undertaken. The internal audit plan for 2023/24 and previous years is risk based and includes a range of risk assessed core financial systems, risk assessed service and corporate audits, statutory audits, best value audits, investigations including NFI work and providing services to the East Lothian Integrate Joint Board (IJB).

7.1.2 The planning process includes consideration of previous audit work carried out in the audit universe and checking risk registers to confirm appropriate coverage of key corporate risks and Service specific risks. We noted that whilst an audit universe is maintained this could better demonstrate the other sources of assurance available in the form of an assurance mapping exercise for the Council as a whole.

7.1.3 The Service Manager Internal Audit meets with the executive management team (EMT) twice a year to discuss the plan for approval and meets with all Heads of Service once a year. Evidence of consultation with the Executive Management Team (EMT) is limited as meetings are not minuted.

7.1.4 The 2023/24 internal audit plan was approved by the Audit and Governance Committee on 14 February 2023. A revised plan was submitted to the Committee on 26 September 2023 for approval. Reports detailing the progress with the audit plan were submitted to Committee in June, September and December 2023. An internal audit annual report is submitted to Committee each year in June.

7.1.5 The audit planning process could be developed to further consider the time required for audit planning and the value of other sources of assurance. PSIAS further notes the value in discussing areas of risk with Heads of Service more than once a year. The plan could usefully go to CMT for information and discussion (**Action Point 5**).

7.1.6 East Lothian Council's Internal Audit Service **generally conforms** with Standard 2000 on Managing the Internal Audit Activity.

7.2 2100 - Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

More specifically, the internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes, evaluate the effectiveness and contribute to the improvement of risk management processes and assist the organisation in maintaining effective controls by evaluating their efficiency and effectiveness and promoting continuous improvement.

7.2.1 Findings related to coverage of governance, risk management and control processes are reviewed and reported as part of each audit. This is reflected in the annual plan and the audit charter on how the internal audit service will evaluate the adequacy and effectiveness of controls and delivery of the plan via individual audit reports. Whilst internal audit has involvement with the Annual Governance Statement we noted however there is no specific review of corporate governance arrangements done.

7.2.2 An audit on risk Management was completed and reported to the Audit and Governance Committee in June 2022.

7.2.3 East Lothian Council's Internal Audit Service **fully conforms** with Standard 2100 on Nature of Work.

7.3 2200 - Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing and resource allocations. The plan must consider the organisation's strategies, objectives and risks relevant to the engagement.

The CIPFA Local Government Application note states that for each engagement, a brief should be prepared, discussed and agreed with relevant managers. The brief should establish the objectives, scope and timing for the assignment and its resource and reporting requirements. Audit work should be undertaken using a risk-based audit approach.

7.3.1 A Terms of Reference (TOR) template document is prepared and issued for each audit engagement in the audit plan. This sets out the scope and objectives, background, audit sponsor and key contacts, resources, timescales and reporting. The Service Manager Internal Audit reviews all TORs before they are issued to the client Service for agreement prior to the audit commencing.

7.3.2 An audit programme and control objective working papers (templates) are prepared which sets out the objective, risks, controls, tests and sample size.

7.3.3 For the three audits reviewed we noted that in two cases the TORs were not formally approved by the Service Manager Internal Audit and that there was no evidence of review of the work programmes. We also noted an inconsistency in the documentation used with a planning control checklist being used for one audit and completion checklists being used in others. The planning process may further benefit from risks being formally communicated with the Service either through the TOR or by sharing the audit plan (**Action Point 6**).

7.3.4 East Lothian Council's Internal Audit Service **generally conforms** with Standard 2200 on Engagement Planning.

7.4 2300 - Performing the Engagement

Internal auditors must identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives.

At each stage of the audit, auditors should consider what specific work needs to be conducted and evidence needs to be gathered to achieve the engagement objectives and support an independent and objective audit opinion. Systems should be in place to ensure that auditors obtain and record, within the

working papers, sufficient evidence to support their conclusions, professional judgements and recommendations. Working papers should always be sufficiently complete and detailed to enable an experienced internal auditor with no previous connection with the audit to ascertain what work was performed, re-perform it if necessary and support the conclusions reached. The CAE should also specify how long all audit documentation should be retained, whether held on paper or electronically. All audit work should be subject to an appropriate internal quality review process.

Internal auditors must be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest when performing their individual audits. They must also have sufficient knowledge to identify indicators that fraud or corruption may have been committed.

7.4.1 There is an audit manual in place, it was last updated in 2022 and, sets out the expected procedures in relation to undertaking a planned audit, including preparing working papers and setting up working paper files. It does not include a section on undertaking fraud and irregularity investigations or mention procedures for dealing with other types of work such as consultancy engagements.

7.4.2 Working papers for each audit were stored electronically. From the three audits reviewed we noted different working paper formats were being used. The working papers for one audit did not include risks nor were there any conclusions. The other two audits the working papers did not include the expected control, one of which did not include whether the control was also met. Recommendations were not graded on the working papers. Whilst the working papers supported the conclusions reached in the respective reports they could be further developed (**Action Point 7**).

7.4.3 Audits carried out by the three Senior Auditors are reviewed by the Service Manager Internal Audit. Audits undertaken by the Senior Audit Assistant the working papers are reviewed by one of the Senior Auditors. All Audit reports are reviewed by the Service Manager Internal Audit. As noted previously there is a limitation in the supervision however in that the Service Manager Internal Audit is responsible for two internal audit teams and the IJB. We noted that an audit review template document is not used to record the file review process, however it was clear from the evidence provided that management review was undertaken by way of tracked changes and response to these changes on the draft reports for the three audits we sampled.

7.4.4 We also noted appropriate records management arrangements and consideration of GDPR with the internal audit service complying with East Lothian Councils corporate records management retention policy.

7.4.5 East Lothian Council's Internal Audit Service **fully conforms** with Standard 2300 on Performing the Engagement.

7.5 2400 - Communicating Results

The basic aims of every internal audit report should be to:

- give an opinion on the risk and controls of the area under review, building up to the annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
- prompt management to implement the agreed actions for change leading to improvement in the control environment and performance; and
- provide a formal record of points arising from the audit and, where appropriate, of agreements reached with management, together with appropriate timescales.

Each report should include the scope and purpose of the audit to help the reader to understand the extent, or limitations, of the assurance(s) provided by the report. During the course of the audit, key issues should be brought to the attention of the relevant manager to enable them to take corrective action and to avoid surprises at the closure stage. Before issuing the final report, the internal auditor should normally discuss the contents with the appropriate levels of management to confirm the factual

accuracy, to seek comments and to confirm the agreed management actions. A draft report is useful for this purpose. Recommendations should be prioritised according to risk. The recommendations and the resultant management action plans should be agreed prior to the issue of the final report. Any areas of disagreement between the internal auditor and management that cannot be resolved by discussion should be recorded in the action plan and the residual risk highlighted. Those weaknesses giving rise to significant risks that are not agreed should be brought to the attention of a more senior level of management and the board.

As set out in the PSIAS, the CAE must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. This must include the annual internal audit opinion concluding on the overall adequacy and effectiveness of the organisation's governance, risk and control framework, a summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies); and a statement of conformance with the PSIAS and the results of the internal audit QAIP.

7.5.1 The internal Audit staff prepare draft reports, they are reviewed by the Service Manager Internal Audit before being issued to the Service. Exit meetings are held with the service prior to the audit report being finalised. For the three audits in our sample, we obtained evidence of exit meetings with the relevant Service.

7.5.2 The audit reporting template is structured and includes:

- An Executive Summary
- Headlines
- Areas where expected controls are met/good practice
- Detailed recommendations
- Appendix A Recommendation Grading/ overall opinion definitions
- Appendix B Resource, acknowledgements and distribution list

7.5.3 The audit report includes details of the engagement objectives and scope of the audit, an overall audit conclusion, level of assurance for each control objective, detailed findings and risk rating, recommendations and grading, along with a management response, the responsible officer and target date of completion. Final reports are issued to the appropriate Head of Service, Executive Director, and the Chief Executive. We noted whilst the complete audit report is provided to the Service, only three slides of the report is presented to the Audit and Governance Committee. We also noted that neither report formats make a statement as to whether they have been prepared in conformance with the PSIAS.

7.5.4 An Annual Controls Assurance Statement document and an Annual Internal Audit Report is presented to the Audit and Governance Committee. Both of which includes delivery of the audit plan, the work undertaken in a specific year and the adequacy and effectiveness of their systems of internal control which contributes to the opinion presented in the reports. However as noted at 7.1.2 whilst an audit universe is maintained assurance mapping could be developed and incorporated into the audit planning and reporting process.

7.5.5 East Lothian Council's Internal Audit Service **fully conforms** with Standard 2400 on Communicating Results.

7.6 2500 - Monitoring Progress

The PSIAS place responsibility for monitoring progress with the CAE to ensure that management actions have been effectively implemented or, if not, that senior management have accepted the risk of not taking action. The CAE must, therefore, implement a follow-up process for ensuring the effective implementation of audit results or ensuring senior management are aware of the consequences of not implementing an action point and are prepared to accept the risk of such consequences occurring. The results of this process should be communicated to the board. The CAE should develop escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed.

These procedures should ensure that the risks of not taking action have been understood and accepted at a sufficiently senior management level. The effective involvement of the board in the follow-up process is critical to ensuring that it works. The CAE should consider revising the internal audit opinion in light of findings from the follow-up process. The findings of follow-up reviews should inform the planning of future audit work.

- 7.6.1 Although audit recommendations are not input into the Councils performance management system, they are input into a recommendation tracker spreadsheet maintained by the Internal Audit Team. They are allocated to a Service specific officer and followed up by Internal Audit. Follow ups are included and reported in 'Audit Reports Issued and Progress against plan reports' presented to each Audit and Governance Committee meeting. Extensions to agreed timescales must be discussed and agreed by the Internal Audit Team.
- 7.6.2 The follow up process contributes to the Annual Controls Assurance Statement and the Annual Internal Audit report which includes the follow up work completed during the year. For 2022/23 at least 81% of the 135 recommendations made during 2021/22 have been fully implemented.
- 7.6.3 East Lothian Council's Internal Audit Service **fully conforms** with Standard 2500 on Monitoring Progress.

7.7 2600 - Communicating the Acceptance of Risks


















When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organisation, they must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, they must communicate the matter to the board. It is not the responsibility of the chief audit executive to resolve the risk.


- 7.7.1 Findings and recommendations from audit reviews are discussed with client management during the exit meeting. If recommendations were not agreed this would be noted in the detailed recommendations management response section. From the audit reports we reviewed all recommendations however were accepted.
- 7.7.2 The Chief Executive and S95 Officer generally attends East Lothian Council's Audit and Governance Committee. Other senior Council officers also attend these meetings.
- 7.7.3 The full scope of East Lothian Councils internal audit service are reported in in the annual controls assurance statement and annual internal audit report. The Service Manager Internal Audit is consulted in relation to East Lothian Councils Annual Governance Statement.
- 7.7.4 East Lothian Council's Internal Audit Service **fully conforms** to the Standard on Communicating the Acceptance of Risk.

Richard Fox, CIPFA, BA (Hons)
Internal Audit Manager, Dumfries and Galloway Council

For and on behalf of: SLACIAG, 22 February 2024

APPENDIX A – SUMMARY OF ASSESSMENT

REF	PAGE No.	ASSESSMENT AREA	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
Section A		Mission of Internal Audit and Core Principles				
Section B		Definition of Internal Auditing				
Section C		Code of Ethics				
Section D		ATTRIBUTE STANDARDS				
1000		Purpose, Authority and Responsibility				
1100		Independence and Objectivity				
1200		Proficiency and Due Professional Care				
1300		Quality Assurance and Improvement Programme				
Section E		PERFORMANCE STANDARDS				
2000		Managing the internal Audit Activity				
2100		Nature of Work				
2200		Engagement Planning				
2300		Performing the Engagement				
2400		Communicating Results				
2500		Monitoring Progress				

REF	PAGE No.	ASSESSMENT AREA	Fully Conforms 	Generally Conforms 	Partially Conforms 	Does Not Conform 
2600		Communicating the Acceptance of Risks				
TOTALS			10	4	0	0

APPENDIX B – EVIDENCE PACK

- East Lothian Councils Internal Audit Services completed EQA Self-Assessment
- Standing Orders
- Organisational Structure
- Recruitment and Selection Policy
- Internal Audit Team Job Descriptions and Person Specifications
- Service Manager Internal Audit Job Description and Person Specification
- Internal Audit Performance Review and Development Scheme and completed forms
- Training Plans
- Recruitment and Selection Policy
- Disciplinary Code
- Records Management Record Retention Schedule
- Code of Conduct Policy
- Code of Ethics and completed annual forms
- CPD records
- Professional Qualifications Membership
- 2018 External Assessment Report
- Internal Audit Charter 2022/23
- Audit Manual
- Audit Universe
- Internal Audit Annual Plan 2022/23 and 2023/24
- Annual Internal Audit Report 2021/22 and 2022/23
- Annual Governance Statement 2021/22 Accounts and 2022/23 Draft Accounts
- Service Level Agreement between East Lothian Council and Midlothian Council (Chief Internal Auditor Services)
- Members Briefing and Induction 2022
- Risk Management Audit Report 2023
- NFI 2021 Report
- Audit files for 3 audits reviewed (key documentation, working papers and final audit reports)
- Follow ups Recommendation Tracker Spreadsheet
- Audit Reports Submitted to Audit and Governance Committee in 2022 and 2023
- Audit and Governance Committee Attendance Records in 2022 and 2023

APPENDIX C – STAKEHOLDER QUESTIONNAIRES

Stakeholder questionnaires were completed by the following key members of staff and Elected Members:

- Monica Patterson, Chief Executive
- Sarah Fortune, Executive Director of Resources (Chief Financial Officer)
- Lee-Anne Menzies, Chair of Audit and Governance Committee

APPENDIX D – ACTION PLAN

No.	Para	Recommendation	Management Response	Responsible Officer / Agreed Completion Date
1	3.1; 6.1.6	The Internal Audit Charter be revised to consider the mission for internal audit, a definition of assurance services and arrangements for appropriate resourcing.	Agreed. Internal Audit Charter has already been updated to include the mission of Internal Audit as indicated in PSIAS. Additional information will be added on the definition of assurance services and arrangements for resourcing in the next charter update.	Service Manager Internal Audit November 2024.
2	6.2.6	The PSIAS requires that the Chief Executive and Chair of the Audit and Governance Committee contribute to the performance appraisal of the CAE.	Agreed. Agreement has been reached to have the performance appraisal completed by the Executive Director for Council resources and this will then be circulated for comment to the Chief Executive of both East Lothian and Midlothian Council with comments received from the Chairs of the Audit Committees.	Executive Director for Resources. June 2024.
3	6.3.2	Job descriptions should be reviewed to reflect the mandatory nature of PSIAS and the requirement for disclosure checks.	Agreed. All staff have been disclosure checked and the roles are included on the HR requirements for disclosure checking and PSIAS compliance is part of the objectives for each role. However, job descriptions will be amended to include these items for completeness.	Service Manager Internal Audit June 2024.
4	6.3.5	Further professional development in relation to data analytics would allow for improved assurance to be offered.	Agreed. All of the Senior Auditors are now attending the SLACIAG data analytics group and will be considering if further individual training in techniques is required for there individual PDP completion.	Service Manager Internal Audit June 2024.
5	7.1.5	The annual audit planning process could be developed to further consider the time required for audit planning and the value of other sources of assurance. PSIAS further notes the value in discussing areas of risk with Heads of Service more than once a year. The plan could usefully go to CMT for information and discussion.	Agreed, further consideration of developing assurance mapping processes will be given within the resources available. Direct discussion will take place with Heads of Service prior to reviewing the mid-year review of the plan. The 2024/25 plan is being presented to the CMT in March 2024.	Service Manager Internal Audit September 2024.

No.	Para	Recommendation	Management Response	Responsible Officer / Agreed Completion Date
6	7.3.3	The process for planning individual assignments should be reviewed, allowing for the review by the Service Manager Internal Audit and the sharing of risks with client departments.	Agreed TOR's will be amended to include an overarching risk form the commencement of the 2024/25 audit plan and the audit programmes will be shared with client staff, which include the detailed risks.	Service Manager Internal Audit June 2024.
7	7.4.2	The format of working papers could be developed.	Agreed a format will be created to ensure consistency and ensure inclusion of risks, and expected controls against each audit objective as taken from the audit programme and ensure a conclusion is documented.	Service Manager Internal Audit June 2024.

Critical	Critical
Significant	Significant
Routine	Routine

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 26 MARCH 2024

BY: EXECUTIVE DIRECTOR-COUNCIL RESOURCES

SUBJECT: INFORMATION GOVERNANCE ANNUAL REPORT

5

1 PURPOSE

- 1.1 To report on the delivery and continuous improvement of East Lothian Council's ('the Council's) compliance with regulatory regimes relating to Data Protection, Information and Records Management, and the Regulation of Investigatory Powers during 2023.

