

County Offices
Newland
Lincoln
LN1 1YL

16 January 2015

Audit Committee

A meeting of the Audit Committee will be held on **Monday, 26 January 2015 at 10.00am in Committee Room One, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely



Tony McArdle
Chief Executive

Membership of the Audit Committee
(7 Members of the Council + 1 Voting Added Member)

Councillors Mrs S Rawlins (Chairman), Mrs E J Sneath (Vice-Chairman), N I Jackson, Miss F E E Ransome, S M Tweedale, W S Webb and P Wood

Voting Added Member

Mr P D Finch, Independent Added Person

**AUDIT COMMITTEE AGENDA
MONDAY, 26 JANUARY 2015**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Members' Interests	
3	Minutes of the meeting held on 24 November 2014	5 - 14
4	Organisational Learning - Libraries Project <i>(To receive a report which provides the Committee with independent insight on the facts surrounding the decision making process associated with the Libraries Project and identifies suggested areas for improvement)</i>	15 - 50
5	Combined Assurance Status Reports <i>(To receive a report which provides the Audit Committee with an insight on the assurances across all the Council's critical services, key risks and projects)</i>	51 - 168
6	Internal Audit Progress Report to 31 December 2014 <i>(To receive a report which provides an update on progress made against the Audit Plan 2014/15 and provides summaries of all audits completed within the period September to December 2014)</i>	169 - 216
7	Future Working between Overview and Scrutiny and Audit <i>(To receive a report which provides the Committee with the opportunity to consider the role of Overview and Scrutiny at Lincolnshire County Council and how the Audit Committee and the Overview and Scrutiny function might work together in the future)</i>	217 - 222
8	External Audit Progress Report <i>(To receive a report from KPMG, the County Council's External Auditors, which provides the Committee with an update on the 2014/15 Audit deliverables)</i>	223 - 246
9	Work Plan <i>(To receive a report which provides the Committee with information relevant to the core assurance activities currently scheduled for the 2014/15 work plan)</i>	247 - 254

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Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

All papers for council meetings are available on:
www.lincolnshire.gov.uk/committeerecords



AUDIT COMMITTEE 24 NOVEMBER 2014

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

Councillors Mrs E J Sneath (Vice-Chairman), N I Jackson, Miss F E E Ransome, S M Tweedale, W S Webb and P Wood

Also in attendance: Mr P D Finch (Independent Added Person)

Officers in attendance:-

Debbie Barnes (Executive Director of Children's Services), David Forbes (County Finance Officer), Glen Garrod (Director of Adult Care), Judith Hetherington Smith (Chief Information and Commissioning Officer), Tony McArdle (Chief Executive), Liz Morgan (Consultant, Public Health (Health Protection)) Pete Moore (Executive Director of Finance and Public Protection), Stephanie O'Donnell (Audit Manager), Lucy Pledge (Audit and Risk Manager), Nigel West (Democratic Services Manager), Richard Wills (Executive Director for Environment and Economy) and Rachel Wilson (Democratic Services Officer)

26 APOLOGIES FOR ABSENCE

There were no apologies for absence.

27 DECLARATIONS OF MEMBERS' INTEREST

There were no declarations of interest at this point in the meeting.

28 MINUTES OF THE MEETING HELD ON 22 SEPTEMBER 2014

RESOLVED

That the minutes of the Audit Committee held on 22 September 2014 be signed by the Chairman as a correct record.

29 COUNTER FRAUD PROGRESS REPORT TO 31 OCTOBER 2014

Consideration was given to a report which provided the Committee with an update on the Council's fraud investigation activities and information on progress made against the Counter Fraud Work Plan 2014/15.

The Committee was advised good progress against the work plan for 2014/15 had been made and work in a number of key fraud pro-active areas had been completed, in particular around fraud awareness.

It was reported that seven fraud referrals had been received since April 2014. Of these, there were currently three live cases and four which had been concluded. There had been one successful prosecution since the last progress report which was a direct payments case, totalling just under £8,000. The money was repaid in full to the Council by the perpetrator and they were also given a Community Service Order of 200 hours, and ordered to pay costs of £145.

