



For All Your Assurance Needs **Appendix A**

City of
Lincoln
Council

Combined Assurance Status Report



CITY OF
Lincoln
COUNCIL



February 2018

What we do best...

Innovative assurance services

Specialists at internal audit

Comprehensive risk management

Experts in countering fraud

...and what sets us apart

Unrivalled best value to our customers

Existing strong regional public sector partnership

Auditors with the knowledge and expertise to get the job done

Already working extensively with the not-for-profit and third sector



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Combined Assurance Status Report

Introduction

This is the sixth combined assurance report for the Council.

By grouping the different sources of assurance in a single model we provide the basis for Senior Management and the Audit Committee to gain a better understanding of their organisations assurance status and needs.

We do this by coordinating assurance arrangements – providing some structure – this is the Assurance Map.

We have well established Assurance Maps that help us to focus our work plans on the make or break risks that affect the successful delivery of services and strategic objectives. The Map also recognises the importance of critical business systems that support successful delivery and ‘protect the business’ – the due diligence activities.

The Map gives an overview of assurance provided across the whole organisation – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance ‘unknowns or gaps’.

The Map is an invaluable tool for senior managers, providing a snapshot of assurance at any point of time. This report explores those assurances in more detail.

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.

Scope

We gathered information on:

- **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.
- **Risks** – found on our strategic risk register, operational risk registers or associated with major new business strategy / change.
- **Projects** – supporting corporate priorities / activities.
- **Partnerships** – partnerships that play a key role in successful delivery of services
- **Corporate Governance**



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Methodology

To ensure our combined assurance model 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 Council 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.
- Considering other information and business intelligence that feed into and has potential to impact on assurance.

We used a Red (low assurance), Amber (medium assurance) and Green (high assurance) 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.



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Key Messages

We identified 78 critical services/systems, 127 projects and 7 Strategic risks

Out of the total of 212 areas;

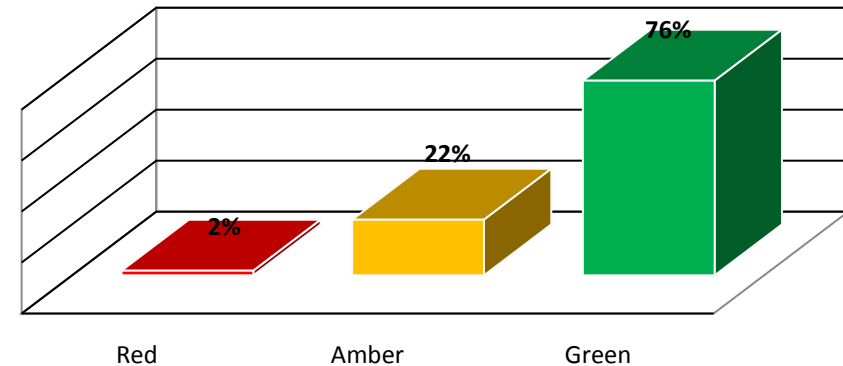
- 172 have Green assurance (81%)
- 33 have Amber assurance (15%)
- 7 have Red assurance (4%)

Overall percentage assurance ratings have changed slightly compared to 2016/17.

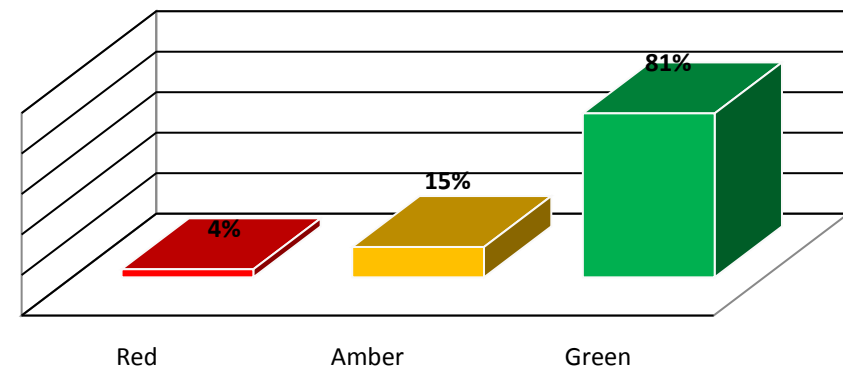
Consideration should be given to Red or Amber areas for the Annual Governance Statement and the 2018-19 internal audit plan.