2 RECOMMENDATIONS

- 2.1 To note the contents of the report and, where appropriate, highlight areas for further action or consideration.

3 BACKGROUND

- 3.1 Information Governance covers a range of policies, procedures, tools and guidance used to support the Council in maintaining compliance with information legislation, ensuring that our information assets remain relevant and accessible over time, and empowering both the Council's employees and the citizens of East Lothian to derive the greatest possible benefits from the valuable public records in our custody.

- 3.2 A summary of the relevant legislation and key features is provided in **Appendix 1** to this report.

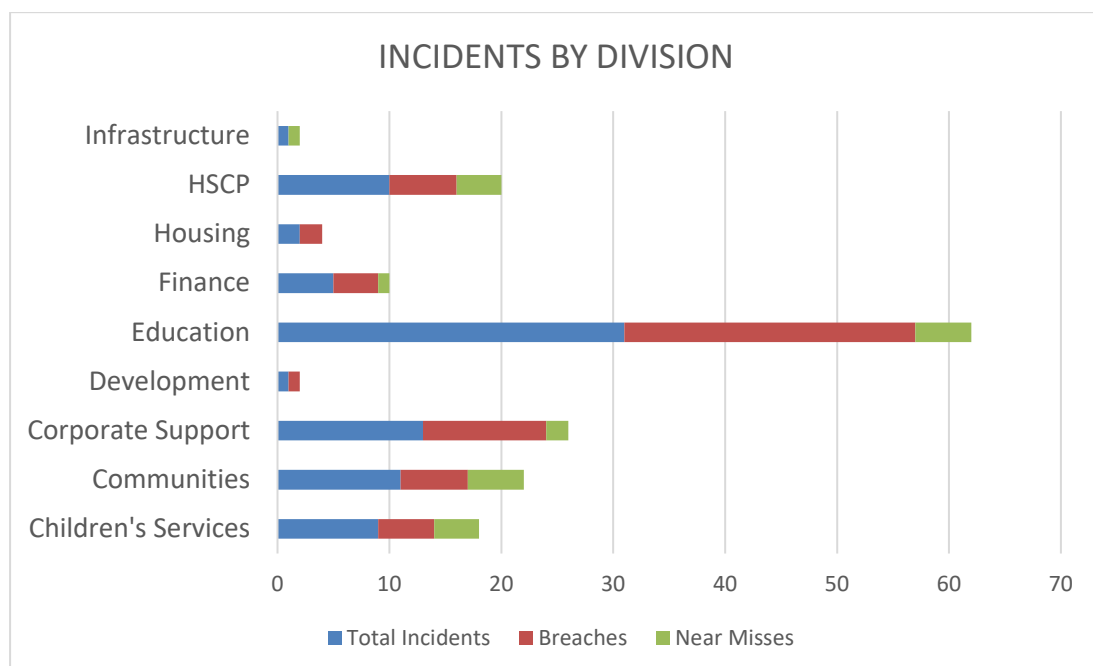
Data Protection

- 3.3 The protection of personal data in the UK is governed by the Data Protection Act 2018 ('DPA2018') and the UK General Data Protection Regulation ('UK GDPR'). In 2018, the Council implemented a raft of new measures to support compliance; these measures were subject to their first assessment by the Council's Internal Auditors in November 2022.
- 3.4 The audit found **reasonable assurance** overall, with multiple points of good practice noted as well as a number of recommendations made for further improvements. The Audit Report acknowledged that staffing challenges within the Information Governance team at the time contributed to risks, which were regularly highlighted in the Corporate Support and Corporate Risk Registers.

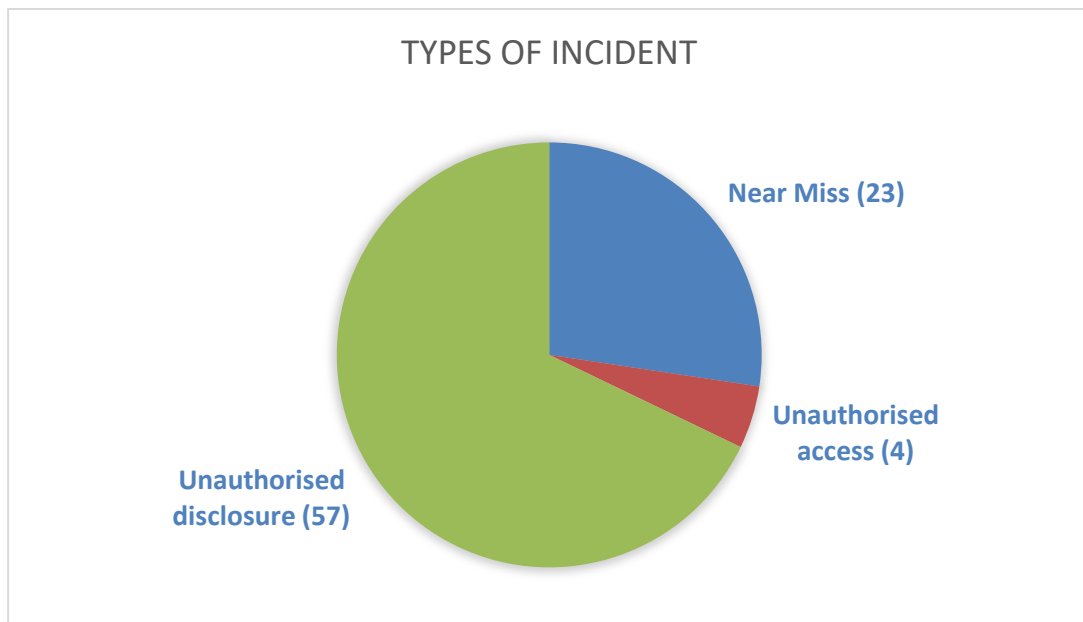
- 3.5 A new Team Leader-Information Governance post was created and recruited in August 2023. The capacity created by this additional post has been, and will continue to be, a key factor in making continuous improvements to the Council’s compliance across Services going forward.
- 3.6 The audit identified five recommendations overall, of which four are currently complete and one is partially complete; these are also addressed by the Council’s Internal Audit Service in their March 2024 report to the Audit and Governance Committee. The outstanding action relates to the timely completion of Data Protection Impact Assessments (‘DPIAs’) and Data Sharing Agreements (‘DSAs’). With the recruitment of the new Team Lead the backlog of DPIAs and DSAs has considerably reduced, with a standard turnaround of 6 months reduced to 8 weeks. Work is ongoing to further reduce the backlog of approvals.

Data Breaches

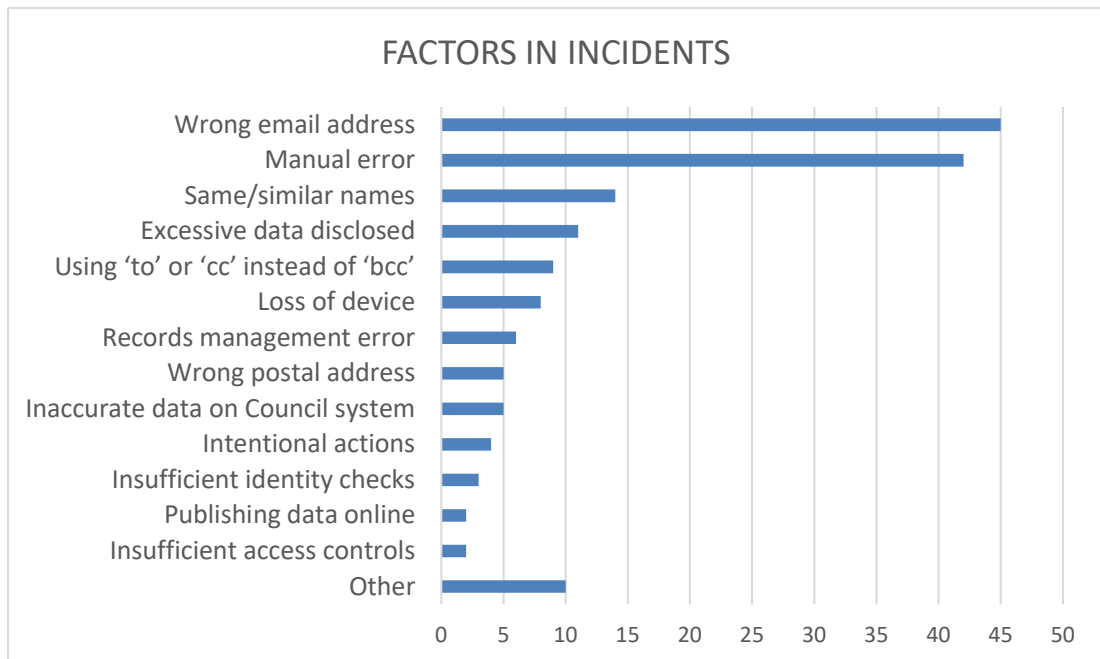
- 3.7 The Council’s Data Breach Procedure requires all staff to report personal data breaches internally to the Council’s Data Breach Team within 24 hours, to allow for a risk assessment and a decision to be taken whether to formally report to the national regulator, the Information Commissioner’s Office (‘ICO’). Where incidents meet the threshold of ‘likely risk’ to the rights of the data subject, by law the Council must report to the ICO within 72 hours; where incidents meet the threshold of ‘high risk’ to the data subject, the Council must also report the incident to the data subject(s) concerned.
- 3.8 Data breaches can present significant financial and reputational risks to the Council; the ICO has the power to levy significant fines and/or take enforcement action where significant or systemic failures are identified. Over the course of 2023, the Council recorded **62** Data Breaches and **22** Near Misses, resulting in a total of **84** incidents. These incidents occurred across Council Divisions as follows:



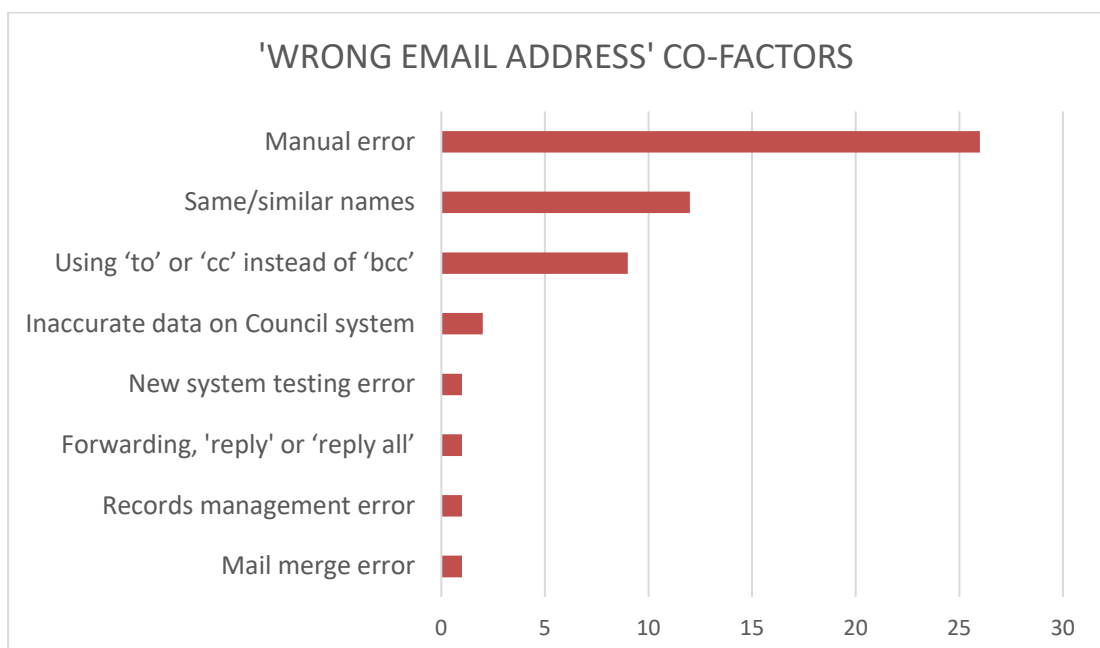
- 3.9 A total of **three** incidents were considered to meet the 'likely risk' threshold for reporting to the Information Commissioner's Office. In all three cases, the ICO found that the Council had appropriate technical and organisational measures in place, and took no further action.
- 3.10 The most prevalent type of incident was unauthorised disclosure, i.e. the unnecessary or disproportionate sharing of Council-controlled personal data. There were also several incidents of unauthorised access, i.e. gaining or procuring access to Council systems without an authorised business purpose for doing so.
- 3.11 In addition to Data Breaches, the Information Governance team tracks Near Misses to gather additional data, identify trends and put appropriate preventative measures in place. The Council is not required by law to track Near Misses, but this provides a useful tool in understanding information management practices and where/how breaches might arise.



3.12 There are a number of trends evident in the factors and circumstances contributing to incidents (including both Data Breaches and Near Misses). The most frequently occurring factor by far is the misdirection of email, which occurred in **45** instances.



3.13 The factors identified above might not occur in isolation, i.e. a single incident might involve multiple factors. For example, an incident might involve the use of a 'wrong email address' due to the individual 'using "to" or "cc" instead of "bcc"', and so both are recorded as relevant factors to the incident. The chart below identifies the factors that most commonly appear alongside a 'wrong email address':



3.14 Regarding the three breaches reported to the ICO, contributing factors included:

- Wrong email address
- Using 'to' or 'cc' instead of 'bcc'
- Manual error
- Same/similar names
- Insufficient identity checks

3.15 While the ICO did not find enforcement action to be necessary in relation to the three reported incidents, they did make a number of recommendations for the Council to consider going forward, including:

- Introduction of email safeguards such as default email delays, which can prevent incorrect emails from being sent, and secure email services, which can prevent a misdirected email from being opened entirely;
- Ensuring staff have the time they need to double-check their work to prevent further breaches.

3.16 No incidents were considered to meet the statutory 'high risk' threshold requiring reporting to the Data Subject(s).

Trends, lessons learned and next actions

3.17 Every data incident is assessed on a case-by-case basis, and accordingly the Information Governance team makes recommendations to Services for future improvements to their information management practices. In some cases, additional technical measures can be put in place, for example putting labels in Active Directory that identify employees with the same or similar names by department. Many cases, however, and particularly those involving misdirected email, require careful manual checking by individual employees, relying on their professional knowledge and training to maintain compliance.

3.18 In 2022, the Council recorded 53 data breaches and 24 near misses, resulting in a total of 78 incidents reported over the year. This means that 2023 has seen a 7.7% increase in the number of incidents reported. It is important to note that while this increase could be due to an increase in the number of incidents that occurred, it is also possible that this is simply due to an increase in reporting.

3.19 Overall, the profile of the types of incident, factors in incidents and distribution of incidents in Council Services has remained similar to that of 2022; in 2022 the most prevalent factor in incidents was the use of the wrong email address, with same/similar names and manual errors the primary co-factors. Unauthorised access was likewise the most frequent type of breach, with the greatest number of incidents occurring in Education.

3.20 In relation to incidents reported to the ICO, the ICO has consistently highlighted points of good practice by the Council in relation to our policies, procedures, staff training and incident response. The Council's Internal Auditors have also found that we continue to have effective risk control measures in place.

Recognising this, we remain committed to continuous improvement in data protection compliance across the organisation.

2022 Recommendations:

- Seek to ensure that relevant policies and procedures are reviewed on a regular basis;
- Ensure that Data Sharing Agreements are put in place on a timely basis;
- Ensure that appropriate progress is made in development of the Information Asset Register;
- Ensure that timescales for planned risk control measures are realistic and implemented on a timely basis;
- Roll out Communications Plan across the Council to reinforce the importance of Data Protection compliance.

2023 Actions Taken:

- Additional Team Lead-Information Governance post created, with post-holder in place from August 2023;
- Policies and Procedures updated to reflect current positions;
- Standard waiting period for reviewing Data Protection Impact Assessments and Data Sharing Agreements reduced from 6 months to 8 weeks;
- Information Asset Register workshops held in line with completion schedule, with Information Asset Owners and Administrators identified;
- Data Protection risk control measures implemented in line with Corporate and Corporate Support risk registers;
- Training and awareness campaign currently being launched via new software MetaCompliance integrated with Microsoft Teams, including training videos, assessment questionnaires, blog posts and policy documents. The first campaign event includes a phishing exercise to raise awareness regarding malicious emails;
- Team Leader working closely with Education to develop a list of core approved applications for use in Schools and to identify gaps in data protection knowledge/training;
- New and streamlined review/authorisation procedures have been implemented for Data Sharing Agreements ('DSAs') and Data Protection Impact Assessments ('DPIAs').

2024 Planned Actions:

- Series of support sessions for Head Teachers to be held in conjunction with Legal Services;
- Development of 'one stop shop' for staff guidance, tools and training via MetaCompliance;
- Information Asset Register workshops to be conducted quarterly, including identification of Information Asset Owners and Administrators;
- Continue to explore technical options such as email delays and secure email services to reduce the risk of data incidents;
- Complete development of a 'Data Breach Dashboard' to support high-level monitoring and reporting of data incidents to senior managers on a regular basis.

