

# Combined Assurance

## *Status Report Performance and Governance*



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# Introduction

This is the first combined assurance report for the Council.

Working with management we have been able 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 our 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.

# Key Messages



Performance & Governance provides support to Members and Officers in the Council to achieve Council priorities.

Services include People Management, Performance & Programmes, Democratic Services and Strategic Communications. Another service, Information Management & Technology will be covered by a separate Assurance Confidence Report.

The Performance & Programmes service assists Internal Audit with assurance around priority programmes and projects.

The Executive Director is the Council’s statutory Monitoring Officer.

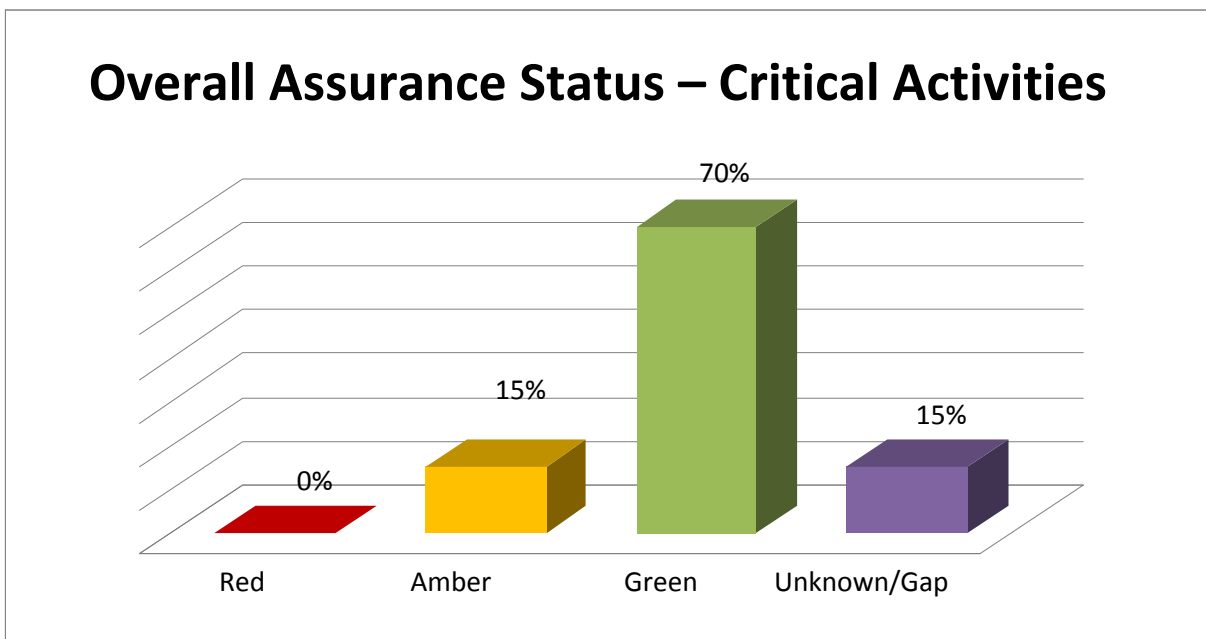
A major achievement in the last year has been to develop and agree a portfolio of council priority activities that have become the major focus for our work. Priority activities are, in summary, those we need

to take to deliver our Organisational Strategy and Business Plan, including the Capital Programme. As such, they are the focus for support.

Services are generally performing well and adding value to other parts of the Council.

Assurance Confidence is based on the extent to which reasonable and practicable steps are being taken to ensure good services and eliminate unacceptable risk.

Figure 1



# Critical Systems



Overall, a high level of positive assurance exists around the Performance and Governance critical activities and systems. Assurance arrangements are generally working well – the current gaps in assurance exist in three developing areas in People Management. Progress on these developing workstreams is monitored through our project management arrangements – this project is on track.

Most assurance comes from managers – supported by some third party assurance.

