



GA.56 15/16
Committee: Governance & Audit
17th March 2016

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Subject: Combined Assurance Report 2015/16

Report by:

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Purpose / Summary:

To present the Council's Combined Assurance
Report for 2015/16.

RECOMMENDATION(S): For Members to review the Combined Assurance Report 2015/16 and approve its contents.

IMPLICATIONS

Legal: None

Financial: None arising from this report FIN 132/16

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: None

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

Wherever possible please provide a hyperlink to the background paper/s
If a document is confidential and not for public viewing it should not be listed.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

X

1 Introduction

- 1.1 The purpose of the Combined Assurance Report is to produce a record of assurances against our critical activities and risks. It provides an overview of assurance across the Council making it possible to identify where assurances are present, and their source, and where there are potential assurance 'unknowns or gaps'. It offers a tri-angulated view of assurance with separate opinion provided by management; corporate and/or third party assurance and Internal Audit. The Combined Assurance Report is produced annually and the current report covers the period 2015/16.

2 Combined Assurance Report

- 2.1 This is the fourth Combined Assurance Report undertaken at West Lindsey District Council. It provides a view on assurance systems and services for the year ending March 2016. The report is offered as an accompanying paper.
- 2.2 The report details the methodology that was used and the levels of assurance that we currently have. The assurance assessment, as explained in the report, is based on the 'three levels of assurance' model.
- 2.3 By conducting this work, we are in a position to be able to identify where we need to obtain further assurance and at what levels. The findings will be used to focus on areas for improvement.
- 2.4 This report as presented represents a realistic, yet positive picture of the levels of assurance in place across the Council and illustrates that our assurance framework is working well.
- 2.5 The findings show that our journey of improvement continues with 79% of our critical activities assessed as performing well (green) and no activities causing significant cause for concern (red). Last year's report provided the following findings: 61% green; 32% amber and 7% red.
- 2.7 Those transactional activities categorised as 'amber' in nature in this year's report include Development Management; Community Safety/ASB and Local Land Charges. These areas are all the subject of current reviews and action plans are in place. The remaining areas classified as 'amber' in nature are detailed below with explanations for their respective assessments:

Gainsborough Market (new category) - Some uncertainties around the future of markets and budget deficit due to lower than planned market income.

Housing Enforcement – Some improvements required in respect of continuous service improvement. Minimal pro-active work due to resource availability.

Affordable Housing - Service reliant on other service areas and closely linked to Planning service - staffing issues.

Property & Estate Management - Moved from Red to Amber.

Improvement Plan mostly implemented. New IT system and strategy in place. Too soon to assess as green.

Car Parking - New strategy going through approval process.

- 2.8 The report will be used as a basis for learning and improvements and service planning and will be updated to provide an overall level of assurance, focussing on the critical areas for the Council in achieving strategic objectives for the 2016/17 period.
- 2.9 The findings of the report will be used to inform Internal Audit's work plan for 2016/17.
- 2.10 The Committee are asked to approve the report and be assured that our governance framework is operating effectively.

Combined Assurance

Status Report 2015/16 *West Lindsey District Council*



Date: January 2016

Contents

<i>Introduction</i>	1
<i>Key Messages</i>	2
<i>Looking Forward</i>	4
<i>Critical Systems</i>	5
<i>Strategic Risks</i>	10

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1. Introduction

This is an updated combined assurance report following the development of the combined assurance map first reported in March 2014. It provides an assessment of the Council's assurance ratings for 2015/16 and offers comparison against the findings for 2014/15.

We have again worked with management to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance 'unknowns or gaps'.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

- **critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people.
- **due diligence activities** – those that support the running of the Council and ensure compliance with policies.
- **key risks** – found on the strategic risk register or associated with major new business strategy / change.
- **key projects** – supporting corporate priorities / activities.