More detail on critical systems, projects and risks is included within the report.

Overall Assurance Status 2016/17



Overall Assurance Status 2017/18





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Suggested next steps.....

This is a positive report and shows an improving assurance position. Plans are in place to manage any mitigate any Amber or Red assurances.

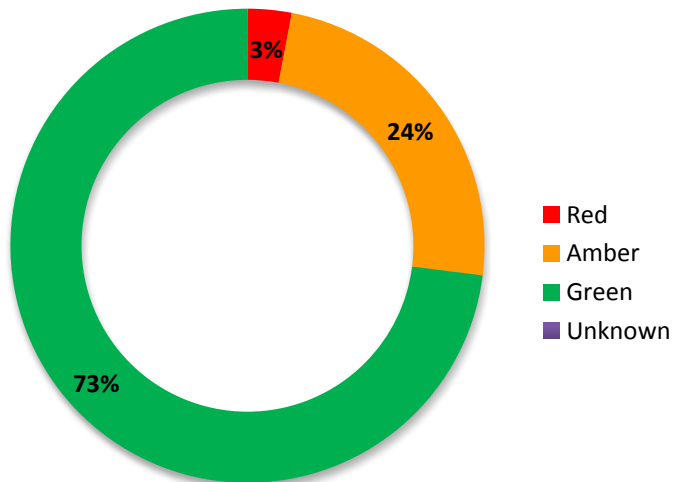


Critical Systems

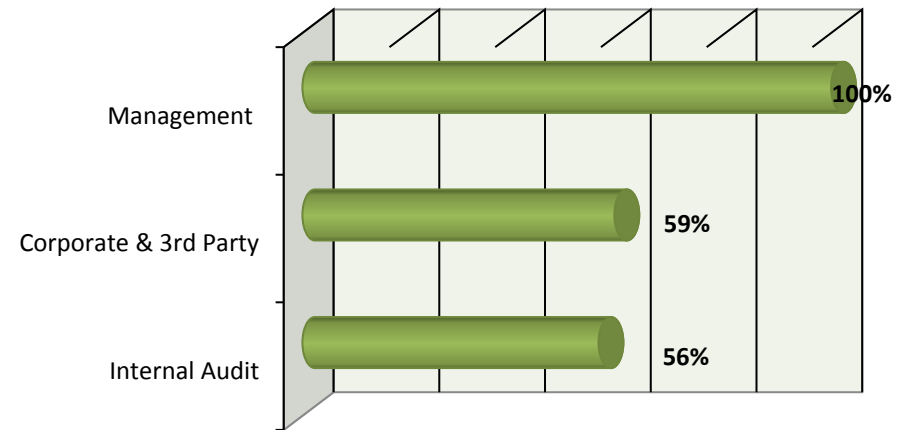
78 critical services/systems were identified and of these management considered 57 (73%) to be Green and 19 (24%) to be Amber and 2 Red. (3%)

2016/17 Critical services/systems; Green (77%), Amber (19%) & Red (4%).

Internal Audit provided assurance on 56% of areas (within the last 3 years plus current year).



Who Provides Your Assurance



Corporate and third party - it should be noted that some services do not have current performance information logged within IMPS.



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Chief Executives Directorate

Within the Chief Executives Directorate, the following key services / critical systems received “green” assurance:

- CX Business Management
- Legal
- Electoral Services
- Democratic Services
- Civic and International Partnerships (Twining)
- Finance
- Insurance
- Debtors
- Risk Management
- Audit
- Small Business Support
- Property Services
- Revenues - Shared Service
- Revenues- NNDR
- Revenues-Ctax
- Revenues-Recovery
- Benefits/CTS
- Fraud Prevention/Detection
- Business Strategy/V2020
- Strategic Information Provision
- Corporate Governance (Code)
- Customer Services

- Performance
- Social Policy (Anti-Poverty / Community Cohesion)
- Business Development and ICT
- Equality and Diversity

The Amber assurance areas are (no reds):

Data Protection / Information Management This remains an Amber area until GDPR is implemented in May 2018, however there is good progress against the action plan. Recruiting permanent full-time Data Protection Officer. This remains a significant issue on the AGS and is being monitored by Audit committee.