Records Management

- 3.21 The Public Records (Scotland) Act 2011 ('PRSA') requires public authorities to develop and maintain a Records Management Plan ('RMP') subject to approval by the Keeper of the Records of Scotland ('the Keeper'). East Lothian Council's first and current RMP was approved in 2015 on an 'improvement plan' basis, highlighting a number of areas for ongoing development and improvement. The Council has continued to engage constructively with the Keeper's Assessment Team via a process of voluntary annual review since 2015, apart from a brief hiatus over the period of the pandemic.
- 3.22 A procurement exercise remains in progress to identify a best value Supplier for all storage, retrieval and destruction services for paper records, and then the contents of the Dunbar Road paper records store (c.8000 boxes) will be emptied and transferred to the chosen Supplier. This will introduce significant service improvements through flexible and responsive retrievals services, secure transactions and effective environmental controls.
- 3.23 The Information Governance team continues to contribute to the Microsoft 365 ('M365') implementation project team. The Information Governance features of M365 are robust, and will allow the automatic application of retention rules to individual records belonging to all Council Services as well as automatic version control and tracking. This is a key step in practically applying the Records Management Plan to the Council's digital records, and will provide a significant improvement to compliance.
- 3.24 The Council's Records Management Plan is modelled after the Keeper's Model Plan, which at the time of creation included 14 Elements (now 15 for current submissions).

2022 Recommendations:

- Review guidance on Council Intranet;
- Continue to develop the Information Strategy;
- Complete record audits of Council offices in line with the Asset Review project;
- Ensure that records retention rules are applied to digital records;
- Continue to develop Information Asset Register, including as a tool to support the regular review/destruction of records;
- Progress actions to address the long term preservation of digital records;
- Ensure that a complete and accurate representation of changes to records' content and location is captured in relation to both paper and digital records ('audit trail');
- Review staff training requirements and ensure these remain up to date;

2023 Actions Taken:

- Council Intranet guidance reviewed and updated;
- Office record audits completed, with Information Governance input into Asset Review project team meetings;
- Corporate Council Retention Schedule reviewed and updated on a monthly basis in line with feedback from Services;

- ELC Information Governance staff regularly sit on the national working group responsible for developing the Scottish Local Authority standards for records retention;
- M365 implementation progressing, with Information Governance included in M365 Champions network and Project Team;
- Information Asset Register progressing in line with annual goals;
- Survey and register of digital assets for permanent preservation created;
- Digital Preservation Policy drafted and under final review;
- Options appraisal currently being developed for a digital repository solution for records of enduring business and historical value;
- Audit trail improved in relation to paper records transferred to off-site Supplier and digital records in the M365 environment;
- New provisions for records management and compliance with the Public Records (Scotland) Act 2011 have been added to the Council's Standard Terms and Conditions, tender documentation and Data Sharing Agreements.

2024 Planned Actions:

- Complete and sign off Information Strategy;
- Complete procurement for Document Management Supplier;
- Continue to support M365 implementation;
- Develop Records Management training and awareness via MetaCompliance 'one stop shop';
- Develop register of digital records for permanent preservation;
- Identify a digital preservation repository/solution for records of enduring value;
- Identify a new solution for disposal of confidential waste in collaboration with corporate Council projects;
- Develop tools to assist contract managers across Services to monitor Supplier compliance with records management requirements in line with national guidance.

Covert Surveillance

- 3.25 The Regulation of Investigatory Powers (Scotland) Act 2000 ('RIPSA') was enacted to provide a statutory framework for the operation of covert surveillance investigative techniques by public authorities. This framework gives public authorities powers to undertake necessary and proportionate surveillance while respecting the individual's 'right to respect for private and family life' under the Human Rights Act 1998 ('HRA').
- 3.26 In order to carry out surveillance under RIPSA, Council officers must follow a prescribed statutory process, according to statutory roles and responsibilities. In order to undertake an investigation under RIPSA, the Investigating Officer must submit an application to a senior Authorising Officer, who must consider and document the decision to proceed. This process exists primarily to ensure that risks have been considered appropriately, that effective mitigations are put in place, that the investigation is fully documented to appropriate standards, and that the investigation is monitored and reviewed over time.

3.27 East Lothian Council has to-date made very limited use of its RIPSAs powers, and there were no applications made in 2023.

2023 Recommendations
<ul style="list-style-type: none"> • RIPSAs Gatekeeper (Team Manager-Information Governance) to feed back to Investigating Officers via review of Application Forms prior to authorisation; • Business Classification Scheme / Retention Schedule to be updated to include RIPSAs material; • E-learning module to be developed; • Service Manager-Governance to undertake external training.
2023 Actions Taken
<ul style="list-style-type: none"> • RIPSAs records included in corporate BCS / Retention Schedule.
2024 Planned Actions
<ul style="list-style-type: none"> • Training and awareness resources to be developed via MetaCompliance 'one stop shop'; • Service Manager-Governance to undertake re-scheduled training.

4 INTEGRATED IMPACT ASSESSMENT

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

5 RESOURCE IMPLICATIONS

5.1 Financial – there are no financial implications for this report.

5.2 Personnel - there are no personnel implications for this report.

5.3 Other – there are no other resource implications for this report.

6 BACKGROUND PAPERS

6.1 East Lothian Council Data Protection Audit Report (November 2022)

AUTHOR'S NAME	Zarya Rathé
DESIGNATION	Team Manager-Information Governance
CONTACT INFO	zrathe@eastlothian.gov.uk ; 01620 827989
DATE	14/03/2024

Legislation	Key Features
Data Protection Act 2018 / UK GDPR	<ul style="list-style-type: none"> • Governs the protection of personal data; • Mandatory recording and reporting of personal data breaches. Any breach meeting the 'likely risk' threshold must be reported to the UK Information Commissioner's Office ('ICO') within 72 hours. Any breach meeting the 'high risk' threshold must be reported to the data subject(s). • A 'personal data breach' is defined as 'a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data.'
Public Records (Scotland) Act 2011	<ul style="list-style-type: none"> • Governs the management of public records; • All named authorities must create a 15-point Records Management Plan in line with the Model Plan created by the Keeper of the Records of Scotland ('the Keeper'); • Authorities can undergo optional review of their Records Management Plans by the Keeper's Assessment Team on an annual basis, called the 'Progress Update Review Mechanism' ('PUR'). This is not mandatory, but active engagement provides greater assurances regarding the authority's compliance.
Regulation of Investigatory Powers (Scotland) Act 2000	<ul style="list-style-type: none"> • Governs the use of covert surveillance; • Provides a framework for public officers to undertake necessary and proportionate surveillance while maintaining compliance with 'the right to respect for private and family life' under the Human Rights Act 1998; • RIPSAs investigations undergo a rigorous process of authorisation and review with frequent oversight by qualified Senior Officers within the Council; • Only applies to 'core functions,' i.e. the specific public functions undertaken by a particular authority. It does not apply to 'ordinary functions' such as employment/Human Resources which are undertaken by all authorities.

REPORT TO: Audit and Governance Committee

MEETING DATE: 26 March 2024

BY: Companies Manager – East Lothian Investments Ltd

SUBJECT: East Lothian Investments Ltd 2022/2023

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Investments Ltd in 2022/2023.

2 RECOMMENDATIONS

- 2.1 That the Audit and Governance Committee note the contents of the report.

3 BACKGROUND

- 3.1 East Lothian Investments Ltd (ELI), formerly East Lothian Economic Development Company (SC187674) - was formed in April 2001 by East Lothian Council (ELC) following the disaggregation of the Lothian Enterprise Board (LEB).

- 3.2 The aforementioned disaggregation resulted in the transfer of equity stakes in 5 East Lothian companies which, under local authority governance rules, ELC could not accept hence the requirement to form a company to take ownership of the shareholding.

ELI Ltd developed and implemented exit strategies for the investments and used the funds generated as an instrument for the development of the business base and therefore economy of East Lothian.

- 3.3 This instrument took the form of interest free loans to start-ups / businesses based within the county of East Lothian. The ceiling for loans in 2022/2023 was £25,000 although this is discretionary and a higher level could be awarded depending on economic benefits / job creation. Loans are repayable over a period of up to 60 months with an arrangement fee in 2022/2023 of 5% of the loan award to cover company overheads.
- 3.4 The company has a board of 5 directors comprising of the Leader of the Council, Economic Development spokesperson, and three private

industry sector representatives. The board act on a “*Pro Bono*” basis and do not receive payment.

Governance

- 3.5 ELI is fully authorised and regulated by the FCA. A Compliance Monitoring Document (CMD) (Appendix 1), regulatory business plan, and a suite of policies are in place.
- 3.6 During the year 2022/2023, Richard Baty was the Companies Manager and was the FCA approved person and Senior Manager under the FCA Certification Regime. The Companies Manager is supported by the Economic Development Business Development assistant.
- 3.7 The Companies Manager acts as the Company Secretary.
- 3.8 Board meetings are held on a regular basis linked to the level of loan applications. The CMD and relevant policies are reviewed and updated at each board meeting as per FCA requirements. Decisions made to award loans, the level of award and repayment period are taken by a majority with the Chair having the casting vote on any tied decision.
- 3.9 Minutes of board meetings are taken and approved at subsequent board meeting by the Chair.
- 3.10 East Lothian Investments Ltd is audited by Greaves West & Ayre (newly appointed during the period to March 2023). End of Year accounts are approved by the Board and signed off accordingly and provided to ELC. The company use Xero accounting cloud software.
- 3.11 As per FCA requirements, ELI is required to report annually on the following: - Complaints, Financial Data, Lenders, Volumes and Company organisation.
- 3.12 The company has an interest bearing and two chequing accounts with the Royal Bank of Scotland. Legal advice is provided by Addleshaw Goddard, Edinburgh.
- 3.13 Post period note: The Companies Manager in post during 2022-23 retired in June 2023. Lisa Deegan was recruited into the role in July 2023 with the relevant application made to replace the prior incumbent as ELI’s approved person and Senior Manager under the FCA Senior Manager Certification Regime.

Overall Lending

- 3.14 Since formation ELI has awarded and paid 378 loans to the value of £3,525,100 which has levered in private investment of £20,831,687. The lending created 896 new jobs and protected 1,869. Loans are unsecured but for limited companies personal guarantees may be taken if the board requests. The level of bad debts written off for the period commencing from 2009 stands currently at 2.91%.

2022/23 Lending Activity

- 3.15 17 applications for funding were received in the period – 13 were approved to the value of £210,300 which levered in private funds of £293,436. It is projected that 22 new jobs will be created and 43 jobs protected.

Sectors awarded:-

Retail – 2
Food and drink – 3
Tourism – 1
Business Services – 5
Manufacturing – 2

- 3.16 As at March 2023, the loan book had 27 active loans with an outstanding balance of £387,447.

East Lothian Gift Card - Background

- 3.17 The ELI board agreed in July 2018 to launch and deliver the East Lothian Gift Card on behalf of ELC. This was based on the successful Christmas Shop local programme run by ELC Economic Development for 10 years with the aim to keep spend local.
- 3.18 The gift card is based on a money card which is presented to participating businesses that swipe through their credit / debit card terminal and are paid instantly. There is no cost to the business for participation in the initiative.
- 3.19 A supplier of gift cards was identified (Miconex) and website created <https://eastlothiangiftcard.co.uk/>. The frontend website is supported by substantial back office management systems for card loading, electronic money transfers, financial control and audit requirements.
- 3.20 The initiative, which is year-round was launched in October 2018 and in 2022/2023 was delivered by the Companies Manager, the Business Development Assistant and Economic Development Administrator.

Outputs

- 3.21 There have been £192k of gift card scheme purchases since the scheme started. 3.22 *Post period note – in April 2023, ELI Ltd terminated the original contractual agreement with Miconex, which was coming to term, and transferred the scheme to ELC. Breakages on historic cards are retained in ELI Ltd.*

4 POLICY IMPLICATIONS

- 4.1 None.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

- 6.1 Financial – none.
- 6.2 Personnel - Companies Manager, Economic Development Business Development Assistant and Administrator.
- 6.3 Other – none.

7 BACKGROUND PAPERS

- 7.1 2021/22 report to the Audit and Governance Committee in February 2023.

AUTHOR'S NAME	Lisa Deegan
DESIGNATION	Companies Manager
CONTACT INFO	lideegan@eastlothian.gov.uk
DATE	18 March 2024

Appendix 1 – Compliance Monitoring Document

Policy / procedure	Board approved date	Responsibility to the Board	Next review date
FCA Compliance Manual	Aug-15	Companies manager	Ongoing
Compliance Monitoring document	Jun-15	Companies manager	Ongoing
Business Continuity Plan	Aug-22	Companies Manager / ELC	Aug-23
Debt Management policy incl. letters	Aug-22	Companies manager	Aug-23
Loan application form	Aug-22	Companies manager	Aug-23
Loan statements to clients (XERO)	Aug-22	Companies manager	Aug-23
Data Protection policy - GDPR	Oct-22	Companies manager	Aug-23
GDPR Privacy policy	Oct-22	Companies manager	Aug-23
GDPR Retention & Record keeping policy	Oct-22	Companies manager	Aug-23
Complaints policy	Aug-22	Companies manager	Aug-23
Anti-Money Laundering policy	Aug-22	Companies manager	Aug-23
Anti-Bribery Policy	Aug-22	Companies manager	Aug-23
Audit compliance Policy	Oct-22	Companies Manager / ELC	Aug-23
Personal guarantee document / letters	Oct-22	Companies Manager / ELI Lawyers	Aug-23
Conflicts of interest policy	Oct-22	Companies Manager / ELC auditors	Aug-23
Lone working policy	June 2019 (ELC)	Companies Manager / ELC	Aug-23
Senior Manager and Certification regime	Dec-22	Companies manager	Aug-23
Statement of responsibility	Dec-22	Companies manager	Aug-23
Certification of employees	Jan-22	Companies manager	Aug-23
Operational resilience plan	Aug-22	Companies manager	Aug-23
Cancellation policy	Oct-22	Companies manager	Aug-23
Regulatory Business Plan	Oct-22	Companies manager	Aug-23
Guidance to loan applicants	Aug-22	Companies manager	Aug-23
Personal Statement form	Aug-22	Companies manager	Aug-23
Director induction	Dec-22	Companies manager	Aug-23
Director induction checklist	Dec-22	Companies manager	Aug-23
Director skills gap matrix	Dec-21	Companies Manager	to be reviewed at recruitment

Report	East Lothian Council Audit and Governance Committee Report
Author	Bill Axon, Chief Executive
Date	26 th March 2024

EXECUTIVE SUMMARY

This report sets out the financial and operational performance of **enjoy** since March 2022, the challenges that **enjoy** faces in light of the cost of living and energy crises, and the successes that **enjoy** has achieved through this period.

The biggest challenges **enjoy** faces on an ongoing basis include:

- Meeting the financial pressures involved in wage increases via both National Minimum Wage and Real Living Wage;
- Continue to rebuild reserves whilst receiving plateaued income and achieving cost savings while prices and wages continue to rise;
- Planning for the impact of utility price rises in the coming years;
- Difficulties in recruitment of staff influenced by suppressed labour markets, demands on rates of pay, lack of qualification courses running through the pandemic and subsequent lack of available candidates;
- Keeping up with the demand for swimming and gymnastics lessons in East Lothian, especially as the population grows within the county and given a shortage of qualified teachers.
- Managing the impact (including financial) of building closures both long-term and medium term, due to reactive, planned and non-planned facility maintenance, restorations and renovations.
- The ongoing impact of a massive loss of income due to lockdown, with no financial support being provided by either national governments.

However, **enjoy** has made great strides through the last 3 years since COVID hit, including success in:

- Negotiated a 10 year extension to our funding agreement with East Lothian Council, which will ensure continuity of existing service provision and affordable leisure activities for local communities. The current/new arrangement delivers significant ongoing financial benefits for the Council and allows Enjoy to strengthen its position within the sector.
- **enjoy** is extremely proud to have avoided redundancies since the pandemic began, especially when compared to other Trusts who have been less fortunate.
- Income and usage have returned at levels consistently higher than expected in comparison to other Trusts, extending the lifespan of our reserves.
- All facilities have remained open, with colleagues going above and beyond to cover staff shortages.

- Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC staff have kept both parties up to date and abreast of the situation throughout the pandemic.
- Negotiated a two year pay-deal with Trade Unions, which avoided threatened industrial action being taken.

BACKGROUND

In October 2009, Enjoy East Lothian Limited (**enjoy**leisure or **enjoy**) was established to manage, under contract, sports and leisure facilities and services on behalf of East Lothian Council (ELC). The facilities managed by **enjoy** comprise six major sites in Haddington, Tranent, Musselburgh, North Berwick, Prestonpans and Dunbar; as well as a number of sports facilities throughout East Lothian. All of the facilities are held on ELC's property portfolio with the exception of Dunbar Leisure Pool, which is wholly owned by **enjoy**.