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your 'business as usual' operations. Using the '3 lines of assurance' concept:

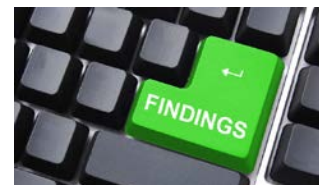


Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

2. Key Messages



As a Council we are pleased that in comparison to last year's report, there has been a significant improvement in the overall level of our critical activities assessed as functioning well (green); with no activities classed as under-performing to a major degree (red). Issues identified last year with regard to Property & Estate Management; Car Parking; Neighbourhood Planning and Customer Services have all been successfully addressed and improved ratings across these areas have been achieved. Those areas that have been categorised as 'amber' in nature are under review and have plans and support in place to improve matters. In this regard we have been pro-active; for example we have commissioned external peer reviews into Local Land Charges, Development Management and Anti-Social Behaviour/Community Safety. These are all areas where we have recognised that improvement is required and the reviews have provided useful objective analysis of these service areas. Work is underway across all three areas to address the identified issues.

A further example of our pro-active approach is our commissioning of audits into areas of work such as Enforcement and Choice Based Lettings. We adopt this approach should we feel that objective analysis would be useful to provide assurance on the effective functioning of a service area and to provide a steer as to how any issues could best be addressed. In respect of audit findings received during the year we have achieved 'Substantial Assurance' ratings in relation to Vulnerable People; Enforcement; Decision Making Processes and Grant Allocations. Such findings have been welcomed.

We have witnessed a degree of maturity in our programme/project management processes. Each Programme Board is supported by a Programme Manager who provides monthly reports on the progress of project development and officers involved in project work are supported in this. Further developments are planned to add to the value provided by Programme Managers and to enhance the methodology. Our project management arrangements positively contributed to the welcome finding in the Decision Making Processes audit.

Figure 1 - Your Overall Assurance Status on Critical Activities - Feb 2016

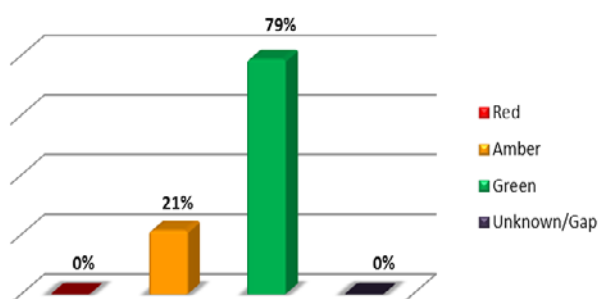
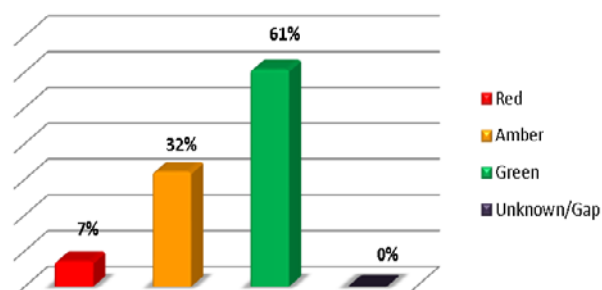


Figure 1 - Your Overall Assurance Status on Critical Activities - Feb 2015





Key Messages Continued

To enhance accountability for service delivery and assess the effectiveness of other public service providers, the Challenge & Improvement Committee have invited relevant bodies to present and field questions. In the course of the year presentations have been received from LCC Highways; the Police and Crime Commissioner; ACIS (RSL) and Lincolnshire West CCG. These bodies play a strategic role across the District and their attendance at Committee has provided an opportunity to assess their contribution in contributing to the well-being of the District and discuss issues of a strategic nature. Further bodies are planned to attend in the future.

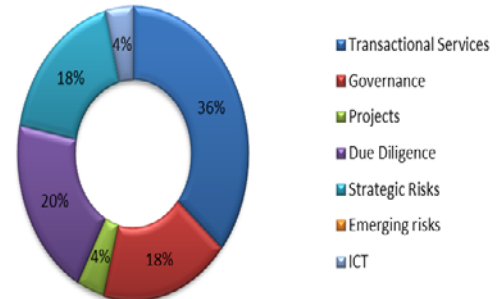
To address strategic capability and capacity across the Council, a re-structure across Heads of Service has been completed culminating in the appointment of newly entitled 'Strategic Leads'. Service areas have also been grouped as 'clusters' to facilitate cross-cutting approaches to service delivery and remove any silo mentalities.