Procurement The Procurement Lincolnshire Contract expires March 18. We are exploring how to obtain specialist advice if needed. Some areas are not seeking timely (procurement) advice causing some difficulties trying to advise retrospectively

HR (and payroll)

Sickness absence is a significant issue. Overtime and enhancements still requires review (cost / inconsistency). Training needs are not (always) being properly identified through the appraisal process. There have been some difficulties with recruitment. People Strategy - separate Action Plans are in place for Wellbeing & Performance with a lead HR officer for each. Staff survey and coaching feedback (led by an external person) has identified further issues to address.



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Creditors Project to increase official orders is ongoing-part of debtors and creditors action plan

TOFS (Including Commercialism & Asset Rationalisation) 17/18 targets will over-achieve. Further work required to meet new / future targets. Asset rationalisation good progress. Many teams considering and delivering commercial approach.

Facilities Management Still an area where there is insufficient budget resource (budget pressure). The Asset Management Plan may help. Non-operational buildings – current health and safety issue being addressed and way forward considered

Business Continuity IT DR plan approved - remains Amber until (new) BC group actions completed. Significant issue on the AGS and is being monitored by Audit committee.

Project management (framework) SPIT ceases end March 18 & CLT / AD Group replaces. Will review HIP / GIP spend and receive project info by exception. LPMM currently being rewritten (by end March 18). Formal training will then be delivered. There will be central policing of LPMM compliance. Rated Amber due to transition period / and improvements in logging projects.

Workbased Learning/Apprentice scheme Funding / income and way forward under the new system is still to be determined.

Partnership management Significant work completed and generally partnership working is effective in many areas; the Amber assurance reflects the update of the partnership register - further follow up with officers and CMT pending. There will be an annual responsibility to check off the partnership register for Information Asset owners.

Counter Fraud Fraud partnership continues; refreshed CF strategy and action plan; corporate fraud risk register being refreshed (Feb 18). NFI engagement. Lack of resources in some areas for pro-active work outside of fraud partnership and NFI, e.g. tenancy fraud, council tax support.

Communications Developing updated communications strategy (original March 2017 but not progressed through AD group); wider advertising strategy / procurement being developed. Performance analysis on IMPS requires updating.

Communities and Environment Directorate

The following services received a green assurance:

- Planning (Development Management)
- Planning (Joint Strategic Planning)
- Planning (Heritage)
- CCTV
- Parks & Open Spaces & Allotments
- Street Cleansing
- Grounds Maintenance
- Waste collection and recycling
- Public Conveniences
- Car Parks



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Bus Station
Environmental Protection
Pollution Control
Food safety
Public Protection
Licensing
Community Centres
Crematorium and Cemeteries
Events, Culture and Tourism

The Amber (no red) assurance areas are;

Building Control Delivering a good service, meeting costs but income below target. Market share has fallen. All service options currently being explored. New IT system still settling in.

Strategic Waste management Main issues are that the Energy from Waste plant is at capacity, and there are worsening levels of contamination in recycle. The County Council (responsible for waste disposal) are leading on the development of a new Joint Municipal Waste Management Strategy but this is not finished, no solutions yet identified and agreed. Lincolnshire Waste Partnership are working with WRAP and looking into separate food waste collections. Ultimately changes to current arrangements could cost more / affect vehicles required / impact on contract renewal

Health & Safety Development plan in place however lower risk areas will take a long time to achieve; making Champions aware / and agree limitations. Overall resourcing is a risk after

April 19. Ad hoc pressures can take away resource for example investigations into health and safety incidents.