Members were informed that all counter fraud and whistleblowing promotional material had been distributed throughout the Authority, including schools. This would be supported by publications from the Council's Communication Team and repeated throughout the year to ensure maximum coverage. It was also reported that officers had successfully validated and uploaded data from 8 of the Council's systems for the 2014/15 National Fraud Initiative, a significant mandatory data matching exercise which was designed to provide participating bodies with the information to identify and investigate potential fraudulent transactions. It was expected that the data matches for Lincolnshire County Council would be received early in 2015.

A £16m funding pot had been made available to local authorities to enable them to develop their counter fraud arrangements, and Lincolnshire County Council had submitted two bids which it was hoped would be successful, and the results were expected imminently. It was noted that the two bids were for a grant for prosecution handling – to enable the Council to develop its capacity, expertise and governance framework to handle some or all of its fraud prosecution cases, and one for the Lincolnshire Fraud Partnership which recognised DCLG's desire for Local Authorities to work jointly against fraud, by creating a Lincolnshire Fraud Partnership which would comprise counter fraud specialists from the county council and the seven district councils.

Members of the Committee were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report and some of the points raised during discussion included the following;

- Schools which had converted to academies were able to make use of whistleblowing arrangements, and if they wished the authority would carry out fraud checks. Officers would be carrying out some promotional work to make it known what services the authority could offer the academies;
- It was confirmed that when somebody died, all relevant organisations were notified, but there could be a time lag with some of them. However, the systems used in this process had improved greatly, including the interface between the adult care management system and the direct payments system;
- It was commented that a care home had a duty of care and should know to inform the authority when a resident had died and if they were still receiving payments for that resident;
- A joint protocol was being developed with safeguarding teams and social workers to deal with cases of suspected financial abuse;
- It was noted that it was hoped that the NHS would at some point be included in the fraud partnership. If they could be encouraged to join, then this would be a positive step;

- How many hours officers spent preparing and investigating a suspected fraud case before handing it over to the police, was information that was needed to support the business case for the funding for the authority to carry out its own prosecutions.

RESOLVED

That the outcomes of the counter fraud work be noted.

30 WHISTLEBLOWING ANNUAL REPORT

The Committee received a report which provided an overview of the Council's whistleblowing arrangements throughout the year 2013/14. Members were advised that whistleblowing activity was consistent with the previous year and 17 whistleblowing disclosures had been received throughout the year. It was noted that only four of these had been reported anonymously, which was encouraging. Of the 17 disclosures, three required a full investigation and four were closed down with recommendations for management action. Most were closed down with advice provided. It was ensured that all organisational learning resulting from these disclosures was picked up.

Members were advised that the Policy was updated in 2013 to reflect some changes in the law, but it was believed that the whistleblowing arrangements remained effective.

The Committee was provided with the opportunity to ask questions to the officers present in relation to the information contained within the report and some of the points raised during discussion included the following:

- It was suggested that the lower number of anonymous whistleblowing disclosures could indicate an improved confidence in the reporting arrangements, as staff were willing to share their identities. Members considered this to be a positive step;
- It was noted that one of the disclosures covered three different areas;
- The whistleblowing arrangements were a method for use when staff did not feel confident in the established processes;
- Feedback would always be provided to those who had raised an issue, even if there was no further action taken – unless contact details had not been provided;
- It was clarified that 'no further action' meant that no management action was required or no policy changes were required.

RESOLVED

1. That the whistleblowing activity for 2013/14 be noted;
2. That the ongoing work to raise awareness and provide assurance on the effectiveness of the Council's arrangements be noted.

31 REVIEW OF THE COUNCIL'S STANDARDS REGIME

Consideration was given to a report which updated the Committee on work which had been undertaken in relation to the standards regime of the Council.

Members were advised that the Overview and Scrutiny Management Committee had commenced a full review of the Constitution over a year ago, and had established a cross party Constitutional Review Working Group. It was hoped that the work would be concluded shortly and the final parts for approval would be going to Council in December 2014.

Members were advised that initial discussion had determined that there was a need for the Members Code of Conduct to be revised, but it was noted that the current version did achieve the requirements of the Localism Act. However, it had less explanation than the LGA's model code. It was reported that on 1 July 2012 the Standards Regime was changed under the Localism Act as it was felt that the previous legislation was no longer fit for purpose. The national system was abandoned as a result of this and Councils were required to introduce their own local standards code and protocols. This authority opted for a more streamlined code and no Standards Committee.