The primary objective of **enjoy**leisure, as East Lothian's charitable health, well-being and leisure trust, is to improve lives by inspiring active living. It is our mission to enrich the physical and mental wellbeing of our communities, by putting people at the heart of everything we do:

- We provide opportunities for people of all ages to enjoy recreational facilities in East Lothian, with the objective of improving their conditions of life.
- We develop and create our own recreational coached activity programmes to create development pathways for both competitive and non-competitive athletes.
- We contribute to advancing the wellbeing of the inhabitants of and visitors to East Lothian through our wide ranging fitness class activity programme, Bodyworks Gyms, and Swimming Pool programmes.
- We provide local residents on low income or disability benefits the opportunity to engage in physical activity at concessionary rates.
- We provide a Macmillan Move More programme for the benefit of individuals living with and beyond cancer in East Lothian to engage in gentle exercise and movement classes, providing physical, social, emotional, and mental wellbeing support for those who need it.
- We have strong links with local schools providing access for both public and private educational facilities, so children of all ages and abilities are able to engage in sporting activities.
- We provide sports halls, dance studios, pitches, and pavilions for local sports clubs and community organisations to host their training sessions, competitions, matches, dance rehearsals, theatre productions, and community meetings.

April 2022 to March 2023

Responding to the last few years has been a constant challenge for **enjoy** in adjusting to new restrictions, implementing and then reducing COVID safety measures. Coaches taught fitness classes via zoom from their homes during closures, and Direct Debit membership fees were reduced to £1 during months the facilities were closed. Memberships fell by 36%, a substantial drop in **enjoy**'s regular income and subsequently recovered to almost 100% of pre-COVID numbers.

East Lothian Council have continued to support **enjoy** via a standstill contract fee for 2022/23, but this is set against the backdrop of pay increases for staff in 2022/23, economic CPI inflation that peaked at 9.8% in October 2022 and increasing energy costs.

The closure of the Loch Centre swimming pool has restricted income generation and resulted in migration of many swimming activity to other centres. The re-opening plan remains subject to significant public interest and will involve an overall repair package for the whole centre amounting to £4.5m. **enjoy** also had had to manage an international shortage in pool chemicals during 2022/23.

Positive partnerships with East Lothian Council, the NHS and McMillan continue to be developed and improved for the wider wellbeing of East Lothian’s residents and visitors. The GP Referral scheme pilot commenced in August 2022 in Dunbar, with discussions ongoing to extend throughout the County after the massive success.

Visitor Statistics

In 2019/20 (not shown in below table), total customer visits, including club usage of pitches and school usage of facilities, were over 1.2 million. This number was drastically reduced in 2020/21, with the majority of facilities only open for 3.5 months of the year. In 21/22, with the majority of facilities closed in April 2021 and restricted capacities for half of the year, the annual visitor numbers recovered to 63% of the pre-COVID levels.

Visitor numbers have recovered to 78% of the pre-COVID level experienced in 2019/20, but have continued to see an upward trend in the absolute numbers visiting our facilities.

Whilst the Golf reductions appear at odds with the rises in the indoor facilities, the figure of 48,900 in 2022/23 is comparable to that in 2019/20 of 51,316. During the peak COVID years, outdoor activities were less restricted than those indoors, and as such the fall in numbers is a reflection of a return to previous trends.

	2020/21	2021/22	2022/23
Total Visitor Numbers	173,000	750,000	933,500
Sports Centres Customers	80,849	512,799	765,600
Golf Courses	60,794	68,117	48,900

Finance

The financial year 2022/23 provided for a small overall surplus across the group of £30,914. This amount was split between a core operating (charity) surplus of £92,022, offset by a trading loss of £61,108. The audit was completed between July and September 2023 and unqualified accounts have been produced and submitted.

The statutory accounts show a net positive movement in funds for the group for the year ended 31 March 2023 of £4,359,914. This is comprised of:

- a core operating surplus of £30,914; and
- an adjustment for the defined benefit pension scheme, being an actuarial gain of £4,329,000

The core operating surplus of £31k (2022: £36k loss) includes a loss of £62k for the trading subsidiary and a surplus of £92k for the charity.

Total group income in 22/23 was £6.75m (up £0.68m from £6.07m in 21/22). This has put us in a good position compared to pre-COVID income levels, which were circa £6.4m.

Total group operating expenditure in 22/23 was £6.72m (up £0.61m from £6.11m in 20/21). This level of costs is equivalent to those 19/20, pre-COVID. Budgeted costs for 2023/24 are higher than 22/23 due to rising prices, utilities and staff wages via pay increases.

A freeze on the East Lothian Council management fee, whilst welcomed as not being a reduction, does represent a real-terms 'cash cut' due to the levels of inflation in the wider economy. These factors are predominantly due to change in economical conditions post-COVID as well as the start of the Russia-Ukraine conflict that started in early 2022. The same inflationary pressures also explain the financial pressures faced in buying our supplies, services and energy requirements.

enjoy continues to rebuild its reserves well - at the end of March 2022, reserves were £818k, and in March 2023 they were up to £1.1m. This represents a very good position on **enjoy's** minimum reserves target, which is £1.2m.

Overview

Operations

Calcium Hypochlorite

Enjoy, like all other pool operators around the country, experienced significant supply problems in 2022 for the supply of our main pool chemical – Calcium Hypochlorite especially in its briquette form. With our ELC Property colleagues we installed a second chemical dosing system in each pool plant room which allowed us to use the chemical in a granular form. This allowed us to purchase either configuration depending upon available supply. We were also in a position to support FES at Mercat Gait who suffered supply shortages. This global supply issue has now largely been overcome. We have retained both dosing systems in pool plant rooms so that we can weather any future supply issues more effectively.

Vacancies

Vacancies remain one of the main challenges to continuity of service delivery. Leisure Assistant, Café Assistant and Gymnastics Coach positions are proving particularly difficult to appoint.

The Athletics DO position was advertised but no suitable applications received. Following a review of this position and the unfilled position of Tennis DO we have appointed a Sport Development Officer who will carry out SO work in these two sports as well as the development of general recreational sports programmes. This is a joint funded position with ELC who have added support for county school events and disability sports development to the SDO Job outline.

We have introduced a new position of Swimming Teacher to help cover swimming lesson shifts and have employed Fast Track Leisure Assistants and swimming Teachers as a way of helping to fill vacancies. We have also hosted several National Pool Lifeguard Qualification (NPLQ) and Scottish Swimming Teacher Qualification (SSTQ) courses throughout the year to ensure we have a ready

supply of newly qualified applicants. We have upskilled one of our Swimming Development Officers to allow her to be able to deliver the SSTQ course in house.

Staff shortages have made covering shifts including swimming and gymnastics classes very challenging and we have had to consolidate our programmes accordingly.

Loch Centre – Pool Closure

To allow ELC to carry out essential maintenance and inspection works the Loch Centre closed from Monday -23rd Jan – Sunday 6th Feb 2023 inc. The whole building was closed for the first week with the main hall, soft play, dance studios and Bodyworks areas opening back up the second week.

Following this work it was discovered that a large section of the sprayed pool hall ceiling insulation was detached and was being held by the security net installed a number of years ago. Whilst the net was doing what it was designed to do, it was deemed prudent to extend the pool and health suite closure for an extended period to allow for further inspection works and a comprehensive Condition Survey and Optional Appraisal to be undertaken. The pool remains closed at this point.

The remainder of the building continues to operate as normal.

Operationally this has required the redeployment of staff and the movement of the swimming pool programme to other sites. The swimming lesson programme has been moved along with staff to Musselburgh Sports Centre. Other staff have been moved to Meadowmill and Aubigny Sports Centres. Resident swimming clubs, Tranent ASC and ELST have both been given pool time at Musselburgh and Aubigny Sports Centres. We await ELC confirmation of the next steps. In the mean time staff have been redeployed and/or vacancies not filled. The swimming lesson programme continues to be delivered through Musselburgh Sports Centre and the swimming club training at other pools. The swimming pool tank has been emptied by the ELC specialist contractor Barr and Wray.

Loch Centre – Soft Play

In late 2023 the floor of the soft play room became unstable. The soft play sits on what are now covered, floor level trampoline pits. The timber covering of these voids has sustained water damage over a number of years and gave way resulting in a significant hazard. As soon as this failure was identified the soft play was closed to the public and ELC informed. The voids have now been filled permanently, the soft play rebuilt and re-opened in Jan 2024.

North Berwick Sports Centre – RAAC

Following advice/warning from the Scottish Government about Reinforced Autoclaved Aerated Concrete (RAAC) also known as Siporex, ELC undertook an assessment of their Public Buildings. This material was commonly used in Public Buildings between the 1960's and late 1980's. Due to the relative lightweight nature of the material and limited durability there have been a number of significant roof failures in the past. This material was used as roof planks but was also used in wall and floor construction.

ELC identified this material at North Berwick Sports Centre in the form of roof planks. Their Consultant Structural Engineer assessed this and prepared a report. Whilst the roof structure is of concern there is no immediate danger to the public or staff.

As a precaution and in preparation for future remedial works, the gallery on the first floor of the dry side of NBSC was configured to encourage those accessing the Dance Studio to do so along a narrower corridor keeping them away from the area which will be worked on. Acrows have been installed at strategic positions to help support the ceiling. There are now no restrictions to access on the first floor. The squash courts and trampoline room remain closed as does the gents dryside showers.

EcoLabs

Through our procurement provider Pelican we have introduced new cleaning products and a new way of dispensing the chemicals. This was introduced initially at Musselburgh Sports Centre as a trial. This has proved successful and is now being rolled out to all others Sports Centres over the beginning of 2024. We will consider the larger pavilion sites in the next phase. This will allow us to reduce the number of products we use, reduce the amount of packaging, as the products are concentrated, and reduce the amount of chemicals being used as the products are dispensed automatically to pre-determined levels. We also anticipate a reduction in how much we spend on cleaning chemicals.

Meadowmill Sports Centre – Preston Lodge High School

Preston Lodge High School are suffering similar problems as North Berwick Sports Centre with the RAAC concrete panels. Consequently, they approached enjoy to host all Physical Education classes at Meadowmill Sports Centre. The school have exclusive use of the outside changing rooms and main hall and shared use of the meeting room, athletics arena, water based synthetic pitch and grass pitches during school academic day. A number of after school clubs have also been accommodated. enjoy worked with ELC colleagues to plan for this transfer which commenced after the school summer holiday 2023 and is expected to continue until Easter 2024. We had to re locate a number of Meadowmill's daytime bookings to other sites and reschedule/move our hall based exercise classes programme to the meeting room. The PE department are based in the ELC Sport Development office in the Sports Centre. Additional staff resource has been put in place to allow access from 8.00am and to deal with the transition from school use to public use at 3.30/12.30pm.

Wallyford Learning Campus

Enjoy have been asked by East Lothian Council to consider options to manage the 2 synthetic pitches and the indoor sports facilities of the campus for community use from 6.00pm – 10.00pm Monday – Friday 12.30 – 5.00pm Saturday and 9.30am – 5.00pm Sunday. We have provided a detailed plan, with costings of how this project work will be undertaken over the next 8/9 months, which to support ELC was done on a cost recovery only approach, however, this policy will be reviewed following initial successful operations. Jen Swan, Service Manager at the Loch Centre has been seconded to carry out this project management work. Jen's position at Loch Centre has been back filled with the temporary promotion of an Assistant Service Manager from Dunbar Leisure Pool. Jen commenced working on this project at the beginning of 2024 with the 2 and 3g pitches opened for use mid-January 2024. We have worked with colleagues in East Lothian Council to provide a detailed equipment specification for the large Bodyworks gym that will service both school pupils as well as members of the public.

Pilmar Smith Pavilion – North Berwick

This facility is in its final stages of snagging. There remain just a few issues that require to be resolved before we are satisfied it is fully fit for purpose. There has been some use of the football pitch by local clubs but limited use of the pavilion, outside toilet and store room only.

Aubigny Sports Centre – Bodyworks and Dance Studio Extension.

We have worked with colleagues in ELC to design and spec. this extension. A planning application was lodged by ELC on the 16th August 2023. A tender document was issued in late 2023 with submissions to them by the start of February 2024.

Pickleball

This is a new, exciting and very popular sport played on a Badminton court. We have introduced Pickleball in all sport centres as a casual 'pay as you play' as well as an organised session which is free to Fitness Members.

Throws cage for the Athletics Arena

Following wind damage to the throws cage over the winter of 2021/22 Audrey Murray, Head of Business Development with assistance from Juliet Gold Sport Development Manager secured external funding for its replacement. The cage was manufacturing and shipped from Australia. Groundworks for the repair and removal of the damaged cage commenced in June 2023. The new cage was installed in September 2023. The installation of this world class throwing cage will revolutionise Athletics in East Lothian and will bring many customers from across Edinburgh and the Lothian's to use the facility.

Pool pod

Audrey Murray, Head of Business Development, successfully attracted funding for a Pool Pod at North Berwick Sports Centre. A pool pod is a self-service pool lift which will allow users to enter and exit the pool by themselves. This has allowed us to encourage more people to use the pool facilities in North Berwick.

Winterfield Golf Course

Winterfield Golf Club approached East Lothian Council with an expression of interest for the Asset Transfer of management responsibilities for all operations of Winterfield Golf Course. East Lothian Council produced and presented to the Club, a detailed paper, including financial information of all income and expenditure. The Club were asked to respond to the paper by Christmas 2023. Enjoy manage the Professional function of the Golf Course on behalf of East Lothian Council.

Success Stories

- Installation of the Pool Pod at NBSC.
- Replacement of throws cage at MMSC
- Introduction of Pickleball at all sites
- Accommodation of Preston Lodger School at MMSC
- Management of closures at LC and NBSC
- Opening of Pilmar Smith Pavilion
- Opening of the 2 and 3 g pitches at Wallyford Learning Campus

Ongoing Challenges

- Filling vacancies in particular Leisure Assistant and Swimming Teachers, Café Assistants (NBSC) and Gymnastics Coaches
- Upskilling Leisure Assistants to cover Assistant Service Manager shifts.
- Improving staff standards and conduct to ensure a professional and consistent service to our customers
- Ensuring a consistent approach to operational delivery including such things as bookings management and Management and Supervisory responsibilities.
- Consideration of the expansion of provision of sports and leisure facilities in East Lothian in partnership with the ELC.
- Keeping up with the demand for swimming lessons and gymnastics in East Lothian, especially as the population grows within the county and staffing continues to be a challenge.
- Developing recreational programmes for people with disabilities, athletics, tennis and badminton and other sports.
- Working to improve the service we receive from CoursePro which is part of our PoS/booking system.
- Management of Health and Safety.

People

We were pleased to be able to introduce a new HR operating system during 2023. iTrent is an HR system widely used by organisations, particularly Leisure Trusts, and is a significant step forward for us in our ability to manage HR & payroll process and support our colleagues. Historically our processes have been manual supported by payroll processing conducted on our behalf by East Lothian Council, however with a further 10-year contract and steps forward in HR development, it was critical we had a system that was automated and provided colleagues with increased autonomy.

Our aim was to continue supporting colleagues to develop their careers with Enjoy and was a key focus for us throughout 23/24. We launched our Leadership Development Programme during 2023 and had 9 colleagues attend from different locations and position across our centres. With the support of Edinburgh College and the Institute of Leadership (IoL) we delivered a programme of leadership training that helped build skills for the future growth of colleagues and support succession.

We had a successful partnership with Napier University where we engaged with HR Management students to research, benchmark and create a report on the most effective way to advertise our vacancies. The collaboration was part of their final year studies and a chosen piece of project work. This is the first time we have been involved and have agreed to host a cohort of students on the next programme intake.

Success Stories

- **enjoy** is extremely proud to have been able to continue to focus on protecting jobs and hours whilst operating in a challenging environment.

- We introduced a recruitment programme called Fast Track to recruit colleagues without an NPLQ and put them through training and successfully completing the NPLQ course, this led to permanent employment that helped us fill vacancies.
- Introduced a Menopause Policy that provides support and awareness for our colleagues, this was complimented by awareness training for our manager about how to support their colleagues.
- We increased our Mental Health First Aider (MHFA) cover across our centres and now have at least one MHFA in each sport centre.
- Due to investment into people development and leadership training, we were able to fulfil recruitment into Assistant Service Manager, Service Manager and Senior Manager vacancies, which reinforces our commitment to growth and succession.
- Customer service training has been rolled out to all staff to maintain a competitive edge in an increasingly tough market.

Ongoing Challenges

- Recruitment and retention of staff continues to be the biggest challenge faced by **enjoy**, influenced by suppressed labour markets, demands on rates of pay, lack of qualification courses running through the pandemic and a subsequent lack of available candidates.
- Providing a pay award for 24/25 that will positively impact on the degrading grade differentials and the subsequent impact this has on recruiting for senior posts.
- As a result of the Flexible Workforce Development Fund closing and a loss of £15k of funding, our ability to invest into people development may be compromised.

Memberships & Customer Return

Fitness Membership numbers have risen slowly post-pandemic, after appearing to stagnate at around 4000 during 2022. Whilst overall net numbers have increased during 2023, there are also a high number of cancellations being experienced.