Other public health - strategic role - still pushing Lincolnshire Public Health to set up a strategic health partnership (non-statutory)

Private Sector Housing Policy update will help to be more flexible with funding £600K DFG grant; agreed with County to use £200K on central heating (scheme); change to the housing assistance policy will provide more flexibility to spend money on indirect areas that will benefit household. New Empty Homes Strategy and implementation will improve situation; new strategy will allow other team members to use other enforcement powers. HMO licensing inspection will increase as now two story properties - legislation effective (probably) Autumn 18; may need new IT system and will require additional staff.

Sport and Leisure agreement between ColC and Castle Academy almost complete. Reviewing other options for new facilities. Longer term aspirations for new leisure centre.

Housing and Regeneration Directorate

The following services received a green assurance:

- HRA/Landlord Services / Tenancy Management / ASB / Resident Involvement "



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- HRA/Landlord Services - Tenancy Management - Rent collection
- Housing Needs (Sheltered/supported)
- Housing Solutions - Lincare/Control Centre
- Safeguarding
- Maintenance Services / Day to day maintenance / Aids and adaptations / Craft development
- Housing Investment / Decent Homes / Contracts / Capital Programme / Asset management / Inspection / Gas servicing
- Safety Assurance
- Housing Strategy and Enabling /New Build / Affordable Housing

The Amber assurance areas are;

Housing Business Support Rechargeable repairs ongoing project not completed - waiting for further information on debtors/recovery; SLA with recovery pending
IT and data management - new Choice based Lettings system priority for March; Servitor upgrade to follow

Neighbourhood working

Focus of team now on Sincil Bank; team reduced now to 3 staff.

The Red assurance areas are;

Housing Solutions- Property Shop/Allocations/Homelessness (R)

New system migration underway; March 18 target. Lettings Policy recently amended (minor changes) with a wide ranging review planned for summer 18. Staffing levels have been an issue for some time. Registration of applications requires improvement. Data quality project ongoing. First time acceptance of offers down to 75%.

Homelessness Reduction Act effective April 18 brings significant changes - will increase the numbers that need assistance but may reduce the numbers accepted as homeless. May need to recruit additional staff. Some targets are being missed. Rough sleepers increasing - increasing work with the third sector. Capacity within the team.

These areas are supported by an action plan.

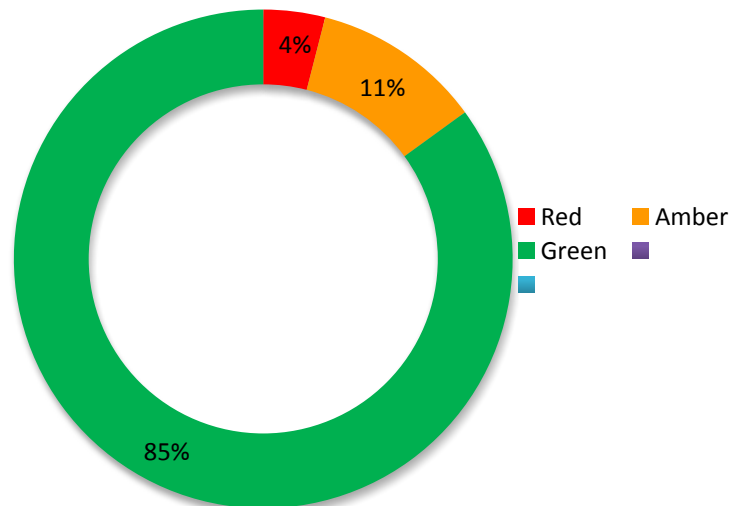
Major Developments Directorate

The following services received a green assurance:

Growth (Regeneration strategy & delivery)
Supporting strategic infrastructure projects *(NB WGC specifically is a RED Vision 2020 assurance project)*
Investments (large business enquiries, local business support, promotion of the city)



Projects



Overall Comments

The Council has a range of strategic projects linked to Vision 2020, transformation and capital schemes.