The Committee was provided with the opportunity to ask questions to the officers present in relation to the information contained within the report and some of the points raised during discussion included the following:

- Advice to members if they had concerns regarding declaring interests was always to over declare rather than to under declare;
- Under the new arrangements, once it had been concluded that there had been a breach of the Code of Conduct, the Audit Committee would need to convene a sub-group which would determine what action was to be taken;
- It was important to note that it was not the role of officers to judge members in relation to breaches of the Code of Conduct, and councillors should be the ones who judge their peers;
- It was noted that all authorities had their own way of dealing with standards issues, some had kept a standards committee whilst others had abolished them;
- It was queried how it would be monitored whether interests were not being declared. Members were advised that officers would not police councillors to ensure they were declaring everything they needed to, as the Code of Conduct required members to be responsible for their own declarations. However, members were periodically reminded that there was a need to update their interest forms if their situations changed;
- It was thought that a system whereby members could update their forms online would be useful, and a more database based approach which could be interrogated more easily was being considered;
- It was also suggested that the forms that members were required to complete could be redesigned as they did not always promote the right response;

- Members commented that they also found it useful that there was someone within Democratic Services that they could go to when they needed to update their interests form;
- It was commented that there was a need for a sensible approach in relation to the declaration of gifts and hospitality by both officers and members, and that only items over a certain amount should be declared. Members were advised that it was recommended that officers declare anything with a value of £25 and above, and it was noted that it should also be recorded if hospitality was refused. However, it was noted that a lot of the gifts were genuine and given to frontline staff;
- It could be guaranteed that the media would look at both Councillors declarations of interest and expenses claims;
- Generally, the Monitoring Officer would be dealing with 3-4 cases of an alleged breach of the Code of Conduct at any one time;
- The existing Members Code of Conduct was constructed on the principles that an elected member should not use public office for their personal gain. It needed to be considered whether member behaviour should be part of the Code of Conduct;
- It was noted that the Monitoring Officer dealt with all reports of breaches of the code of conduct as confidential, and it was uncertain what purpose it would serve if the number of reports received was to be reported this Committee.

RESOLVED

That the content of the report be noted.

32 CHIEF EXECUTIVE AND EXECUTIVE DIRECTORS UPDATE - PANEL DISCUSSION

The Chief Executive and all Executive Directors were invited to attend a Panel discussion around how well the Council's governance and assurance arrangements were working in the times of uncertainty and change, as well as the impact on the assurance arrangements following organisational change, fundamental budget reviews and the potential impact on management and corporate assurance functions.

The Chief Executive was invited to open the discussion and provided an introduction, he reported that it was only in recent years that the authority had had to start making reductions to its budget, but it was believed that this was starting from a good place. However, in some cases change was managed so well that people's perceptions were that nothing had changed.

The headlines of the changes were straight forward – the funding of the authority had reduced by a quarter, and the number of staff had also reduced by a quarter from four years ago. The authority would have considerably less funding available over the coming four years. During this period, paradoxically, productivity had increased and this could be for a number of reasons - the authority was finding more efficient and effective ways of doing things, and people being concerned about job security. The increased efficiency masked the fact that workloads had increased, as there

were more children in care, and the number of adults requiring care had also increased for example. This was something that could be misunderstood and was a risk as there were fewer people doing the same amount of work.

On a positive note, it was reported that Lincolnshire was well ahead in responding to these changes when benchmarking against other authorities.

It was commented that one of the main issues was the County Council becoming a commissioning authority and that there were underlying concerns regarding whether the county council would have sufficient control over the organisations that would be delivering the services on behalf of the authority.

Members were reminded that becoming a commissioning council did not mean that all services would be outsourced, but that in house services would be treated in the same way as contracts. Each service would be examined and it would be determined what outcomes and objectives were required, and what level of budget was available to achieve them. This would determine the most appropriate delivery model.

Discussion took place over the degree of control that should be exercised over services which the authority no longer needed to deliver. Officer acknowledged that different management skills were needed, such as a commercial attitude.