Overall, at the end of 2023, enjoy had around 4400 fitness members; around 4100 of which were on direct debit payment plans, and the remainder averaged at around 200 per month as 'up front' payment members (e.g. paid for a week/month/6-month/year in advance).

The extraction of useful management information has presented a problem since the migration to a new leisure system (Legend) in May 2023, and aligned to this, new members of staff who have subsequently replaced previous members of staff who were heavily involved in the build. The suite of available reports, as well as those that have been designed from scratch, has improved significantly over the period since May 2023.

Success Stories

- **enjoy** has retained or recovered a high amount of our membership base post-COVID. We were ahead of the average retention in the midst of the first lockdown, and continue to be grateful for our loyal customer base.
- **enjoy** is uniquely positioned mid-market for the cost of living crisis and we hope that any membership we lose for those who can no longer afford a monthly direct debit can access

facilities through the Access to Leisure scheme and that those who are cutting costs will join after leaving a more expensive commercial gyms.

- Members, customers and tourists returned in large quantities to Dunbar Leisure Pool during the School Summer Holidays, and tourism at Musselburgh Old Golf Course in Summer 2022 was also very impressive.
- 2023 statistics indicate that overall membership numbers are not falling, despite the cost of living crisis, albeit set against the backdrop of slowly reducing inflationary rate.

Ongoing Challenges

- Ensuring that prices and charges are increased enough to cover inflation and rising wages without aggravating existing customers and still being able to attract new customers.
- Increased competition from private gyms in Edinburgh and East Lothian, especially those with cheaper prices and newer facilities.
- Refreshing branding and improving customer service to grow the customer base, retain existing customers and provide value for money.
- Increasing usage of at home fitness due to changes in customer behaviours through the pandemic and the gradual return to work reducing local usage.

Business Development

This function continues to establish and maintain relationships, proactively seeking prospects and opportunities to promote long term growth.

Success Stories

- The Dunbar only GP referral trial was a great success and has progressed to growth in the Health & Wellbeing function with planned expansion to a long term conditions programme throughout the county. This has also led to an exciting new partially funded partnership with NHS.
- We maintain a strong partnership with Fitness Education Academy, members and customers of enjoy leisure have access to personal trainers who can use our gyms to work with their clients. This partnership also allows for 50% reduction of FEA courses for our staff.
- A new relationship with Ford has allowed the use of a charitable joint (Enjoy & Ford) liveried van.
- Working alongside comms and marketing, there is new branding, website and mobile app which allow increased brand awareness and engagement.
- Relationship building with several prominent East Lothian Organisations continue as priority, allowing corporate memberships and passes being purchased and funding being provided by several key partners.
- Various review papers have been written and are with senior managers for review or as in the case of one paper, is outsourced for external appraisal.
- Grant, Trust and Foundation monetary funding over the past 3 years has allowed purchases of various pieces of capital equipment, including several high value items, such as a pool pod and athletics throws cage.

- A large scale customer survey has been undertaken (analysis pending) which will allow insight into needs, expectations, required improvements, pain points, trends and competitive pressures.

Ongoing Challenges

- External grant funding is now becoming exceptionally challenging as Foundations are inundated with applications post pandemic.
- Ongoing issues with staffing means little time is available on the ground to dedicate to new initiatives. As a result of one particular vacancy, data collection and analysis is challenging. This data is key to gaining insights to potential markets and consumer preferences, allowing evaluation of changes to offers and changes to membership packages.

Finance

There has been no reduction in the management fee from East Lothian Council in 2023/24, which **enjoy** greatly appreciates as a support in our recovery. However, the position for future years remains uncertain as East Lothian Council grapple with significant financial pressures in their budgetary position.

A large deficit budget of £366k was set for the group in the 2023/24 financial year, albeit the year-end position is gearing more towards a break-even position. There are significant pressures upcoming for the group's budgets, with National Minimum Wage (£11.44/hr) rising from April 2024, and political / moral pressure to increase pay in-line with the Real Living Wage (£12/hr from Oct'23).

A material number of vacancies have been experienced during 2022/23 into 2023/24, which have proven hard-to-fill, but have concurrently created a budget underspend to assist in meeting a balanced income v's expenditure outcome for 2023/24. The vacancies continue to cause operational issues at centres.

Success Stories

- Thanks to strong cash management prior to the pandemic **enjoy's** reserves remain much higher than expected, and very close to the minimum level of £1.2m at the end of 2022/23 financial year.
- Improved and sustained partnership with ELC, including regular meetings between **enjoy** and ELC finance staff have kept both parties up to date and abreast of the situation throughout the last couple of years.
- The planned upgrade to our leisure management system was operational from May 2023 and provides access to a massive suite of information and opportunity for maximising customer service.

Ongoing Challenges

- Price increases continue to be applied to several products including pool chemicals and CO2, paper products, food, and transport costs. We have investigated alternative products where possible and are reviewing procurement of these items.

- Achieving budgeted levels of income and cost savings, in order to reduce deficits and preserve cash reserves.
- Rebuilding reserves to above the minimum target level in order to reinvest in the business.
- Balancing the need for fuller staffing in our centres versus the budgetary savings that these provide.
- Maximising the efficiency and usage of the new Legend Leisure Management system whilst continuing business-as-usual and not disrupting the customer experience.

Marketing

A concerted effort has been made since March 2022 to update Enjoy Leisure's brand and appeal to a broader range of audiences, given the changing demographics in East Lothian. The marketing and communication manager identified areas to help develop the data and digital maturity of enjoy leisure, and improve the digital customer experience for enjoy users. This includes developing a new website, app and merging with a new booking system. Development of data collection and analysis has also been undertaken to develop longer-term insights and trends, current snapshots of customer satisfaction and ongoing customer feedback routes.

Success Stories

- The introduction of a new website and app, timed to coincide with introduction of new online booking system.
- Initial launch of new branded and promotional materials, to roll out across centres.
- Improved website analytics, providing quicker routes to booking.
- Almost 4000 app downloads since launch.

Ongoing Challenges

- Development of Innovatise third-party app modules, to optimise customer experience and functionality of app with Legend Leisure Management System
- Enacting Phase 2 of website development, to improve integration of Legend Leisure Management system.
- Development of MA+ functionality for Legend and the app, introducing push notifications, gamification and improved customer experience.
- Merging Legend data with historic Gladstone data to provide ongoing insights, analysis and trends.
- Development of online customer journey to include automation, on-boarding and instant feedback routes.
- Maximising limited resource to deliver these projects, while maintaining current provision

The Organisation

The Senior Management Team restructure, which saved £50k per annum, continues to be a success for the running of the organisation. The Financial Controller left in November 2022, but continued to provide support to enjoy over the following months, prior to a permanent Head of Finance commencing in June 2023.

Succession plans are in place to replace the current Head of Operations, who is due to retire in March 2024.

We have struggled with Marketing & Communications expertise since the previous postholder left enjoy but they have subsequently been providing 1-day a week support in the meantime. A new postholder is anticipated to commence in post in early 2024.

We have also seen a highly efficient and engaged Board of Directors emerge over the last few years. The enthusiasm and stewardship have been and will continue to be invaluable as we moved through the current challenges and to continue on the long path of COVID recovery.

Partnership with ELC has continued to positively develop with regular, open dialogue being maintained from both partners and a shared commitment to returning the communities of East Lothian to sport and wellbeing. We would like to thank ELC (both Politicians and Officers) for their support through this period, and while recovery will be a long and challenging road, we will continue to work together to ensure that East Lothian can continue to be a leader in offering all residents real opportunities to enjoy and lead active, healthy lifestyles.

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 26 March 2024

BY: Chief Executive

SUBJECT: Health & Social Care Partnership Risk Register

1 PURPOSE

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

2 RECOMMENDATIONS

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

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Health & Social Care Partnership LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:

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

3.3 The current Health & Social Care Partnership Risk Register includes 15 High and 7 Medium risks. As per the Council’s Risk Strategy, only the High risks are being reported to the Committee.

4 POLICY IMPLICATIONS

4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial - It is the consideration of the Health & Social Care Partnership LRWG that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.

6.2 Personnel - There are no immediate implications.

6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Health & Social Care Partnership Risk Register 2024

7.2 Appendix 2 – Risk Matrix

AUTHOR’S NAME	Scott Kennedy	
DESIGNATION	Team Manager, Emergency Planning and Resilience	
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DATE	14 March 2024	

ID	Title	Risk Description	Controls in place	Rating (current)	Rating (Target)	Risk Owner	Handler	Planned Control Description	Progress	Due date
5743	Drug-related deaths in EL	<p>Use of illicit drugs continues to put the lives and safety of young people and adults at risk, which may result in debt related violence or death.</p> <p>Consumption of illicit drugs not only undermines physical health but also heightens the risk of encountering dangerous situations. Individuals involved in drug use can face spiralling debt that can escalate into violence. Desperation for funds to sustain a habit may drive individuals into criminal activities, increasing the likelihood of encounters with violence and even death.</p>	<p>Substance Use Services have successfully implemented Medication Assisted Treatment Standards 1-5 offering:</p> <ul style="list-style-type: none"> •Dedicated contact service •Same day assessment and treatment, •Robust non-fatal overdose pathway where assertive outreach nurses offer harm reduction and support •Development of low threshold cafes <p>Effective multi agency working with Police Scotland, MELDAP, Substance Use, SW and other partners.</p> <p>Effective communication shared with local communities and partners re recent risk of illicit substances available within East Lothian and risks associated with this</p>	16	12	Wilson, Fiona M	Whitehead, Guy	<p>Protocols - Protocols to be updated to ensure that local intelligence re local dealers and illicit substances is shared with the Police and other partners.</p>	<p>Police now able to share VPD directly with SUS, so health can provide early response and intervention. Helps SUS to meet the needs of more difficult to access patients.</p> <p>New B6 nurse based in criminal justice. A new post to support Social Work with their management of drug and alcohol issues, whether court mandated or otherwise. - GW February 2024</p>	31/03/2024
								<p>VPD Pathway - Implementation of VPD pathway where vulnerable persons identified by the police where there is use of alcohol or drugs, will be followed up directly with SUS offering harm reduction and assertive outreach.</p>	<p>Police now able to share VPD directly with SUS, so health can provide early response and intervention. Helps SUS to meet the needs of more difficult to access patients.</p>	31/03/2024
								<p>Implementation of MAT Standards 6-10</p>	<p>MAT standards 6-8 progress RAG rated green, 9-10 Rated rated amber. However all MAT standards progressing to delivery on schedule.</p>	31/03/2024
3912	DUTY OF CARE	<p>The Council has a responsibility to provide care and support for the people of East Lothian and East Lothian's environment. Any breach of this duty of care may compromise legislative duties, health, safety and wellbeing, impacting on, for example, the protection of children and adults.</p> <p>Failure to fulfil the duty of care could also result in serious harm/death to an individual/s, prosecution, having to pay compensation and have a negative impact on the reputation of the Council.</p> <p>Additional pressure within this area caused by external providers struggling to deliver through staffing issues.</p>	<p>Prioritise maintenance of safe staffing levels for all statutory services the partnership delivers.</p> <p>Briefing sessions, specialist training and supports are in place.</p> <p>Regular formal supervision in place for all staff including completion of PRD's and e-KSF, focusing on specific and agreed development needs.</p> <p>Clinical & Care Governance Committee established which is to provide strategic oversight within the Partnership. Chief Social Work Officer, Chief Nurse, Clinical Director, AHP Lead oversight and review of practice to assess workload allocation and risk management.</p> <p>Specific oversight groups established for example Care Home, Health & Safety and Risk Management.</p> <p>Services comply with required professional registration standards for all staff, e.g. SSSC, HCPC, NMC etc.</p> <p>"Safer Recruitment" practices and PVG checks embedded.</p> <p>LSI mechanism in place with reporting structure through PPC.</p> <p>Regular engagement with the Care Inspectorate reviewing services in place</p> <p>Risk assessment documentation shared with providers with client RAG in place to ensure services are prioritised for those most at risk.</p> <p>Review of oversight and governance arrangements for assessment completed.</p> <p>Completed the review of CAH packages January 2024</p>	12	8	Wilson, Fiona M	Hood, David	<p>Alteration of the workforce model for delivery of care at home services including expansion of internal delivery.</p>	<p>Update from 15/2/24 (DH) - continual recruitment underway for care at home, recruitment events designed and held including media, open days etc to encourage applications.</p>	31/03/2024
								<p>SDS model - utilisation of SDS option 3 to support delivery of care at home.</p> <p>Social Work staff reviewing delivery of SDS option 1 and 2 to ensure there are robust processes in place to ensure safe guarding of individuals who choose to manage their own care. Refresh of guidance and training materials, review of existing option 1 clients.</p>	<p>Updated guidance issued to staff</p>	31/03/2024
5356	ELHSCP Workforce Risk	<p>There is a risk that we will not have sufficient workforce to deliver services.</p> <p>Recruitment & Retention.</p> <ul style="list-style-type: none"> - Challenges in recruiting staff. - Difficulty in retaining current staff within some departments in ELHSCP. <p>Difficulty attracting nursing staff from acute services to community services.</p> <p>Failure to deliver safe, effective & sustainable health & social care services.</p> <p>Accommodation.</p> <ul style="list-style-type: none"> - Challenge of moving to home working and the closing of office space doesn't support a reactive service or peer support. - Consolidation of building space to increase overall service delivery. <p>Resulting in staff becoming disengaged with the Partnership and services it delivers.</p> <p>IT</p> <ul style="list-style-type: none"> - Continued divide between employers IT systems. <p>Resulting in:</p> <ul style="list-style-type: none"> - Potential for unsafe practice. - Inefficient use of time / duplicate workload. <p>Evidence of incorrect or late advice received from HR partners has delayed recruitment especially around legality of overseas candidates. Then within the controls put Improved relations and communication with HR partners and clearer processes and scrutiny to improve recruitment process in place.</p>	<p>-Development of the workforce & action plan.</p> <p>-Workforce Steering group have regular meetings to monitor workforce challenges.</p> <p>-Rolling recruitment processes for some posts i.e home care / nursing.</p> <p>-Recruitment initiatives being developed.</p> <p>-Accommodation home working asset review.</p> <p>-Continued work with IT partners.</p> <p>-Further development of the ELHSCP organisation workforce development team.</p> <p>-AHP recruitment issue improving.</p> <p>-Nursing service developed and attracting new staff and aiding to recruitment.</p> <p>-Adult SW operating hybrid 50% office based approach model - limited to accommodation.</p> <p>- Implementation of workforce action plan (3 yr plan) reliant on fair working practices.</p> <p>- all staff are instructed to complete mandatory learn pro training and this is monitored.</p> <p>A number of careers fairs have been hosted or attended.</p> <p>Increase in school leavers approaching ELHSCP for vacancies moving to ELHSCP being seen as Young Person Guarantee destination</p> <p>Links with QMU, schools and Universities.</p>	12	6	Wilson, Fiona M	Kerr, Laura K	<p>Recruitment & Retention - Issues across recruitment and retention of staff across all services, HSCP, CAH, care homes, business support, provider and external issues.</p> <p>Close monitoring of workforce plans, individual workplans developed for each service area, Workforce steering group supporting workforce development.</p>	<p>Recruitment Campaign for CAH started October 2023 and due to be completed March 2024</p> <p>Training venues - Accommodation to be identified for the specific purposes of training/recruitment activities. Identify standalone facilities for training of all HSCP staff.</p> <p>Review of the iMatter returns with due date December 2023, training needs analysis completed and inductions now in place for new staff</p>	31/03/2024
5760	Lone Working Devices	<p>East Lothian Council and NHS Lothian respectively have legal duties under the Health and Safety at Work etc Act 1974; and Management of Health and Safety at Work Regulations 1999 to ensure the safety and welfare of anyone working within the East Lothian Health and Social Care Partnership as far as reasonably practicable. The law requires employers to consider carefully, and then deal with, any health and safety risks for people working alone. On this basis, we need to ensure that consistent procedures are established and applied</p>	<p>East Lothian Council Lone Worker Policy for ELC employees</p> <p>NHS Lothian staff members are governed by NHS Lone Working Policy and Safe and Well Procedures</p> <p>The policies are very similar between NHS and FIC which will mean improved staff use</p>	16	8	Wilson, Fiona M	Kerr, Laura K	<p>Reporting/Compliance - Reporting of use and training compliance to be reported to H&S committee for HSCP.</p>	<p>Report signed off and GM's at workforce steering group meeting</p>	31/07/2024