Our governance framework continues to be strengthened with a greater understanding on the part of colleagues on their governance related responsibilities evident. This has been commented upon by our Internal Audit colleagues and has been achieved through diligent and consistent work on the part of the Corporate Governance Team. One aspect of governance we do need to address is the subject of benchmarking.

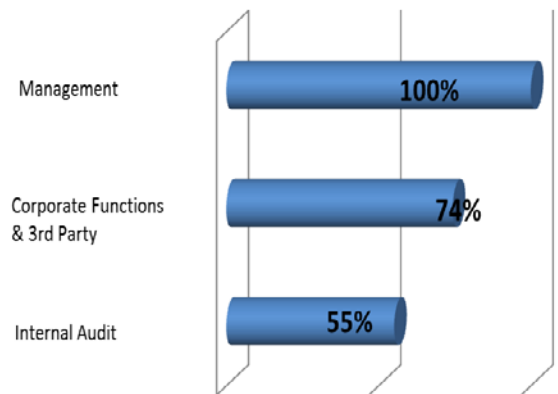
The Council conducts regular engagement sessions with residents and the Citizen's Panel is active. Matters subject to engagement over the last year include Selective Licensing; Local Plan; Social Media and CCTV. Feedback on the quality of services is welcomed as is a wider contribution to the issues the Council should prioritise. Generally, satisfaction levels with the quality of the services delivered are high.

Following the local elections in May 2015, officers presented Members with a 'State of the District' analysis of the issues facing the District. This was cross-referenced with feedback from Members on the issues raised with them during the election campaign and has resulted in the

Distribution of Assurance



Who Provides Your Assurance



identification of the main priorities for the Administration which will be the focus of the Council's next Corporate Plan.

Many of the Council's critical activities are supported by high levels of corporate or third party assurance. Assurance is also provided through reviews conducted by Internal Audit. This provides independent oversight and added value through proposals made for improvement and complements any external reviews or inspections carried out. Any recommendations made are monitored to ensure implementation with progress reported to the Governance & Audit Committee.

3. Looking Forward

Transformation

To meet the on-going financial challenges and to be able to operate within a further reduced financial envelope (circa £1.5m funding reduction in 2017/18), the Council has to radically challenge what it does and how it does it, while ensuring the customer is placed at the centre of service delivery and value for money is achieved. In the past, we have successfully achieved degrees of transformation to achieve cost reductions but it is acknowledged that a greater cross-cutting approach is now required. Work on this is underway and will be overseen by the Council's Entrepreneurial Board.

ICT Strategy

While the Council has developed a strategic overview of its ICT needs over the next four years, this has yet to be developed into an ICT strategy. This will be a priority in the coming year to ensure that the ICT needs of all concerned are understood and inform the Council's strategic ICT direction.

Business Development

The Council's Commercial Plan was adopted during the year, setting out its commercial aspirations and approach to realising them. Part of the agreed approach is to fully explore the trading potential of service areas and exploit them to maximise income streams. Work is currently underway with service areas to achieve this, with some fully implemented small-scale examples in place to inform future learning and provide the basis upon which efforts can be scaled-up.

Finances

The Council has previously stated that its ambition is to be non-grant dependant by 2020 and it appears it has been vindicated in adopting this forward thinking approach. While future income streams such as business rate retentions are unknown at this stage, cost reductions of circa £2.5m are required by 2020. The Council's entrepreneurial approach and principles will continue to form the basis of its efforts to realise its ambition.

Growth & Regeneration

Valuable preparation work has been undertaken in the past year to place the Council in a strong position to drive forward with its growth and regeneration plans. The achievement of Housing Zone Status, granting of Local Development Orders and Food Enterprise Zones provide the foundations upon which the District can prosper. An additional key component is the adoption of the Central Lincolnshire Local Plan (due at end of 2016), which will provide the required framework within which all development across the District can take place. In the coming year, the Council must capitalise on this sound preparatory work.