The Committee welcomed Sean Hanson, the Managing Director of Serco, who was in attendance to respond to any concerns the Committee held in relation to the contract between the County Council and Serco.

The relationship with Serco would be very important in the coming years.

It was noted that the Value for Money Scrutiny Committee had looked at the Serco contract in great detail prior to it being signed, and assurance would be needed that the contract would deliver what the authority required.

The Managing Director of Serco responded to comments from the Committee and acknowledged that he understood why there would be questions following the recent article in the national press about Serco. Members were advised that the organisation had seen enormous change in the past three years with a new Chief Executive and Chief Financial Officer, and when new individuals came into an organisation, there was a need to look at the health of that organisation. As a result, there were certain aspects of the business which Serco no longer wanted to be involved in, and there were other areas, such as local authority partnerships which it wanted to focus on more fully.

Members were informed that in comparison to other authorities that Serco had talked to about commissioning, Lincolnshire's level of thinking was mature, which came through in the clauses and the flexibility which had been included in the contract. There was clear transparency about what was to be delivered and also flexibility in the operating model to change it if necessary.

Members commented that they were reassured by the fact that the Senior Management Team had attended the meeting in order to answer any questions they had, as the authority was going to go through some big changes in the coming years. During this time communication would be very important, and the Committee requested that they be kept up to date during these changes.

It would be important that officers quickly pick up on any issues which were highlighted by the press so that they could be included in any briefing to the Council. It was acknowledged that sometimes information may not be shared or communicated widely due to commercial sensitivity, but once public the authority should not be dependent on the media for telling the rest of the story.

Governance would be an important part of this partnership, and officers were keen to ensure that all formal processes were being carried out correctly, but the informal aspects were just as important. Councillors needed to be as well informed as officers and there was a need to test whether the relationship between members and officers was as good as it could be.

In terms of the contract with Serco, it was noted that the County Council had a job to do in being a good client, if the authority was a good client it was more likely to get a better deal. Being considered as a good client means being seen as paying on time, best price with fair profit, and having clear contracts as well as having good relationships with partners. It was commented that due diligence was now a two way process.

In response to a query from the Committee, it was reported that Serco was very happy with the contract that was in place between themselves and Lincolnshire County Council. Both organisations were comfortable and clear about what was needed and what was to be delivered by Serco.

It was also confirmed that Serco would carry out due diligence into issues such as whether they were likely to get paid, would they encounter any disputes etc. when entering into a contract. It was found that LCC had a very mature relationship with its contractors, and it had been a very considered decision by LCC to award the contract to Serco.

The Executive Director for Children's Services provided an update to the Committee regarding assurance arrangements which were in place in Children's Services. Members were advised that the work of Children's Services would be based on four broad commissioning strategies and officers would be working on developing outcomes. The four strategies would be:

- Ready to learn when starting school;
- All Children and Young People learn and achieve;
- All children are safe and healthy;
- Young people are prepared for adult life;

Over the next two years, officers would be going through the commissioning process to make a conscious decision on whether the authority is best placed to continue to deliver these services, or if they would be better provided by an external company. A

new post had been established, the Commissioner for Learning, as the authority's relationship with schools was significantly changing, but there was still a statutory duty to ensure that all children received an education.

As there had been a structural change in the Director of Children's Services duties, an independent person had been commissioned to carry out a review of the governance arrangements in place in Children's Services and the Safeguarding Children Board. The report had been completed and would go before the Children and Young People Scrutiny Committee in due course. It was noted that there were external assurance arrangements in place as well as internal ones, for example, an Ofsted inspection had been recently completed, and the authority participated in peer review activity. In relation to internal assurance arrangements, the directorate made use of Internal Audit services. A lot of the work currently being done was in partnership with CCG's, and it was important to ensure that governance arrangements were robust and so it had been requested that this be added to the list of areas for internal audit to look at further.

It was hoped that an Education Board would be established, and this proposal would again be taken to the relevant Scrutiny Committee for consideration in the future.

Members were advised that the Ofsted report would go into the public domain on 6 January 2015. The Executive Director had been made aware of preliminary points following the inspection, but the draft report would be received on 9 December 2014. The authority would then have five days to respond on points of accuracy before the final document was prepared. This report would also be considered by the Children and Young People Scrutiny Committee.