The Service works well with Internal Audit, highlighting areas for review where independent challenge and insight adds value and complements internal and external reviews. Recommended improvements resulting from Internal Audit work are monitored and tracked through the Audit Committee.

Figure 2

### Assurance Areas Performance and Governance

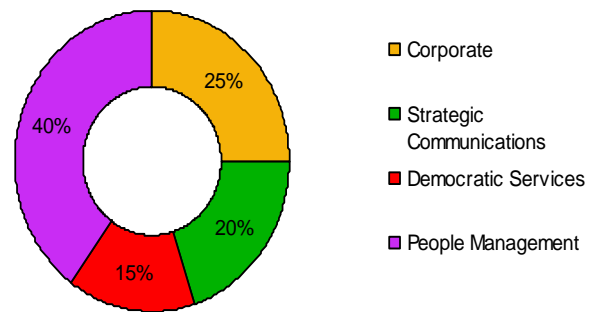
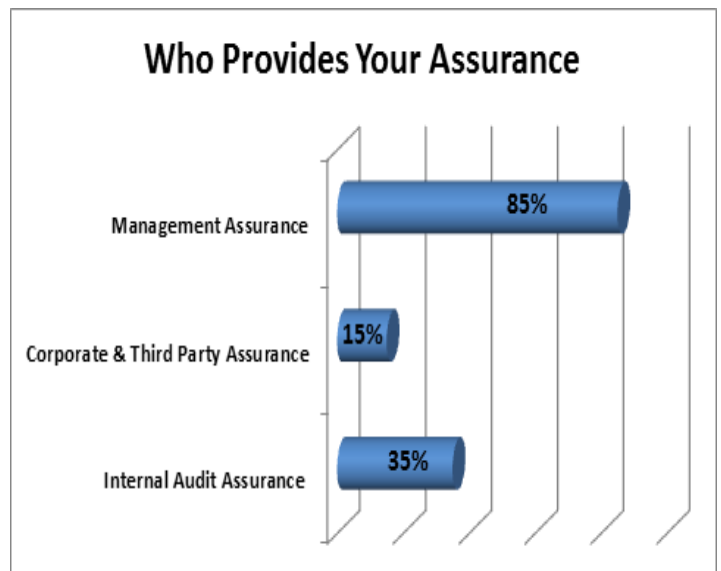


Figure 3



## Strategic Communications

It must be emphasised that a high level of assurance can never mean that we have eliminated all risk from this area. The function is now managed proactively rather than reactively as in many other organisations. Improvements have been made in the way we engage with social networks. Following a review of our web functions, Strategic Communications capacity in those areas is being strengthened.

Figure 4

### Strategic Communications

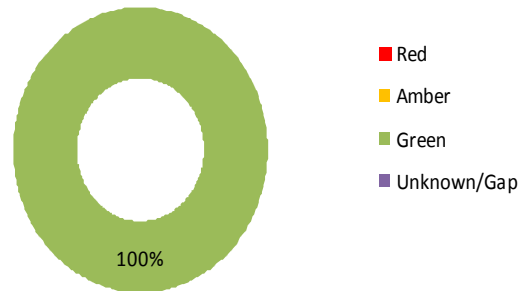
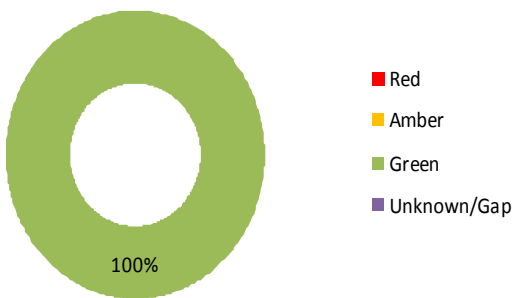


Figure 5

### Democratic Services



## Democratic Services

The core Democratic Services function operates well and will benefit from implementation of a new management system in Q4 2012-13. Formal Scrutiny Reviews have reduced with more working group activity. All important decisions now benefit from pre-decision scrutiny. As well as improving decision making this also benefits council administration through improved certainty around when decisions can be implemented.