		across the Partnership teams to enable confirmation of lone worker locations and maintain ongoing contact; emergency escalation contact details are accurately maintained and can be used in the event of an incident; and that adequate lone working devices, and equipment, as well as training are provided to all lone workers, especially in case of high risk assessment outcomes						Implementation - General Managers to support implementation of lone working devices by July 2024.	In progress	31/07/2024
5715	Major Housing Adaptations	Private Sector Housing Grant 2023 and risks associated with the delivery of private sector adaptations carried out by Care and Repair. Increased demand as well as increased cost of materials have resulted in the Private Sector Housing Grant being fully committed for this financial year as at the end of Period 4. Should no major adaptations be carried out between July 2023 and March 2024, East Lothian Council and IJB will be failing to meet their statutory duties under Housing (Scotland) Act 2006 and the Public Bodies (Joint Working) (Scotland) Act 2014. If adaptations were to wait until the new financial year in 2024/25, a significant backlog would cause increased delayed discharge times, a potential rise in the housing list as people can no longer live safely at home.	Revision of OT criteria on life and limb basis. 26.10.23 Updated Occupational Therapy practice guidance, adapted Eligibility Criteria and other mitigating actions taken by OT service (including regular review of those awaiting adaptation and setting up an Adaptations Panel to ensure appropriate governance) presented to and agreed at IJB. Monthly meetings in place between OT Service, Housing and Care & Repair service. Regular updates provided to all relevant agencies should RAG rating change) Communication issued to ensure all applicants are aware with ongoing support and advice in place from C&R. Monthly meetings with Housing, Care & Repair and OT service now in place.	15	12	Wilson, Fiona M	Berry, Lesley	Interim review of Care & Repair - currently in process - planned for 2024. Care & Repair, Housing Managers and Occupational Therapy Team Managers meeting every two weeks to risk manage the waiting list for adaptations.	Work ongoing to review those waiting for adaptations. Regular meetings in place with Care & Repair, Housing and Finance colleagues to monitor the budget and adaptations in progress. Adaptations panel meeting on a regular basis to discuss those with a critical need requiring an adaptation. Interim Review of Care & Repair planned for 2024-25. Housing Strategy team are co-ordinating this work.	31/03/2024
								EMT Report - presented and recommended actions from this meeting informed revision of OT Practice guidance and other actions noted above being presented to IJB. Members Library Report drafted and to be presented to IJB in December by Head of Housing.	Members Library report was presented to the IJB in December 2023 by Head of Housing noting mitigating actions taken by Housing and OT. OT Practice Guidance has been reviewed.	31/03/2024
4695	Mental Health and Substance Use Services	East Lothian requires to apply for a home office license for the storage of controlled drugs within the Esk Centre, Musselburgh. A home office license for controlled drug storage is imperative to ensure public safety. Regulating the storage of such substances within community environments is essential to prevent unauthorised access, misuse, or potential criminal activities. This licensing system establishes clear guidelines, safeguards, and accountability, mitigating the risks around access.	The East Lothian Substance Use Service who are required to store Controlled prescribed drugs within the Esk Centre, Musselburgh will adhere to Medicated assisted Treat Standard Operating procedure 2 and ensure that the following is applied: •All controlled drugs will be appropriately stored in the recommended and approved medication locked storage cupboards •All staff will order, monitor and dispense controlled drugs in adherence with NHS Lothian Controlled drugs policy and procedures •East Lothian HSCP is progressing with application through the Home Office to obtain a home office license for No 11	12	6	Wilson, Fiona M	Whitehead, Guy	Home license - East Lothian HSCP to apply for a home license and this will be progressed once responsible person has had an enhanced disclosure updated. To discuss with HR Audit - East and Mid to liaise with controlled drug team to undertake an audit to ensure fully compliant as it is likely that once application is made, we will be inspected.	HR person allocated to support service through the process. To be noted this is a lengthy process ultimately dependent on the Home Office. In progress and Lindsay Callander taking forward due to be completed by 31/3/24. Update 9/2/24 – SUS have audits ongoing underpinned by MAT standards and targets. No further update.	31/03/2024
5481	NCS	Draft bill has been proposed by SG with limited details which is leading to uncertainty in future delivery of services both commissioned and internal services. NCS lacks clarity in impact on staffing which is causing anxiety in an already fractured staffing cohort. NCS also risks: •Fragmentation of health services •Poorer outcomes for people using health and social care services •Unclear leadership and accountability arrangements •Poorer professional and clinical care governance arrangement •Loss of local and democratically accountable delivered services.	Significant engagement in from ELHSCP and IJB into SG consultations and engagements events. Increased communication to staff re the feedback being given to SG on draft bill. Engaged with LA, NHSL, Cosla and other partners to ensure ELHSCP are informed of developments of NCS and prepare accordingly.	12	12	Wilson, Fiona M	Hood, David	Scottish Government - communication between SG and HSCP's/Chief Officers.	CO engaging with the Scottish Government and inputting to the consultation - 16/8/22 CO meeting Scottish Government Officials again on 31st July - FW 12/7/23 National announcement confirmed in July 2023 that local authorities and NHS boards would share accountability for social care and social work support. Under this proposal, local authorities keep service delivery functions, staff and assets.	31/03/2024
5744	Orthopaedic Rehab Pathway	Ability to delivery orthopaedic rehab program for Lothian As part of the Elective Recovery Programme to expand unscheduled ortho rehab capacity and ring fence elective orthopaedic capacity, funding was allocated to ELHSCP to provide an orthopaedic rehab ward within ELCH to support flow across Lothian in collaboration with all 4 HSCP's. Due to the current recruitment and retention challenges, a phased approach to the opening of beds has been required to ensure safe staffing levels. The number of beds we were able to open took longer than planned. 8 beds 14 beds 18/12/23 16 beds 15/01/24 20 beds 29/01/24 Risk/Impact: reduced elective capacity, unable to reduce waiting times/list, reallocation of funding, reputation and increased health and social care needs.	Phased approach to increase in bed base and as of Jan-2024, bed base has increased to 20. Working closely with orthopaedic trauma at RIE to streamline pathway to ensure those suitable for intensive rehab are identified and agree to the transfer to ELCH. There have been a number of patients from Edin and Mid refusing to 1/1 but this has improved in Q4 and is being monitored. LOS - standard set at 30 days and currently average LOS is 26. RIE project Team to analyse data to understand impact ward 5 is having on additional elective capacity. Ongoing recruitment underway and it is anticipated that ward 5 will increase beds to 24 within Q4.	12	9	Wilson, Fiona M	Neil, Gillian	Recruitment - Looking at opportunities to improve recruitment Skill mix - Looking at opportunities to develop skill mix with existing staff Managing sickness - Looking at ways to improve/manage sickness Length of stay - Ensuring the length of stay report is accurate.	Recruitment improved, recruitment fair in February went well which has allowed increase of bed base to 20. February 2024 update Review of ward establishments being completed and working with Chief Nurse to consider skill mix, which supports further training and career progression. Panel has been established within inpatients and has seen a reduction in sickness absence rate. Work being progressed with Senior Charge Nurses so robust sickness mgt process in place The overall length of stay is 26 but those that go into the ward that go home is 24 days. Work ongoing to make sure the report for length of stay is accurate. February 2024 update	31/03/2024
5777	Out of hours and weekend decision making	Out of hours and over the weekends the clinical decision making sits with the nurse practitioners with support from hospital at night and medicine of elderly on call. We are concerned about the level of clinical decision making and risk assessments that we are asking them to make do due to the acuity of patients.	Work in progress to understand and analyse the acuity of patients on site and clinical decision making taken by NP OOH and over weekend. This includes audit of clinical weekend handover sheets, HAN activity to support ELCH and acuity of patients. Lead ANP shadowing NP staff. Meetings in place with medical staff and nursing staff. Chief Nurse supporting Lead ANP to ensure training and ongoing learning and development plan in place.	15	9	Wilson, Fiona M	Neil, Gillian	Communication - liaising with Chief Nurse and Clinical Director. Data and case examples are being gathered and paper will be written to support further discussion and to inform options.	Medical staff ensuring clear plans and escalation plans are written up to support OOH and weekend cover. In discussion with medical staff and Lead ANP to consider affordable and safe options.	31/03/2024

5478	Partner agency delivery challenges	<p>Each Partner agency has arrangements in place, with challenges with resources subject to ongoing operational issues.</p> <p>East Lothian Council has a range of back office departments which support the HSCP; a number of these departments are declaring business continuity status.</p> <p>NHS Lothian is escalating significant risk regarding hospital flow and occupancy. The HSCP is required to ensure an ongoing response to the crisis. This is diverting resources.</p>	<p>NHS is managing through quarterly performance meetings, CMT bi-weekly meetings and CMT system pressures</p> <p>ELC is managing through CMT and the discussions of of risk registers</p>	12	4	Wilson, Fiona M	Hood, David	<p>Influence of risk - Unfortunately we cannot influence this risk as its reliant on other services however we do continually work with the services for feedback/updates.</p>	<p>Update 16/2/24 (DH) - A number of services within East Lothian Council remain under business continuity measures and reviewed regularly through CMT (Corporate management team) and mitigation in place to ensure essential services continue. Essential support continues.</p>	31/03/2024
								<p>Pressures - Pressures on hospital capacity</p>	<p>Daily measures and monitoring measures in place including daily activity huddle and teams responding to daily challenges and prioritising capacity and resource accordingly.</p>	31/07/2024
5479	PCIA	<p>Risk that the primary care infrastructure and real estate wont be developed because of the lack of funding.</p> <p>It impacts on the partnership in 3 ways</p> <ol style="list-style-type: none"> 1- It presents a risk that patients will not receive GMS care 2- It may limit the HSCP to implement the PCIP or provide services accessible across East Lothian 3- It may limit the opportunities to provide primary and community care to respond to a growing and ageing population 	<p>HSCP highlight risks to NHSL as capital funding is not delegated to the HSCP.</p> <p>Strategic assessments reviewed and updated annually to inform prioritisation process.</p> <p>NHS Lothian has now completed the prioritisation exercise for all primary care developments identified across Lothian</p> <p>Significnat increase in uncertaining due to communication from Scottish Government there is no capital funding available for two years. HSCP has no assurance there will be funding avaiable implement the 2021 Primary Care Premises Strategy</p>	12	9	Wilson, Fiona M	Megaw, Jamie	<p>Annual assessment of future population growth by HSCP to re-evaluate impact on General Practice premises</p>	<p>Demographic growth now features on IJB risk register</p> <p>The East Lothian Council Housing Land Audit is reviewed by the HSCP. The current published audit is from 2022 and housebuilding impact on General Practice premises has been reviewed. The 2020 IJB Primary Care Premises strategy remains relevant based. This action will be reviewed following publication of the 2023 HLA.</p> <p>The audit regarding population growth is still to be received. Key risk is Musselburgh, patients need to register with Inveresk but cannot accommodate population growth. JM continuing to meet quarterly to monitor registrations. Other risk is re: capital funding and uncertainty.</p>	31/03/2024
								<p>Reduce demand for clinical space within practice buildings through development of remote service provision (digital and by telephone) for some elements of PCIP services.</p>	<p>Some services in the PCIP have been developed to provide direct access for patients with an initial telephone consultation or access to a service out with a practice building. The HSCP continues to use the Edington hospital as a primary care hub and space in the Belhaven has been identified to provide a vaccination clinic from. Work is also underway to provide a Medicines Reconciliation hub in the pharmacotherapy team which will offer a remote service to augment the practice-based model for the current pharmacotherapy team.</p> <p>Review of accommodation ongoing and has highlighted some challenges.</p>	31/03/2024
								<p>Review health centre usage and prioritise use of buildigns for service delviery</p>	<p>MPCC review completed leading improvements in use of space in building and at Esk Centre. Implementation of review now underway</p>	01/06/2024

			<p>Midlothian MAPPA Group provides oversight and assurance of local MAPPA performance and practice.</p> <p>The CSWO remains actively engaged in national meetings aimed at achieving a long-term solution to the MAPPA information sharing / VISOR issue ahead of the implementation of the replacement system MAPPs. The CSWO will continue to provide regular assurance of the safety of MAPPA practice to the CEO.</p> <p>The CSWO and Chief Executive are fully sighted on the current situation regarding VISOR. Access to VISOR requires Non-Police Personnel Vetting L2 or L3 and this is a highly intrusive process and colleagues in legal, Information Governance and HR have advised that JSW staff cannot be instructed to undertake this vetting and have confirmed that JSW need access to the information that VISOR holds only, not the system itself, to fulfil their duties under the Management of Offenders (Scotland) Act 2005 on which MAPPA is based.</p>					<p>Under the new East Lothian Safety and Justice Strategic Partnership, the national strategy Equally Safe will be progressed through its own dedicated sub-group.</p>	<p>Review of CJP function underway.</p> <p>The East Lothian Partnership's establishment of the new Community Safety and Justice Partnership, and creation of its 3 supporting groups – Community Safety Group, Community Justice Group and Equally Safe Group – will see a renewed focus on community safety and justice priorities during 2023/24. - Risk reviewed by Director of ELHSCP and CSW.</p> <p>Update 15/2/24 (IN) - Community Justice Group self-assessment against appropriate standards completed and action plan to be taken forward.</p>	31/03/2024
5412	Safe nursing staff levels of inpatient ward areas	<p>There is a risk of insufficient nurse staffing levels caused by high level of sickness/absence: High Vacancies, insufficient supply of registered staff. This could result in compromised patient safety, prolonged length, and unsatisfactory patient experience</p>	<p>7.30am daily staff safety huddle (Nursing Resource Team out of hours being highlighted at this huddle), attend by ward and day services charge nurses, AHP, Nurse Practitioners, Site and Capacity and 2.45pm, workforce plan in place</p>	16	8	Wilson, Fiona M	Neil, Gillian	<p>Absence Management Activities - HR/CNM arranging absence drop in sessions for staff</p> <p>Agency reduction - Reducing the use of agency staff and utilising bank staff.</p> <p>Recruitment - Looking at ways to increase recruitment campaign exposure and applicants</p>	<p>Absence drop in sessions arranged for April 2024</p> <p>Reduction in agency spend has been highlighted in financial grip and control plans. Chief Nurse and GM are also reviewing inpatient staffing establishment in line with safe staffing levels to reduce reliance of staff bank.</p> <p>WG open day - have a table at this event to promote - November 2023 Recruitment improved, ongoing work but recruitment fair in February went well.</p>	31/03/2024 31/03/2024 31/03/2024
3914	Service Activity Pressures	<p>There is a risk that demographic pressures see demand for services outstrip available budgetary and staffing resources leading to unmet client need and risk to client safety and independence, potentially generating reputational risk for East Lothian Council.</p> <p>Service Activity pressures see demand for services outstrip available budgetary and staffing resources leading to unmet client need and risk to clients safety and independence, potentially generating reputational risk for the Council as well as failing to meet statutory responsibilities.</p> <p>COVID impacting service capacity by causing significant ongoing staffing pressures.</p> <p>This risk is managed by the IJB</p> <p>Care at home external provision remain static at significantly lower levels which impacts on risks and hospital discharges.</p>	<p>1. New planning structure established which will support an overall programme of change and include a number of change boards to which all projects will report. Changes boards reflect agreed priorities of the IJB and include Primary Care, Shifting the Balance of Care, Adults with Complex Needs, Mental Health, Carers and Reprovisioning and a Digital Change board.</p> <p>2. New planning structure includes Reference Groups as well as Change Boards. Reference groups are multi-stakeholder and include service users, carers, voluntary sector organisations, practitioners, community planning partners, housing colleagues and other groups.</p> <p>3. Resource Allocation System (RAS) established with additional short term practitioner capacity to accelerate pace of reviews to ensure resources are allocated according to need within financial constraints.</p> <p>4. Application of the Eligibility criteria has been reviewed and delegated authority implemented. Scrutiny of budget authorisations and analysis of trends through delegated authority.</p> <p>5. Self Directed Support (SDS) implemented and audited with action plan in place.</p> <p>6. Currently commission a range of services which fulfil an early intervention and prevention role. As part of continual planning and service redesign. Mandatory "Golden Threads" have been established which all change programmes and projects must evidence as having achieved as part of the proposed change. These include early intervention and prevention.</p> <p>7. Strong relations with third sector organisations etc.</p> <p>8. A three year increased investment plan was agreed at the IJB in early 2017. April 2019 will see the third year of this agreement start where day centres will be operating to a new Service Level Agreement. - REMOVE</p> <p>9. All funding of commissioned provision has undergone a Strategic Fit and Best Value review. This includes integrated Care Fund funding and services.</p> <p>10. Three year budget efficiency plans developed for implementation from 2019 - 2022.</p> <p>11. Services forecast trajectory of need across all Care Groups to inform service development and financial planning.</p> <p>12. Recovery Plan is in place.</p> <p>13. Financial overview regularly considered short, medium and long term measures for resourcing.</p> <p>14. Resource allocation system - delegated authority is in place.</p> <p>15. Community transformation approved at IJB summer 2021 - adults of carers change board overseeing.</p> <p>16. ICAT forum continues to ensure resources are deployed effectively as possible.</p>	12	9	Wilson, Fiona M	Hood, David	<p>SDS Action Plan - SDS Action Plan to encourage adults to achieve their own outcomes without relying on H&SCP provision.</p> <p>Older people's provisioning strategy work - East Lothian's population is changing, and people are living longer. We know many older people want to stay at home for as long as possible. We need to develop high quality, sustainable services that will make this possible. As part of our Planning Older People's Services project, ELHSCP wants to identify, design and develop services that will benefit each of East Lothian communities for generations to come.</p>	<p>Operational staff met with planning and performance staff to see what had been progressed and what is outstanding regarding the SDS action plan. Requirement for GM of P&P and ASW GM to look at the resources required to who will take forward</p> <p>ongoing - communications and engagement begin August 2023 and feedback report shared. In February 2024 a hurdle criteria exercise took place to discuss suggestions with various stakeholders.</p>	31/03/2024 31/12/2024