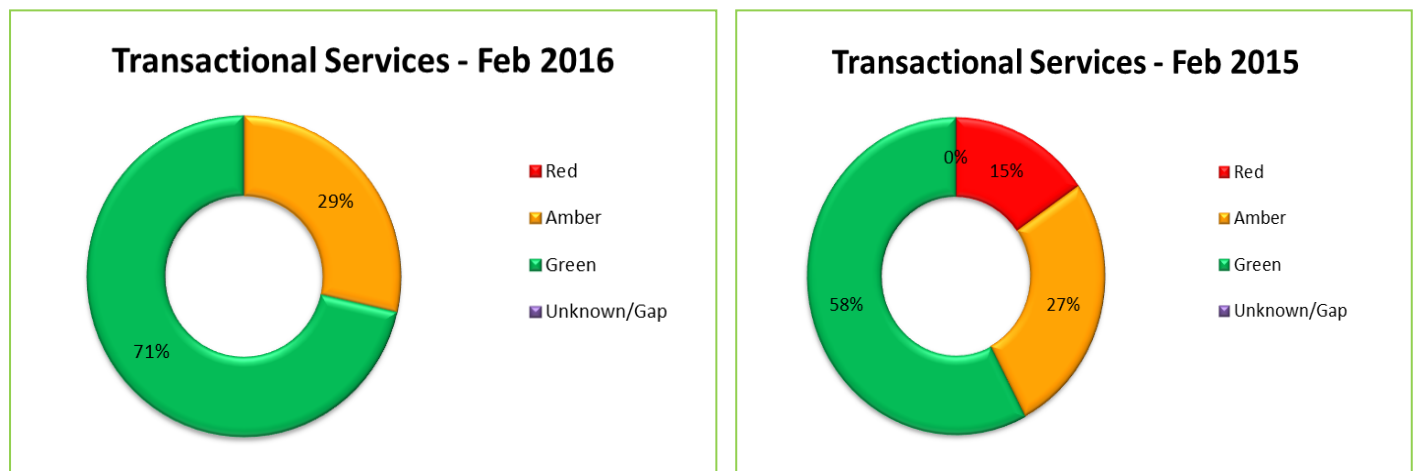
4. Critical Systems



Across our critical systems we are in agreement with the reported levels of assurance and the methodology adopted to assess them. We believe we are a mature enough organisation to act objectively and where issues are identified have the confidence to request assistance and/or further investigation in the form of commissioning audits and/or external reviews to investigate the perceived problems.

Transactional Services

Transactional services refer to the agreed set of services and functions run by the Council. Each service area should have clarity of its purpose, an understanding of their stakeholders and clear processes for delivery and managing performance.



Our transactional services are in the main 'front-facing' and the delivery of excellent performance and high levels of customer satisfaction are key pre-requisites. These two components contribute in a large part to the reputation of the Council amongst residents and Members. In the course of the year, the Strategic Lead – Customer First was appointed. This post plays a key role in conjunction with the Chief Operating Officer (COO) to assess performance, customer feedback and drive improvement while ensuring that customers are placed at the heart of service delivery. Work undertaken so far to analyse key aspects of service delivery has provided a good basis from which to design a programme of transformation to be implemented during 2016/17.

Analysis of the reports' findings in respect of transactional services has established that no service has suffered a worsening in their assessment during the year. No areas have been assessed as 'red' in nature and many areas have improved their rating from 'amber' in 2014/15 to 'green'. This is extremely welcome and reflect the efforts made across the Council to improve. Long-standing issues in Local Land Charges and Development Management have been addressed with assistance in the form of peer reviews and improvements in performance and customer care are being realised. We are keen to ensure that such improvements are sustainable and are evidenced in follow-up audits.