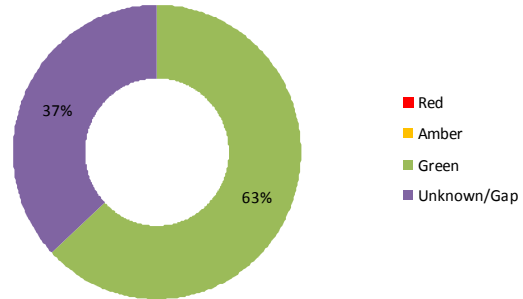
Despite some difficult decisions as we implemented the 'Core Offer' budget and reduced our workforce by 16% in one year, we did not experience the level of legal challenge that impacted on many other councils. Member Support, Learning & Development are accredited regionally. Planning is underway to support Members old and new following the May 2013 election.

Figure 6

## People Management

People Management

During the last year the overall People Strategy has been updated and approved by Executive. The overall People Strategy Programme is assessed as high confidence.



Detailed workstreams under the People Strategy are at different stages:

- ‘Managing Employee Performance & Induction’ and ‘Pay & Reward’ are assessed as high confidence as the workstreams are developed and on track. Cultural change is integrated at this level.
- ‘Leadership & Management Development’, ‘Resourcing & Talent Management (including Equality & Diversity)’ and ‘Employee Engagement & Wellbeing’ are gaps because they are not yet fully developed. For example, Management Board has agreed the Leadership & Management Development approach but procurement is underway and delivery will start later this year. In all cases there will be an assessment next time.

For other operational work:

Operational arrangements with Mouchel have high confidence. Mouchel work was ‘right sized’ in the summer of 2012 and there is effective management of the co-located staff.

Organisational Change and Change Management operate effectively and are focused on agreed council priority activities, working closely with Performance & Programmes. This was a major area for improvement from the last employee survey and much progress has been made.

Much progress has been made in a Review of People Management Processes with all priority processes such as grievances and disciplinaries reviewed and updated in the last year. However, this has been assessed as medium assurance because the reviews have been temporarily paused whilst we review the future of our SAP systems.

There is high confidence around Compromise Agreements. All agreements are subject to business cases, HR and legal input. Regular reports are provided to Audit Committee.

Figure 7

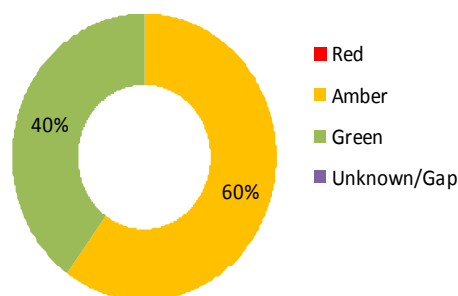
## Corporate

Overall governance is assessed as High Assurance Confidence for the moment. The LGA Peer review last year highlighted our arrangements as good practice. However we are in a very dynamic environment so there is a risk that our governance may not continue to be fit for purpose. Regular amendments are made to the Constitution to keep it up to date e.g. for additional Public Health duties and a desktop review against latest guidance is scheduled for Q4 2012-13.

At a more detailed level:

- Programme management of priority activities is now assessed as high confidence – priority activities to deliver the Organisational Strategy have been formally agreed and are reported monthly to Management Board and quarterly to Scrutiny and Executive.
- Performance Management is medium confidence because we have changed this year to a different model for service plans and this is not yet fully embedded. Performance management of the Council Business Plan continues to be effective.
- The Register of Interests and Gifts & Hospitality are also medium confidence because an audit of these areas when responsibility moved to Performance & Governance only gained limited assurance. Improvements have been made and new policy developed but these are being launched as part of a revised Officer Code of Conduct so are not yet fully effective.

### Corporate







# Strategic Risks

## People Management

The People Strategy has been revised but relevant workstreams are not operating fully yet. The workstreams are monitored through our programme management arrangements – this project is on track.