			Care home placements for older people restricted by third sector recruitment and retention.				IRIS programme is developing a new assessment document and process which should be implemented by August 2022 and will factor in SDS an an immediate option.	Update 15/2/24 (IN) ongoing work to develop a new assessment process through Mosaic	31/03/2023	
5696	Sustainability of General Practice in East Lothian	<p>There is an increased risk that General Practice in East Lothian is unsustainable because of increasing demands (population growth, demographic growth and more failure management due to constraints in the wider health system) and restricted resources (partial delivery of 2018 GMS Contract) available to respond to these demands.</p> <p>This will lead to reduced access for patients, reduced provision of service and may lead to the return of one or more contracts to NHS Lothian by General Practices. It may also lead to NHS Lothian and the IJB failing to provide access to GMS services for all residents in East Lothian.</p> <p>The Financial Recovery Process may increase the unstainability of individual and all General Practice in East Lothian through reduction in direct funding to practices, increased costs to practics and reduction of service provision</p>	<p>GMS contact, associated national and local enhanced services commit funding to General Practices to provide service</p> <p>PCIP funding to provide services to transfer work from general practice teams (impact of control is limited due to national funding and workforce so has not fully supported the ambitions of the 2018 GMS contract)</p> <p>Regular contact with General Practices and representatives (Informal GP Reps meeting, Practice Reps meeting, Practice Managers' meeting Primary Care Change Board, communication channels with practices (e.g generic mailbox, direct contact with HSCP staff)</p> <p>GPAS report (organised by LMC for practice teams to self report on pressure and workload)</p> <p>There has been a Lothian Wise group established to monitor financial pressure on general practice as a result of the financial situation and that's to ensure that there's not cumulative impact of multiple decisions being taken and that's chaired by Jenny Long.</p>	12	8	Wilson, Fiona M	Megaw, Jamie	<p>Reports and information available to HSCP used to assess sustainability of General Practice</p> <p>HSCP develop service models to maintain and improve resilience to provide stability to General Practice</p> <p>Lothian Primary Care Financial Challenges Group established to monitor financial risk to General Practice across Lothian. HSCP in Group</p>	LPCFC Group established	31/07/2024

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 26 March 2024

BY: Chief Executive

SUBJECT: Education Risk Register

9

1 PURPOSE

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

2 RECOMMENDATIONS

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

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Education LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:

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

3.3 The current Education Risk Register includes 8 High, 6 Medium and 1 Low risks. As per the Council’s Risk Strategy, only the High risks are being reported to the Committee.

4 POLICY IMPLICATIONS

4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial - It is the consideration of the Education LRWG that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.

6.2 Personnel - There are no immediate implications.

6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Education Risk Register 2024

7.2 Appendix 2 – Risk Matrix

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DATE	14 March 2024	

Education Service Risk Register 2024

Date reviewed: 11 March 2024

Risk ID	Risk Category	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures (currently in place)	Assessment of Current Risk			Planned Risk Control Measures	Assessment of Residual Risk [With proposed control measures]			Planned Control Target Date	Evidence held of Regular Review
				Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating		
				L	I	L x I		L	I	L x I		
E1	Reputation Finance	<p>Additional Support Needs</p> <p>Increased pressure on specialist provision due to a rise in the numbers of children and young people with Additional Support Needs.</p> <p>Potential increase in references to the ASN tribunal through inability to meet demand for ASN specialist placements.</p> <p>Applications for Exceptional Needs has increased in line with national trends whilst the budget available to the service has not increased at the same rate.</p> <p>Increased demand and costs for specialist educational provision out with East Lothian Council.</p> <p>There is therefore increased financial, reputational, legislative and personnel time commitment risks facing East Lothian Council if we are unable to meet and support the requirements of our learners with additional support needs.</p>	<p>Monitoring of demand through the Education Resource Group to target resources effectively.</p> <p>Opening of The Brae at Rosehill Secondary School has provided capacity for young people with severe and complex needs.</p> <p>Regular budget monitoring meetings with Education and Finance officers to understand current and potential risks to the budget.</p> <p>Programme of school reviews to ensure the efficacy of existing ASN process at school level and identification of next steps for improvement.</p> <p>Key policies in place to ensure compliance with national guidance & statutory duties in relation to ASN.</p> <p>CLPL programme in place for school staff to ensure adherence to local and national guidance, legislation and policy.</p> <p>Education Support Officer for Leadership and Professional Learning appointed to provide additional training opportunities and career progression for support staff.</p> <p>The Educational Psychology Service resource allocation model operates across all educational establishments and is targeted at the children and young people with the greatest need.</p> <p>Monthly monitoring of attendance, exclusion and physical restraint data at school level.</p> <p>Local authority stretch aims as part of The Raising Attainment Strategy to increase school attendance and reduce exclusions.</p> <p>Education Support Officer for Children and Young People with Care Experience to track, monitor and support this group of learners.</p> <p>Child Planning Framework promotes early intervention and universal supports for all.</p>	4	4	16	<p>Scoping exercise for an additional class for at least six children at Woodside, Windygoul Primary School.</p> <p>Exceptional Needs working group established to consider review of existing process to be more data led and empower head teachers.</p> <p>Establishment of Child Planning Framework Locality Teams by June 2024 as a continuum of GIRFEC and multi-agency supports.</p> <p>Creation of an Equity and Inclusion Outreach Team through the Strategic Equity Fund to provide bespoke support for vulnerable learners.</p> <p>Additional specialist provision capacity is a key part of the learning estate review. A strategy for specialist provision is under development and will be presented to Executive Management Team for approval.</p> <p>Establishment of a Distressed and Challenging Behaviour working group of school leaders, central staff and union representatives to consider reporting mechanisms for incidents in school and wider family supports.</p>	2	4	8	<p>August 2024</p> <p>June 2024</p> <p>June 2024</p> <p>May 2024</p> <p>April 2024</p> <p>June 2024</p>	<p>Risks reviewed by Education Management Team, February 2024 with current score increased from 12 to 16.</p>

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E2	Financial Reputation	<p>Management of Devolved School Management Budgets</p> <p>Failure to manage a delegated budget in a fair, equitable and transparent way risks that school's budget is not deployed in accordance with best value principles and risks resources not being used effectively to meet the needs of learners.</p> <p>Failure to adhere to Local Authority procurement arrangements risks non-compliance with policy and best value and potential for large fines.</p> <p>Potential risk of short-term funding i.e. Pupil Equity Fund (PEF and SEF) gives additional budgetary pressure in relation to the retention of staff who could be surplus to requirements when funding ceases.</p> <p>Removal of curriculum charging (parental donations for HE, Art, CDT materials) and removal of Instrumental Music Instruction charging, the SG funding does not cover the cost of delivery of courses placing more pressure on school's budgets or curricular activities needing to be demonstrated rather than experienced directly</p> <p>A budget set annually in April is difficult to manage as it spans two academic years of staffing commitments and makes best value decisions more challenging.</p> <p>Reductions to redesign staffing levels within the Education Service in line with available budget may incur large financial penalties by the SG current policy if staffing numbers cannot be maintained.</p> <p>Risk that probationer teacher quota may not be met if vacancies need to be filled by redeployed teachers. This is being closely managed but cannot guarantee that we will meet our minimum number for the maximum funding threshold.</p>	<p>Updated DSM guidance is in place which is regularly reviewed. Support is provided to Head Teachers (HTs) and Business Managers through Education and Finance colleagues.</p> <p>Financial validations are carried out by Principal Officer – Finance whenever a budget holder or budget administrator leave their role.</p> <p>Internal audit aim to complete one primary and one secondary school audit per academic year.</p> <p>Guidance and support provided from the Council Procurement team and an Education Officer provides clear guidance for all available for budget holders.</p> <p>HTs submit annual proposals on how they intend to use PEF funding, indicating expected impacts/outcomes it will have in relation to closing the attainment gap. Central department officers work collaboratively with HTs to support and challenge, to ensure the proposals are robust. Impact will be monitored throughout the school session.</p> <p>A database of staff appointments held and monitored to identify those funded through PEF as well as additional resources being incurred and the impact they are having in relation to the supports/interventions put in place.</p> <p>Professional development opportunities developed for middle leaders to build their capacity for future leadership responsibilities in managing their resources.</p> <p>Central management information team undertaking data gathering, recording, analysis to inform and measure progress in raising attainment.</p> <p>Additional resources allocated to central Education, HR, Finance and Procurement services to support and implement the effective use of PEF.</p> <p>The annual staff census now informs a process of staff retention, resulting in financial penalties if local authorities do not maintain staff numbers. This is managed centrally through Education, Finance and HR officers.</p>	4	4	16	<p>Budget pressures in 2024/25 require a further DSM review and change to the methodology of the allocation of school budgets. A refreshed Scheme of DSM for 2024/25 to be presented to the Education Committee in June 2024 for approval.</p>	2	4	8	June 2025	Risk reviewed by Service Manager - Education (Strat & Ops) and Head of Service, Feb 2024 with an increased risk resulting in a change to current risk scores from 8 to 16,

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E3	Legislation & Regulatory	<p>Statutory Requirements - Education</p> <p>Failure to deliver legislative requirements may put a child at significant risk or result in children and young people not receiving their entitlement to early learning and childcare/ school education.</p> <p>There would be an associated risk to reputation.</p> <p>This failure could be due to:</p> <ul style="list-style-type: none"> Scottish Govt requirements e.g. ASL, pupil/ practitioner ratio, delivery of 1140 hours early learning and childcare due to a lack of resources (financial, services or staffing) <p>Gradings of weak from Care Inspectorate and Education Scotland.</p> <ul style="list-style-type: none"> Uptake of training failure to act in areas where demand outweighs supply non-compliance with procedures/guidance failing to intervene early enough. 	<p>Annual budget allocation is prioritised for statutory duty when allocating resources.</p> <p>A publicly published Scheme of Devolved School Management determines allocation at school level and transparent methodology.</p> <p>Regular review of Education policies takes place to ensure compliance with all appropriate legislation. This is coordinated by an officer in the S&O Team to review and prompt managers annually.</p> <p>Budget planning measures and monthly monitoring in place with finance colleagues, Service Managers and Head Teachers.</p> <p>Staffing is continually monitored to ensure the required pupil/practitioner ratio at is met.</p> <p>SEEMIS records kept up to date to ensure accurate information is held</p> <p>Additional Support Needs, Inclusion Policy, External Placement and GIRFEC processes are all in place and regularly monitored and reviewed by Education and Children's Services.</p> <p>Current work between the Early Years Team and the Scottish Government Improvement Service to assess supply and demand for Early Learning and Childcare continues to shape the service delivery.</p>	3	4	12	<p>Modelling and consultation are taking place to establish a best fit and affordability of primary management structures and ASN allocations and these will be incorporated into the Scheme of DSM if approved by the Education Committee in June 2024.</p> <p>An Early Years Service Review will lead to improved Quality assurance in Early Years settings.</p>	3	3	9	<p>June 2025</p> <p>August 2024</p>	<p>Risks reviewed by Education Management Team, February 2024 with no changes to risk scores.</p>
E4	Legislation & Regulatory	<p>Failure to Raise Attainment and Achievement</p> <p>There is a risk to the outcomes for learners living in Quintiles 1 and 2 through failure to close the poverty related attainment gap, and appropriately utilising Pupil and Strategic Equity Funding.</p> <p>Risk of not receiving positive inspections as there is insufficient evidence of impact on closing the attainment gap evaluated under QI 3.1 – Ensuring wellbeing, equality and inclusion. This could lead to increased scrutiny by external scrutiny bodies such as Education Scotland.</p> <p>Curriculum review and development – led by SEIC QIO. There is a risk that the national winding down of RI funding will lead to the removal of this post. This will create a capacity gap within Quality Improvement Team to continue with this work.</p> <p>Education Reform.</p> <p>The Scottish Government are considering the outcome of education reports, including the Hayward Review. The outcome of this has the potential to require a significant change to the</p>	<p>Each school has a School Improvement Plan, guided by the annual Education Progress and Improvement Plan with stretch aims set for raising attainment at authority and individual school level.</p> <p>More rigorous and robust approaches for quality assuring school performance have been implemented and consider new national guidance e.g. Pupil Equity Fund and National Improvement Framework.</p> <p>Raising Attainment Strategy has been updated to align with Core and Core Plus Stretch Aims. Each school has access to a monthly equity tracker to support self-evaluation of impact of equity interventions.</p> <p>Curricular group (SCOT) has been established (led by SEIC QIO) and involving Head Teachers.</p> <p>Recruitment taken place for four Family Support Workers for the four primary schools with the highest number of children living in Quintile 1, to ensure removal of barriers to attending school and holistic support for these children and their families.</p>	3	4	12	<p>Continue to develop an authority wide model for the Senior Phase that incorporates all elements of the curriculum.</p> <p>Continue to develop partnership arrangements with QMU and Edinburgh College to broaden the curriculum as part of the Developing Young Workforce recommendations.</p> <p>To maintain staffing levels of Pedagogy Team at a minimum of 3.0FTE.</p> <p>Strategic leadership of curriculum provision development will support EL Works and schools to sustain existing provision and respond to the potential impact of education reform.</p>	3	3	9	<p>June 2025</p> <p>June 2025</p> <p>August 2024</p> <p>August 2024</p>	<p>Risks reviewed by Education Management Team, February 2024 with no changes to risk scores.</p>

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		service objectives, education provision and measures. This would require a significant re-orientation of service priorities and resources to meet this national requirement.	The SEIC QIO and EL Works are working with school leaderships teams to review curriculum provision development, along with partner agencies, to ensure programmes are sustainable and meet learner needs.									
E5	Reputation	<p>Condition of the School Estate and impact of Changing Demographic</p> <p>Significant refresh and investment in the existing school estate is required to bring our learning and teaching facilities up to standard and improve suitability.</p> <p>Failure to invest in the school estate impacts negatively on learning and teaching and leads to minor repairs/maintenance becoming major repairs/maintenance costs.</p> <p>Our school estate needs to be fit for purpose for the delivery of a modern curriculum, and therefore needs to change to reflect education reform and to ensure we are equipped to raise attainment and offer a wide breadth of curriculum choice to meet the needs of all learners.</p> <p>Proposed LDP housing development, population growth and subsequent need to expand the schools' estate risks failure to provide suitable school provision or sufficient capacity available in the short term.</p> <p>Risk to uncertainty with forward planning for new establishments where house development completion rates are slower than expected delaying the start date for new school buildings.</p>	<p>A working group was formed in October 2023 to identify priorities for capital bids and lower-level refresh that may be able to be met from existing revenue.</p> <p>Agreement has been reached with finance to provide a small maintenance budget for Primary schools along with a small bid budget for larger items.</p> <p>Strategic Asset and Capital Plan Management (SACPM) is responsible for the managing and planning for the Learning Estate and has a Schools' Estate Planning Officer to support this responsibility. Education feed into this activity by preparing pupil roll projections and class organisation profiles.</p> <p>Regular monitoring in place via the Learning Estate Implementation Board and in SACPM to review programme for school requirements. Changes which may impact on capital investment escalated to Education & Finance to consider.</p> <p>Effective communication links with parent councils and wider parent forums.</p> <p>Regular Education Asset Management meetings are held to manage the impact of potential housing development on the schools' estate.</p>	3	4	12	<p>A review of our methodology for calculating school capacity is currently in progress. Stage one has been completed to review the capacity of Primary schools and engagement is planned with other Local Authorities to develop a proposed methodology for a review of Secondary School capacity. This will be presented to the LEPT and LEPB for comment and approval. We propose to formally introduce a policy for adding headroom to our capacity calculation to provide more flexibility this will be incorporate as part of the Learning Estate Improvement Plan.</p> <p>A subgroup of the LEPB has been developed to consider if any process improvements are required following the publication of the Audit Scotland report on Renfrewshire Council Dargavel Village.</p> <p>C Morris convened a Learning Estate Working Group from all service areas to consider priorities and stakeholder views and solutions. Work is continuing to identify gaps, priorities, and associated cost for the development of capital bids.</p> <p>The Council is making provision for significant capital expenditure to provide sufficient capacity for the expansion of the schools' estate. A capital programme of circa. £150 Million is identified for the period to 2024, funded by S75 contributions from new housing development.</p> <p>A Learning Estate Strategy was created to reflect the Council's aspirations with a resulting improvement plan being created to set out a plan for the future sustainability and management of the whole School Estate.</p> <p>Additional specialist provision capacity is a key part of the learning estate review. A strategy for specialist provision is under development and will be presented to Executive Management Team for approval.</p>	3	3	9	<p>August 2024</p> <p>June 2024</p> <p>June 2025</p> <p>April 2024</p> <p>April 2024</p>	<p>Risks reviewed by Education Management Team, February 2024 with no changes to risk scores.</p> <p>Risk refreshed by Service Manager – Strategic Asset & Capital Plan Management January 2023 with current risk score remaining high until Learning Estate Review concluded and approved by Council.</p>