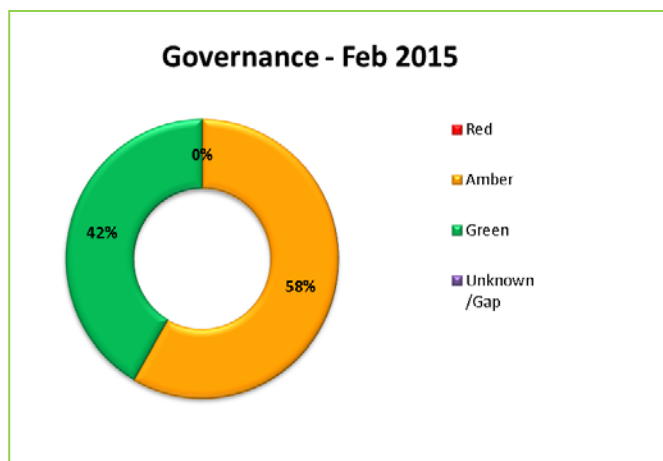
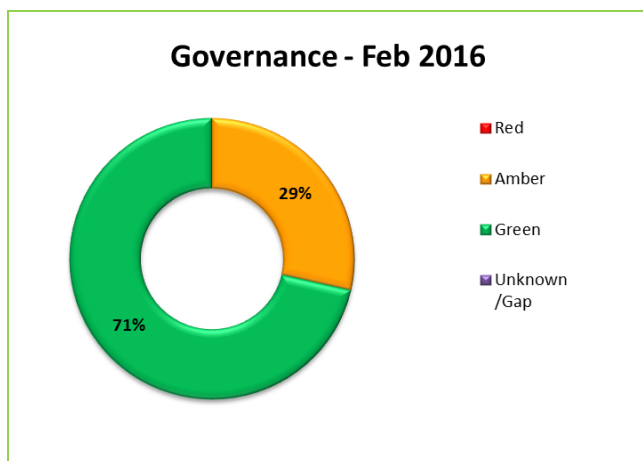
In the last year significant work has been undertaken with service areas to design and implement appropriate e-forms to enable e-access to services. Although the subject of a 'soft launch' this initiative has achieved a welcome level of uptake and will be enhanced by the implementation of the Council's new web-site due for March 2016. Such an approach forms one aspect of our plan to manage demand across the Council.

Performance continues to be reported to Members and the public in the form of Progress & Delivery reports. Members are also involved in identifying performance measures they feel are of relevance and officers provide assurance to Members that where performance is lower than anticipated, issues are recognised and will be addressed.

Service Plans are produced annually across service areas to set out the key activities for the year. These are informed in some part by business plans which are produced to provide a three to five year outlook on the development of services. Greater emphasis and support was placed on the production of business plans in the past year and the learning obtained during this process will be taken forward in 2016/17 to improve the process and quality of output.

Governance

This section includes corporate governance, risk management, partnerships, projects and contract management and Human Resources.



The findings of the report show that almost three quarters of our governance elements are deemed to be operating effectively. Those aspects that have yet to reach this level include partnership management (although improvements have been recognised and steps are to be taken to improve matters further); Member Development, which also has a work plan in place; Equality and Diversity and the previously not assessed subject of Engagement. These areas will be considered in the course of 2016/17.

While Internal Audit provided us with an overall governance rating finding of 'amber' for the second year running, a further strengthening of our governance framework arrangements and greater cross-council compliance with governance matters were recognised. During 2015 work has continued to improve matters further to ensure our governance arrangements remain robust, are understood and acted upon, yet do not restrict or hamper day to day activity. Again the key message across the Council has been that governance forms part of everyone's day to day responsibilities. This message must continue to be relayed to colleagues to ensure that we improve our approach to and understanding of the benefits of effective benchmarking across service areas.

The consistent and regular delivery of this message has paid dividends. For example there has been a huge reduction in the numbers of overdue audit actions at any one time (from over 100 two years ago, to less than 10) and the numbers of service risks overdue for review have similarly fallen. Work has been undertaken with team managers on risk management and the role and purpose of audits to demonstrate the benefits of both. Additionally the use of and adherence to the Council's project management methodology has also been evident.

Having undertaken a review of the Council's use of Approved Codes of Practice (ACoPs), it is considered that they remain of relevance and are a useful means of providing colleagues with guidance on critical processes to ensure consistency of approach. During the year a number of new ACoPs have been introduced; particularly in relation to Information Governance, while others have been refreshed.