We identified 102 Vision 2020 projects, 10 current TOFS projects and 19 capital (SPIT) although there was some overlap – in total 127 projects

108 are rated as Green (85%)

14 are rated as Amber (11%)

5 are rated as Red (4%)

Project assurance 16/17 was Green 69%, Amber 31%

Amber or Red assurance projects are:

Amber:

Compulsory Acquisition - 13 Albany Terrace – delays due to resourcing; moving on this now - 5 missed milestones, primarily relating to the legal aspects

CCTV Upgrade – Works schedule, Staff Training, and contracts milestones



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Two projects not yet started

Housing Asbestos database project – project not yet started due to resources/capacity issues.

Heat mitigation – Terrace – on hold as initial costs over budget (re-profiled to 18-19)

TOFS (Amber assurance)

Customer experience strategy/channel shift – further savings required

Revenue and Benefits shared service – support costs – still in discussion with NKDC

Vision 2020 (Red assurance projects – significant blockage)

Growth – WGC waiting for outcome of highways assessment

Inequality – reduce incident of suicide due to lack of resources to cover additional activities

Leisure village options – red as– new milestones to be created due to prioritisation of BLC and Transport Hub

Air quality action plan – not moving as quickly as planned

Christmas lights – renovation project – future year contribution subject to financial support

Amber projects are not listed but relate mainly to “some slippage”

Other areas:

Section 106 Group

The Section 106 group is responsible for the monitoring of the Council’s Section 106 agreements and to ensure that monies received are used for the correct purpose and spent by the critical expenditure date. Balance to be allocated £418,370. To improve communications around the spending of section 106 agreements all future performance reports will identify why a particular project has been chosen to be funded by section 106. The choice is based on key Council Strategies, the City Centre Master Plan or the Local Plan, all of which have been subject to member review and/or approval.

Disabled Facilities Grants

During the third quarter 15 Disabled Facilities Grants were completed and this compares to 24 completions for the same period in 2016/17. There were 46 other referrals (6 of which have gone through the pilot scheme without cancellations) within the system which compares to 53 referrals for the same period last year. Of the 46 referrals, 34 had been assessed and had a total DFG value of £167,382.

The remaining 12 referrals had not yet been assessed but applying the mean DFG payment for 2016/17 this gave an



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estimated value of £81,444. Taken together the 46 cases had an estimated value of £248,826.

A pilot scheme is in operation whereby the council makes an initial eligibility assessment of a social services recommendation and then sends the proposal direct to a contractor. The contractor undertakes both the design and the works. This will be assessed to see if it brings about a quicker delivery time for the customer, and if it creates any increased risk to the council e.g. exposure to greater costs. There were 4 pilot completions and 2 active pilot cases in the third quarter

Housing Revenue Account (HRA Business Plan)

Following the achievement of the “Decent Homes Standard” set by the Government, the HRA Business Plan commits to maintaining the standard whilst incorporating the requirements of the Lincoln Property Standard into the investment profile. By the end of the third quarter 1,811 instances of improvement works (kitchens, bathrooms, rewires, doors etc.) had taken place. In the same period 302 instances of improvement works had been refused by tenants.

Management of Risk

SPIT ceases end March 18 & CLT / AD Group replaces. The group will review HIP / GIP spend and receive project info by exception. LPMM will be updated. Formal training will then be

delivered. There will be central monitoring of LPMM compliance

Partnerships

Overall Comments

Significant work has been completed in identifying and engaging pro-actively with partners and that the right officers and members are representing the City Council. There is a key partnership register covering both member and officer involvement – this still requires updating however. There is also a membership of Outside bodies register.

Management of Risk

Governance arrangements should be in place for significant partnerships, working to agreed terms of reference and incorporating performance management aspects. Partnership governance is the responsibility of the respective service manager/AD to ensure that the Partnership guidance document (recently updated) is followed. The GDPR project is also being used to ensure partnership agreements/contracts

CoIC interact with the voluntary sector and have built strong relations with those bodies supporting the council’s strategic priorities- in particular the Third Sector Infrastructure Body for Lincoln – Voluntary Centre Services, which is now located in City Hall and the “Network”. Management have not identified



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any non-compliance with the Council's partnership / joint working corporate guidance. Internal Audit will carry out a partnerships internal audit in 2018/19 to obtain independent assurance on partnership / joint working governance.