## Influencing, co-ordinating and supporting other organisations

We have seen significant improvements in working with Clinical Commissioning Groups. The council’s relationship is developing with PCC.

## Good Governance

The previous risk assessment took into account that our governance is good but it now needs review to ensure it remains fit for purpose in a changing environment. We aim to review our arrangements in Q4 2012-13.

## Judicial challenge on transformational change

The direction of travel remains static for this risk – we currently have a high level of confidence in this risk area and are comfortable taking decisions that are likely

## Council’s highest rated Strategic Risks for this area of the business

Requirement to have an agile, skilled and motivated workforce

Influencing, co-ordinating and supporting other organisations

Maintenance of effective governance arrangements

Judicial challenge on the way we implement transformational change and decisions affecting service delivery

to bring scrutiny to the council where potential benefits outweigh the risks.

The extract from the Strategic Risk Register on the following page shows the assurance levels as at September 2012 – confidence has improved since this assessment and the assurance for all risks is now high. The Council’s Strategic Risk Register is to be revisited over the next few months and will reflect this improved confidence.

Strategic Risk Register – Assurance Map as at September 2012

Making the best of all our Resources											
Maintainance of effective governance arrangements	David O'Connor	<b>Hungry</b> <b>(Reputation &amp; Public confidence -</b> Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks. Recognise that highly devolved decisions making will mean that not all risks known - take action when uncertain of results or with uncertain info - willing to accept significant loss for potential higher rewards)				→	A		A	A	Feel we have good governance arrangements in place but the framework needs to be reviewed to ensure that it is fit for purpose for the future.
Requirement to have an agile, skilled or motivated workforce	David O'Connor	<b>Averse</b> <b>(People -</b> Recognise that our staff are a valuable resource that requires investment by us to help sustain their health & wellbeing - low risk options taken to minimise exposure)				→	G	G		G	Initial governance and programme delivery work streams being set up.
Influencing, Co-ordinating and supporting other organisations											
Work with other organisations to deliver our contribution to Lincolnshires VISION	Tony McArdle	<b>Open &amp; aware</b> <b>(Partnerships -</b> Recognise that we work differently with different partners)				→	A			A	View given on the basis of 'developments' needed
Other Risks											
Judicial challenge on the way we implement transformational change and decisions affecting service delivery.	David O'Connor	<b>Hungry</b> <b>(Reputation &amp; Public Confidence -</b> Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks)	<b>Open &amp; aware</b> <b>(Regulatory standing &amp; legal compliance -</b> Even if challenge will be problematic - it's an acceptable risk where we are likely to win and the gain will outweigh the adverse consequences)			→	G			G	The direction of travel is static for this risk.

● = On track



## Key Projects in Performance and Governance

Value for Money Scrutiny Committee			
Programme			
	Nov 2012	Dec 2012	
Becoming a commissioning council	●	●	<p>Overall the programme remains on track to meet key deadlines. Work is progressing in a number of the work-streams:</p> <ul style="list-style-type: none"> <li>• Process – workshops were undertaken in November to produce additional detail on key elements of the commissioning process. Feedback and input from these will inform the next iteration that will be taken to the Operating Group and Management Board for sign off before Christmas.</li> <li>• Resource &amp; Capability – Skills Capture is now complete, emerging themes from the raw data and validation sessions have highlighted areas of strength and areas for development in terms of LCC’s overall capability around commissioning. This will help to inform the learning and development approach with a strategy being developed by 14<sup>th</sup> December.</li> <li>• Tools – Work is underway to pilot a data warehousing solution to enable better intelligence linking and analysis of current data. This will support the early stages of the commissioning cycle where the ability to extract reports based on relevant data is vital for evidence based decision making. An interim report is expected before Christmas which will include early stage indicative costs and timelines for implementation.</li> </ul>