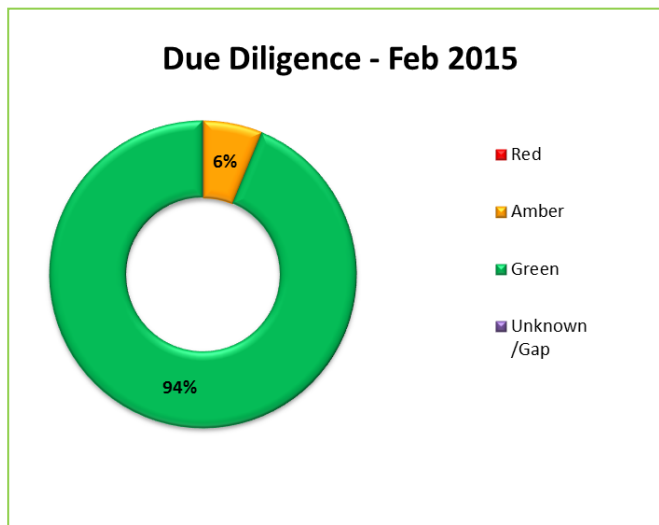
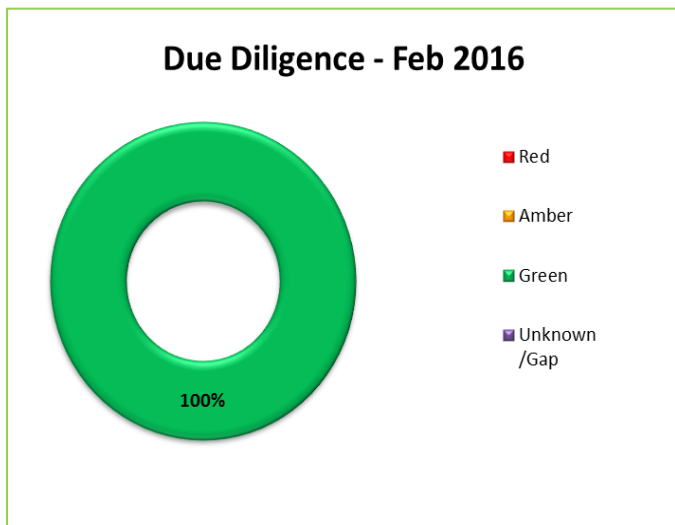
Significant work has been undertaken with colleagues on the subject of contract management following the receipt of a poor audit finding. A thorough action plan, ranging from addressing the requirement for a fit for purpose database, to revising the Council's Contract Procedure Rules (CPRs) has been put in place and is almost completed. This has addressed matters and we are confident that the planned follow-up audit will recognise the significant improvements that have been made.

A revision of the Council's Risk Strategy has been completed in 2015/16 to reflect changes to internal structures and to ensure it reflects both the nature of the risks the Council faces and its response to such risks.

While we are confident that our governance processes are effective, we recognise that we cannot rest on our laurels and therefore remain watchful.

Due Diligence

Functions that support the running of the Council and ensure compliance with policies.

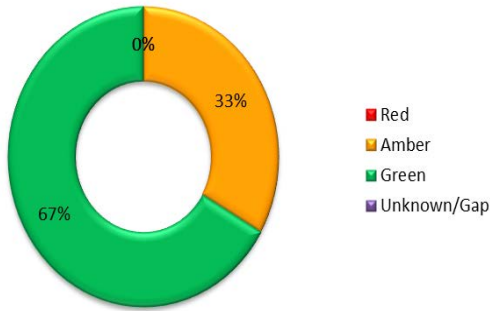


The assessments relating to due diligence were ascertained after due consideration had been given to a range of indicators against which individual areas could be assessed. These indicators included performance, costs of delivery, the quality and breadth of project and risk management within the area and any conclusions from recent audits.

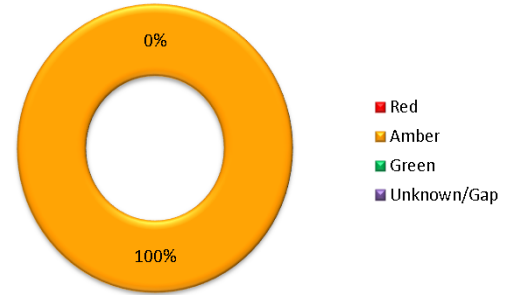
All of the components included under this grouping have been assessed as being effective which is extremely assuring and demonstrates an improvement over the last year where one element (Grants) was below this level. Work has been undertaken in this area to improve matters and has been recognised in the report.