Risks

Strategic Risks

The Council has 7 Strategic Risks – 1 is assessed as Red and 6 as Amber. The Red risks are;

- **To deliver a sustainable Medium term Financial Strategy**

All risks are being actively managed in accordance with the Risk Management Framework.

Amber strategic risks are:

- Engaging with the Council's strategic partners, council staff and stakeholders to deliver against the Council's Vision 2020.
- To ensure compliance with statutory duties and appropriate governance arrangements are in place, including:
- *Health & Safety*

- *Information Management/IT Security*
- *ICT Disaster Recovery*
- Deliver the Towards Financial Sustainability Programme whilst ensuring the resilience of the Council
- Develop an appropriate strategic response to the changing structures in Local Government
- Meet the emerging changes required in the Council's culture, behaviour and skills to support the delivery of the council's Vision 2020 and the transformational journey to a "performance culture".
- Ensure sufficient levels of resilience and capacity exist in order to deliver key strategic projects within the Council

The Council has an active approach to risk management and has reviewed the key strategic risks facing the Council.

As well as the risks identified in this section, Managers identify operational risks and these are managed through similar processes.

Strategic risks are managed through CMT and are reported through the Performance Scrutiny Committee / Executive.

Each risk is managed through a member of the Corporate Management Team.



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Overall, risks are clearly identified and well managed by the Council.

All Strategic Risks have a management assurance which reflects how well the risk is being managed rather than the risk score;

All strategic risks have Green management assurance (full or substantial assurance)

Operational Risks

There are also four operational (Directorate) risk registers. There are three Red risks linked to:

CX - **Capacity** of service areas to respond to requirements of ongoing service delivery and support to the Towards Financial Sustainability Programme, whilst acknowledging impact of the Programme on the Services themselves (*Substantial assurance*)

DCE **Management of financial pressures** *Limited/Amber Assurance*)

- Failure to deliver against TFS programme
- Income targets are not met
- Tripartite Agreement
- Unfunded budget pressures
- Managing growth
- Car parking income levels during Hub construction

Declining recycling rates. Recycling rates continue to fall (*Limited/Amber Assurance*)

DHR (no reds)

DMD (no reds)

All risks are being actively managed in accordance with the Risk Management Framework; some updating on Operational risk registers is required.

Emerging Risks

No red emerging risks have been identified that are not already identified within existing risk registers and service plans.

Corporate Governance

Our Combined Assurance model focuses on assurance against critical systems, projects, risks and partnerships. This helps the organisation to understand corporately where it's performing well and where improvements are required. Many of the Council's critical services and systems underpin a sound corporate governance framework. In this section we set out how the Council has approached corporate governance, complied with guidance and obtained assurance on its significant governance issues.



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The Council needs to ensure that it meets the highest standards and that governance arrangements are not only sound but are seen to be sound. It is crucial that leaders and chief executives keep their governance arrangements up to date and relevant. Council's should develop a local a local Governance Code which reflects the "delivering good governance in local government; framework (CIPFA/SOLACE 2016)" (the framework)

The framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should therefore test their governance structures and partnerships against the principles contained in the Framework.

A formal local code is in place

A self-assessment is undertaken to demonstrate that governance structures comply with the principles contained in the framework

An up to date Annual governance statement is developed based on a review of governance arrangements

The annual governance statement significant issues are regularly reviewed by Audit Committee

Significant governance issues:

SGI1 – IT Disaster Recovery (currently Amber Assurance)

SGI2 – Information Governance (currently Amber Assurance)

It is worth noting that within the critical services section above there are some areas that are part of the Corporate Governance framework which have a current Amber assurance.

- Data Protection / Information Management
- Procurement
- HR
- TOFS (Towards financial sustainability)
- IT DR/Business Continuity
- Project management (framework)
- Partnership management
- Counter Fraud
- Communications



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End of report