Value for Money Scrutiny Committee			
Programme			
	Nov 2012	Dec 2012	
Becoming a commissioning council	●	●	<ul style="list-style-type: none"> <li>• Data and information – Good progress is being made to resolve data errors and to validate information on FireFly (LCC Contracts Register) against SAP spend</li> <li>• Governance – Work at an early stage and is aligning with the process work. Recommendations will be made around approval points, who inputs where and how, with Operating Group being asked to provide some early input.</li> </ul> <p>Work is also ongoing in refreshing the Communications Plan ensuring all change aspects of the programme are being considered from the start. Extensive communications with Heads of Service and the commissioning community around the skills capture has been well received. Further information will be available on George about the high level developments in the programme and will include a summary report from the skills capture work.</p> <p>Management Board is developing the vision and principles for the future shape of the Council which will inform the overall solution for the programme. This is progressing well with agreement on the focus for commissioning being shaped by clusters of outcomes aligned to major strategies and partnerships.</p>

Value for Money Scrutiny Committee			
Project			
	Nov 12	Dec 12	
Internal Process Review	●	●	On track. Audit of current process reviews completed. The pilot of a mechanism for employees to report issues with internal corporate processes is to be scheduled for early in the new year.
Review Council Complaints	●	●	The report and recommendations were presented to Value for Money Scrutiny Committee on 20 Nov 12 and well received. Paper is due to be presented to Executive on 18 December 2012.
Workstream			
	Nov 12	Dec 12	
People Make it Happen People Strategy	●	●	<p>The Programme remains on plan with all planned deliverables achieved during November apart from:</p> <ul style="list-style-type: none"> <li>• IIP Assessment has been moved to March 2013 on advice from the IIP External Assessor. This will allow sufficient time for all the new policies and culture programme to fully embed. The Council's IIP Accreditation remains in place and is not affected.</li> <li>• Sign off of the Employee Engagement and Wellbeing Strategy has been delayed until December as further work is needed to link the strategy with the UGR work.</li> <li>• A new provider for Agency Workers has been procured however the transition planning which was due to start in November will now begin in early December. This will not affect the go live date for the new service which remains 1<sup>st</sup> April 2013.</li> </ul>

Value for Money Scrutiny Committee			
Workstream			
	Nov 12	Dec 12	
People Make it Happen People Strategy	●	●	<p>At the Programme level, both the Benefit Management Strategy and Quality Management Strategy have been agreed in principle by the Programme Delivery Board. A draft Programme Definition Document is due to be finalised and agreed by the Board in December.</p> <p>Programme benefits have been identified and have been mapped across the work streams. Mechanisms for tracking realisation are being developed using a range of existing data sources and consultation exercises including the second Cultural Stock Take (Oct 2013) and the Staff Survey (April 2013 – this will set the baseline).</p> <p>The Leadership Strategy was agreed by the Corporate Management Board on 21st November. A specific Senior Leadership Programme has gone out to tender with a closing date of 17<sup>th</sup> December. Short listing will take place before Christmas. A Panel, led by the Chief Executive, and including a Director, Assistant Director and Head of Service will select the preferred provider in mid January.</p>
Overview and Scrutiny Management			
Programme			
	Nov 12	Dec 12	
Implement Superfast Broadband	●	●	<p>Invite to tender (ITT) was released on the 29<sup>th</sup> October; due to delays (of approx. 5 weeks) imposed by British Telecom (BT) and Broadband Delivery UK (BDUK); the due date for a response to the ITT is now the 28<sup>th</sup> January 2013.</p>

## *Looking Ahead*

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People Management and IMT are subject to re-tender within the Future Delivery of Support Services Programme (FDSS). This is a critical activity and will demand a lot of resources in the next two years. The Chief Information Officer is now Programme Director for FDSS and arrangements are in hand to backfill some of her capacity to ensure IMT continues to progress.

The 'Becoming a Commissioning Council' Programme will probably become the main vehicle for transformation of council services over the next few years. Existing budgets have been reprioritised to ensure capacity will be available.