Again, the Council will remain vigilant in this area to identify and address any apparent weaknesses to ensure that the current high level of assurance in this area is sustained.

ICT - Feb 2016



ICT - Feb 2015



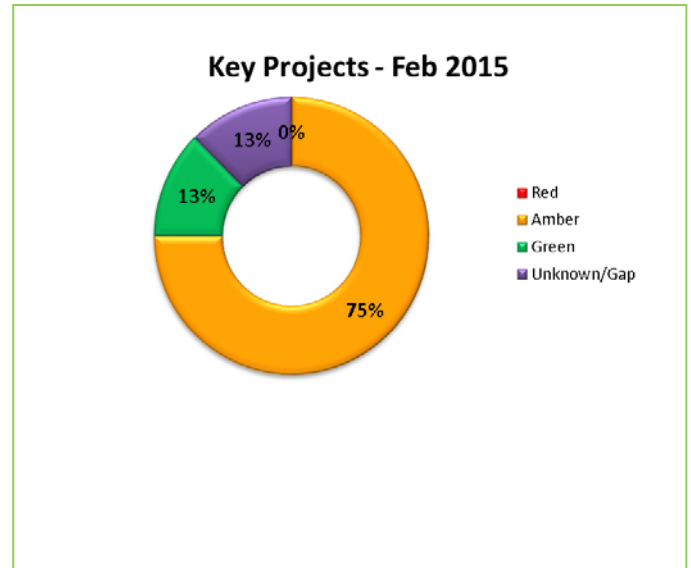
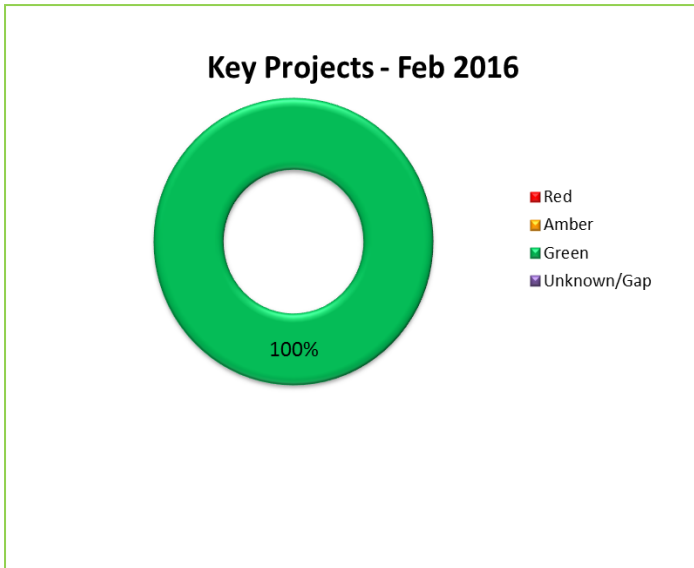
The ICT aspect of the report comprises analysis of ICT Management; IT Infrastructure & Security and IT Applications. The one aspect assessed as currently being 'amber' in nature relates to ICT Management arrangements. However, an interim Strategic Lead for Organisational Transformation has recently been appointed to provide support and guidance to the day to day management of this area and to implement an appropriate ICT strategy for the Council.

During the year the service again secured PSN compliance certification and undertook an exercise to migrate all users to a new infrastructure. Additionally, a consolidation of all mobile telephony arrangements took place with relevant staff receiving new mobile devices. This exercise reduced the overall cost of such provision.

The ICT Systems Development Team have been heavily involved in the procurement and implementation of a new Council website with improved functionality and the on-going introduction and development of on-line forms to enable E-access for customers. This work continues into 2016/17.

Work planned in the area includes the aforementioned ICT Strategy and the development of Enterprise Architecture principles to ensure applications and systems reflect the needs of the business as a whole. Additionally, the skills and capacity across the ICT team need to be reviewed in conjunction with the ICT partnership with North Kesteven District Council.