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E6	Psychological Impact Reputation	Single Point of Access (SPA) The SPA operational team and related services/interventions are funded through short-term, non-guaranteed funding streams (SG Community and MHWB Supports and Services Grant and funding from CAMHS). There are strategic aims to enhance and develop the SPA and its services. The numbers of RFAs for CYP have increased significantly, and subsequently waiting lists and waiting times are increasing. This means that CYP are waiting longer for interventions to support their MHWB, increasing the likelihood of emotional distress and dysregulation. This may also lead to the CYP requiring a more intensive or sustained intervention.	The SPA is based on the SG Community MHWB Supports and Services Framework. The Governance of the SPA sits with the Children's Strategic Partnership. The MHWB sub-group of the CSP has responsibility for strategic planning for the SPA, The SPA collects, monitors and shares data on its performance to comply with SG funding requirements and to provide stakeholders and service users with information. The SPA utilises its multidisciplinary team to monitor and explore ways to ensure efficiency and improvement through regular meetings to both triage cases and development work. The PEP and Co-ordinator MHWB link with the national forum and events managed by SG to share good practice and ensure connection with national developments.	3	4	12	The PEP and Co-ordinator MHWB will further develop the SPA self-evaluation framework to enhance the impact data. The SPA/MHYW team are engaged in the Belonging to East Lothian WG looking to streamline provision for vulnerable children and young people who are at risk of harm. The PEP and Co-ordinator MHWB will promote the EL SPA model and its performance at a local and national level.	2	4	8	December 2024 January 2025 January 2025	New risk created February 2024.
E7	Assets	School Premises Security If our School Premises are not properly safeguarded there is a risk that unauthorised persons could gain entry and cause damage to children, young people and staff as well as property. This could lead to loss of lie in the most extreme cases. There is also a risk of assets being unavailable for use, facing potential closure and re-provision of care/teaching in alternative locations at increased cost to the Council and/or in need of repair in turn leading to adverse publicity. There are currently significant issues regarding school boundaries which require to be addressed.	Security and safety risk assessments are carried out regularly at all Education premises while each school has its own individual security arrangements such as fencing, building access, CCTV etc. Business Continuity Plans in place. Insurance Renewal Programme in place. Head Teachers briefed on importance of their role as Head of Establishment to ensure security of buildings and that business continuity plans are up to date.	3	4	12	School building security plans are under review by Education. The Learning Estate working group is developing an audit template outlining security requirements throughout the learning estate to allow us to identify priorities and associated costs to improve security.	2	4	8	August 2024 September 2024	Risks reviewed by Education Management Team, February 2024 with no changes to risk scores. Risk reviewed by Head of Service - Education, Head of Service - Infrastructure and Service Manager – SA & CPM, January 2023 with no changes to risk scores.
E8	Business Continuity	Business Continuity There is a risk that service provision may be disrupted by a major event such as fire, flood, pandemic leading to loss of buildings and /or reductions in staffing levels etc. as well as disruption to pupils and staff and negative publicity/reputational damage.	Business Continuity Plans within BC Software (Continuity ²) in place which include alternative service locations and priority service operations that may be utilised in response to an emergency and are tested and reviewed annually. Contingency plans are in place throughout the Council to deal with a variety of emergencies. Continue to use learning from training, incidents and testing to inform the Plan. Each school has their own BC plan while Business Continuity discussions take place with schools and each school's BC Plan is updated following these. BC is discussed at Learning Estate meeting.	3	4	12	Risk Officer has received Secondary Schools BC plans for review. Plans have been migrated to the BC software with Business Managers trained on the software. The risk from prolonged loss of Wi-Fi impacting SQA courses and the inability to provide sufficient teacher absence cover need highlighted to schools to make sure robust planning is in place Primary Schools will be expected to refresh their BC Plans before being migrated to the BC software. Primary schools need to incorporate robust plans for nursery settings unable to maintain staffing ratios or other potential risk of closure.	2	2	4	June 2024 June 2024 June 2024 June 2024	Risk reviewed by Service Manager - Education (Strat & Ops), February 2024 with current score increased from 8 to 12 until BC plans addressed across school estate.

REPORT TO: AUDIT AND GOVERNANCE COMMITTEE

MEETING DATE: 26 March 2024

BY: Chief Executive

SUBJECT: Children's Services Risk Register

10

1 PURPOSE

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

2 RECOMMENDATIONS

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

3 BACKGROUND

- 3.1 The Risk Register has been compiled by the Children's Services LRWG. All risks have been evaluated using the standard (5x5) risk matrix (Appendix 2) producing an evaluation of risk as either 'low (1-4)', 'medium' (5-9), 'high' (10-19) or 'very high' (20-25).
- 3.2 The Council's response in relation to adverse risk or its risk appetite is such that:

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

3.3 The current Children’s Services Risk Register includes 1 Very High, 3 High, 2 Medium risks and 1 Low risk. As per the Council’s Risk Strategy, only the Very High and High risks are being reported to the Committee.

4 POLICY IMPLICATIONS

4.1 In noting this report the Council will be ensuring that risk management principles, as detailed in the Corporate Risk Management Strategy are embedded across the Council.

5 INTEGRATED IMPACT ASSESSMENT

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

6 RESOURCE IMPLICATIONS

6.1 Financial - It is the consideration of the Children’s Services LRWG that the recurring costs associated with the measures in place for each risk are proportionate to the level of risk. The financial requirements to support the Risk Register should be met within the proposed budget allocations. Any unplanned and unbudgeted costs that arise in relation to any of the corporate risks identified will be subject to review by the Corporate Management Team.

6.2 Personnel - There are no immediate implications.

6.3 Other - Effective implementation of this register will require the support and commitment of the Risk Owners identified within the register.

7 BACKGROUND PAPERS

7.1 Appendix 1 – Children’s Services Risk Register 2024

7.2 Appendix 2 – Risk Matrix

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DATE	14 March 2024	

Risk ID	Risk Category	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures in place) (currently	Assessment of Current Risk			Planned Risk Control Measures Not happened yet and will have an impact	Assessment of Residual Risk [With proposed control measures]			Planned Control Target Date	Evidence held of Regular Review
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CS1	Financial Impact on service objectives Reputational risk	<p>Children's Services Activity Pressures</p> <p>Service activity pressures see demand for services outstrip available budgetary and staffing resources leading to unmet client need and risk to client safety and independence, potentially generating reputational risk for the Council as well as failing to meet statutory responsibilities. There are not always suitable resources to manage increasing complexity of need of the children referred to children's services which increases the risk of an external provision being required.</p> <p>Internal fostering resources are unable to meet the current demand. External foster placements are considerably more expensive.</p> <p>The requirement to meet the increasing demand for Continuing Care placements impacts on foster placement and internal residential capacity and creates further budget pressures.</p> <p>The dispersal of asylum-seeking children throughout the UK transfer scheme has resulted in more UASC being settled in East Lothian which will place pressure on the Aftercare service accommodation and support budget.</p> <p>Children's Services have had no alternative but to use internal fostering and residential resources to provide accommodation for UASC. This has resulted in other children being placed in an external resource.</p>	<p>Work continues to accurately forecast trajectory of need and our capacity to meet legislative requirements and inform service development and financial planning.</p> <p>Strengthened scrutiny of decision making and access to resources for individual children established Tracking and Monitoring meeting Implementation of the recommendations of internal audit of Prevent and Return.</p> <p>Introduced comprehensive budget monitoring arrangements.</p> <p>Investment in preventive services aimed at reducing demand.</p> <p>Deliver preventive interventions (Families Together East Lothian) and reduce the need for social work interventions.</p> <p>Education and Children's services are working more collaboratively to support Early Intervention and prevention to mitigate against children and young people requiring to be placed externally at a later date.</p> <p>Increased capacity in the fostering service and the development of an improvement plan is underway to include a review of the role of fees and allowances.</p> <p>Embedding the performance management and quality assurance framework at all levels of service management.</p> <p>Children's services has developed our Kinship care service in partnership with Children 1st to find alternatives to children coming in to foster care from within their own families. children's services aimed at ensuring efficient and effective interventions to CYP and families thereby improving outcomes and workflow and service capacity.</p> <p>Continued focus supporting kinship carers in partnership with Children 1st as alternatives to removing children from their family and community.</p>	5	4	20	<p>Completion of work stream aftercare, commissioning a part of TS4C programme including as appropriate the re-alignment and integration of services</p> <p>Services are exploring how to increase capacity in internal fostering and residential provision and are working with housing and finance to progress this work.</p> <p>Plans are in development to improve our support and financial offer for East Lothian foster carers. This will hopefully bring more people into fostering in East Lothian.</p>	4	3	12	September 2024 December 2024 April 2024	Risk reviewed by CS Management Team December 2023 with no change to risk scores.

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CS2	Business continuity Impact on service objectives	<p>Workforce Recruitment and Retention</p> <p>Lack of a skilled, sufficiently qualified and experienced staff resource or the unexpected loss of a key employee or employees could result in</p> <ul style="list-style-type: none"> Increased caseloads that reduce staff capacity to assess and manage risk and need to children at risk of harm A reduction in line management capacity to provide safe oversight of risk management Statutory duties not being met; Inability delivers the strategic priorities of the service improvement plan. <p>Newly qualified and inexperienced staff require enhanced supervision, management and oversight which further impacts online management capacity.</p>	<p>Recruitment and selection procedures adhered to and enhanced to attract more external applicants, with regular professional salary benchmarking.</p> <p>Professional Development Programme and commitment to a practice of Growing our Own" (promoting staff from within) and a Learning Culture.</p> <p>Additional support and mentoring in place for newly qualifies workers from their team leader and team colleagues</p> <p>Actively encouraging the Growing our Own agenda by trying to increase the number of students from universities and supporting family support staff to undertake the Open University Social Work qualification.</p>	4	4	16	<p>Updated workforce plan is under development.</p> <p>Newly Qualified Social Worker post will be implementing a supported first year programme (March 2024-March 2025).</p>	3	4	12	<p>July 2024</p> <p>March 2025</p>	<p>Risk reviewed by CS Management Team December 2023 with no change to risk scores.</p> <p>Risk reviewed by Head of Children's Services, January 2023 with residual score increased from 8 to 12.</p> <p>Risk reviewed by Head of Service October 2022 with current risk score increased from 8 to 16 due to current and predicted recruitment challenges.</p>

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				Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating		
				L	I	L x I		L	I	L x I		
CS3	Impact on people Legal and regulatory Reputational	<p>Failure to meet duty of care to public and meet statutory requirements for service delivery</p> <p>Failure to deliver the duties of Children's Social Work Legislation may put a child at significant risk of harm or result in children not receiving their entitlement to supports and services from the council.</p> <p>The Council has a legal responsibility to address concerns that may require a child protection response. Child protection this is a high-risk business even with all the controls and measures in place.</p> <p>A failure to secure efficient and effective child protection arrangements may see the Council being unable to fulfil its statutory duties/duty of care which could contribute to a harm/death of child or detriment. This would in turn result in reputational damage to and increased scrutiny of the Social Work services.</p> <p>Factors that impact on this include could be due to a lack of resources (financial, services or staffing), poor practice, lack of training, a failure to prioritise, non-compliance with procedures/guidance or failing to intervene early enough. Access to and availability of earlier intervention supports and services are likely to continue to impact on vulnerable children and families.</p> <p>There are increasing requirements from the Government e.g.</p> <ul style="list-style-type: none"> Continuing Care Implementing the Promise the Scottish Child Abuse Inquiry Scottish Child Interview Model SDS Age of Criminal Responsibility Keeping Brothers and Sisters together New National Child Protection Guidance UASC transfer scheme <p>Lack of suitable accommodation for care experienced young people who become homeless results in the use of unregulated B&B /commercial accommodation. Young people having to stay in B&B over extended periods is a breach of our statutory duties.</p> <p>There is a risk that external regulatory inspections identify significant weaknesses and risks to service users leading to reputational damage and impact on staff.</p>	<p>Multi-agency policies and procedures that support the effective identification and management of risk. Revised child protection procedures have been implemented.</p> <p>Well established quality assurance and control measures such as the eIRD review group that provide assurance about safe practice.</p> <p>The EMPPC and supporting sub-groups provide leadership and strategic oversight of public protection activity and performance.</p> <p>Annual budget allocation is prioritised and monitored.</p> <p>Redesign of children's services is completed with the primary aim of improving how the service delivers better outcomes for children and meets its statutory requirements.</p> <p>Detailed budget planning measures are in place together with monthly monitoring and validation.</p> <p>Kinship Care policy and approach is being reviewed and strength is being strengthened.</p> <p>Regulated care services are inspected regularly resulting in improvement plans.</p> <p>Joint work with housing services to develop the aftercare pathway for care leavers and consider solutions for the lack of appropriate emergency accommodation options.</p> <p>Systematic approach to preparation for inspections (used as a learning tool) and joint improvement planning in response to findings which is then reviewed and adopted.</p> <p>A proactive approach to regulatory requirements and regular self-evaluation and improvement planning.</p> <p>East Lothian is committed to keeping the Promise and has recruited a Promise Officer who reports to the Corporate Parenting Board.</p> <p>Officers engage in national networks to ensure best and innovative practice around statutory requirements is considered.</p>	3	4	12	3	3	9	September 2024 September 2024 June 2025	Risk reviewed by CS Management Team December 2023 with no change to risk scores.	

Risk ID	Risk Category	Risk Description (Threat/Opportunity to achievement of business objective)	Risk Control Measures in place) (currently	Assessment of Current Risk			Planned Risk Control Measures Not happened yet and will have an impact	Assessment of Residual Risk [With proposed control measures]			Planned Control Target Date	Evidence held of Regular Review
				Likelihood	Impact	Risk Rating		Likelihood	Impact	Residual Risk Rating		
				L	I	L x I		L	I	L x I		
CS4	<p>Impact on people</p> <p>Impact on service objectives</p> <p>Legal and regulatory</p>	<p>Inability to meet safe standards of professional social work practice</p> <p>This failure could be due to a lack of resources (financial, services or staffing), poor social work practice, a failure to prioritise or non-compliance with procedures/guidance and a failure to resource learning and development function within Children's Services and Public Protection Committee.</p> <p>Failure to fill social worker vacancies impacts on safe standards of practice This increases stress levels and the ability to have time to reflect and consider risk. Social work vacancies also lead to an inability to allocate statutory children and families work.</p> <p>A failure to meet safe standards of professional social work practice could result in the death, serious harm or detriment to a person. This could in turn result in prosecution, having to pay compensation and a negative impact on the reputation of the Council.</p> <p>Following the death of a service user we have been informed this will be the subject of a Fatal Accident Enquiry.</p> <p>Risk to case transfers from other LAs failing to provide the appropriate information on the child/family.</p> <p>A gap in social care resources to support children with disabilities.</p> <p>The development of a new National social work agency may unsettle the workforce. There is uncertainty around what this will mean and it could result in significant changes for staff and service delivery.</p>	<p>Prioritise maintenance of adequate staffing levels for Child Protection and other work with vulnerable children</p> <p>The Signs of Safety Practice model is being re-launched with a comprehensive staff learning and development programme and associated changes to MOSAIC. Quality assurance monitoring will assess and demonstrate compliance and impact on practice.</p> <p>Completion of the improvement plan following the death of a service user addressing key aspects of staff training and development.</p> <p>Briefing sessions, specialist training and support are in place.</p> <p>Regular formal supervision in place completion of PRD's focusing on specific and agreed development needs.</p> <p>Services comply with required professional registration standards for all staff e.g. SSSC.</p> <p>"Safer Recruitment" practices and PVG Checks embedded.</p> <p>Public Protection Office and Committee oversee core elements of Child Protection performance, improvement, policy and procedure.</p> <p>Regular monitoring and learning from incidents including through initial and significant case reviews.</p> <p>Children's Services practice guideline standards have been refreshed and are being rolled out.</p> <p>The Safe and Together domestic violence support model continues to be embedded and rolled out to new employees.</p> <p>All Regulated Services inspected, improvement plans produced with regular quality assurance review meetings.</p> <p>A quality assurance framework has been developed and implemented and a three-year rolling programme of file audits has been implemented.</p> <p>Leadership training has been rolled out to team leaders and senior practitioners. This includes the promotion of resilience.</p>	3	4	12	<p>Updated workforce plan is under development.</p> <p>A practice standard for Children's Social Work is also to be developed.</p>	3	3	9	<p>July 2024</p> <p>September 2024</p>	<p>Risk reviewed by CS Management Team December 2023 with no change to risk scores.</p>