Key Projects



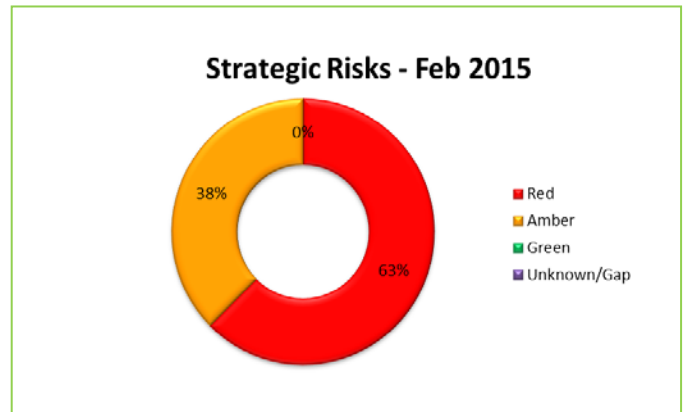
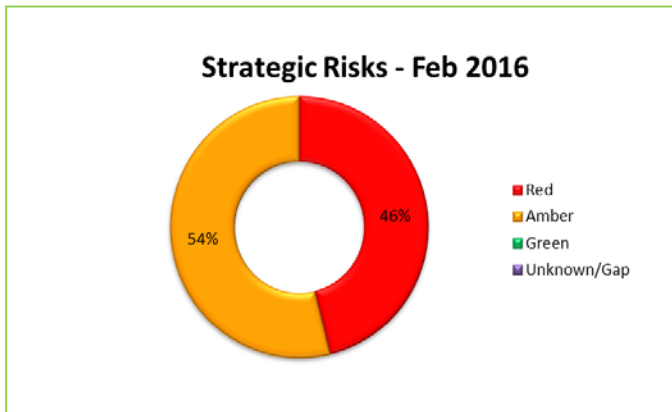
In 2014/15, a comprehensive review of the Council's project management arrangements was undertaken as feedback from users of the previous processes deemed this to be warranted. This resulted in a revised set of documentation, a supporting ACoP and work undertaken to assign all projects to one of the then newly created Boards. Each Board was assigned a Programme Manager to work with project leads and provide the Board with objective assessment of the progress and quality of individual programmes and projects. This work has resulted in the ability to identify and categorise each individual project underway across the Council. Also a 'Project Office' was created for which the concept and benefits were relayed to staff.

Boards are responsible for the initial receipt of project proposals and they direct action from that point forward, including the receipt of progress reports as projects develop and benefits realisation following completion. Boards continue to play a crucial role in ensuring that the methodology is adhered to and any issues are addressed including the collation of suggestions relating to potential improvement. Each Board has been the subject of an annual review with the findings fed back and considered.

During 2015/16, the methodology has developed and further refinements have been identified. An overall assessment has been made of the confidence levels in delivering the projects assigned to each Board, which has resulted in the 'green' rating as provided by this report. The provision of clear, objective, up to date information on the progress of project development has been a major factor in improving the levels of assurance in this regard.

The 'substantial assurance' rating contained within the Effective Decision Making audit conducted during the year, was achieved in no small part as a result of the effectiveness of our project management arrangements and oversight of project development.

5. Strategic Risks



The significance of the issues facing the Council is reflected in the Council’s Strategic Risk Register. The Council’s Leadership Team is risk aware and prepared to take calculated risks. Senior Management regularly review the strategic risks and they are reported on a six-monthly basis to the Governance & Audit Committee.

Council’s highest rated Strategic Risks 2015/16:

1. Effective Workforce & Political Skills
 To ensure an agile, accountable motivated workforce that is managed by objectives and delivers outcomes and collaborates in a commercial and customer focussed manner

2. Information Governance
 Ensure we have robust controls, processes and policies in place to protect data and information assets and systems from wilful attack and cyber-crime

3. ICT Strategy
 Lack of an overall strategy and clarity, agreement and understanding of what the strategy should incorporate

4. Local Plan
 Lack of a Local Plan will result in the absence of a strategic vision of the development needs of the District

5. Commercial Approach
 Robust and effective approach across the Council required to identify and exploit potential commercial opportunities