It was queried how this Committee could be assured that the right mechanisms were in place to ensure that officers picked up problems such as those which had been experienced in Rotherham. Members were advised that the Authority had a strategy and action plan for addressing child sexual exploitation and had commissioned a review concerning historical issues. It was also noted that the report by a Parliamentary Select Committee into the situation in Rotherham had been recently released. It had highlighted that the problems had arisen not just through children's services, but also due to arrangements between officers and members in terms of good governance. Officers would be looking at the recommendations from this report in order to benchmark the authority and the Committee were assured that Democratic Services had also considered the report.

The Director of Adult Care provided the Committee with an update of activities that had taken place within Adult Care in response to the changes. It was reported that previously adult care would have been the largest directorate in the authority, and now it was 1/3 of the size in manpower terms. This meant that the directorate had been able to deliver a balanced budget for the past three years.

However, some serious decisions had to be made regarding which services to provide and how to do that, consequently the authority was dependent on small and medium enterprises (SME's) for providing the necessary services. This changed the approach to control as services for adult care were almost entirely commissioned.

The authority controlled the gateway to meeting the needs of service users. It was found that this was proving to be more efficient and staff were assessing people appropriately against a national template. A Quality Control Unit had been set up who worked closely with Procurement Lincolnshire to help gain assurance on services being delivered.

Members were advised that from 1 April 2015 the safeguarding of adults would become a statutory duty for the first time. It was also noted that the National Audit Office was testing for the preparedness for the introduction of the Care Act in 2015.

In relation to Public Health, it was reported that the Public Health team was not only managing the transformation within the Council towards becoming a commissioning council, but also was also still managing the move of public health services to the county council. A review was undertaken when public health services moved to the county council, and one of the issues which became apparent was the ramifications of the reorganisation of the NHS into clinical commissioning groups. There would be a need to be very careful when commissioning services to ensure that the authority did not end up with a service which was fragmented.

The Executive Director Finance and Public Protection informed members that managers would continue to risk assess all of the Council's activities and areas needed to have more of an appetite for risk. The budget for the next two years would be heavily supported by reserves in order to manage the changes.

It was noted that following the review of the Mouchel contract it was decided to bring some services back in-house including financial management and accountancy. It was hoped that this would provide the authority with more resilience.

It was also noted that it was not just local government that was coping with budget reductions, but also partner organisations, which could limit what could be done around some activities.

The Chairman thanked the Chief Executive, Executive Directors and Sean Hanson from Serco for attending the meeting and answering the questions of the Committee.

33 REVIEW OF DRAFT FINANCIAL PROCEDURE 6 - RISK MANAGEMENT

Consideration was given to a report which presented the revised Financial Procedure 6 for review and comment. It was reported that this procedure formed part of the Financial Regulations and Procedures in the Council's Constitution, and aimed to inform staff and members of the mandatory requirements and provide guidance on good practice in risk management, counter fraud and insurance.

Members were provided with the opportunity to ask questions to the officers present in relation to the information contained within the report and some of the points raised during discussion included the following:

- Training material would be provided in relation to thinking about risk for members and officers;

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- Managers were responsible for ensuring that staff within their teams received all relevant and appropriate training;
- Risk management training had not been made mandatory, in order to make it mandatory a steer from the Executive Director for Resources and Public Protection would be required;
- Most training was dictated by the service needs. Training was also delivered through continuous professional development and on the job training. It was therefore difficult to quantify the amount spent on training by the Council outside of training budgets;
- Risk management had been built into people's overall development, and would be approached differently in different areas.

RESOLVED

That the comments made in relation to the revised Financial Procedure 6 – Risk Management be noted.

34 WORK PLAN

Consideration was given to a report which provided the Committee with information on the core assurance activities currently scheduled for the 2014/15 work plan.

It was noted that information requested at the previous meeting in relation to debtors and domestic violence had been included in the report.

Members were provided with an update on progress against the action plan.

It was confirmed that David Hair, Scrutiny and Member Support Team Leader would be presenting a report at the meeting on 26 January 2015 on Scrutiny and its relationship to the Audit Committee.

It was noted that feedback regarding a recent training session which had been held by CIPFA on Effective Audit Committees had been positive and members commented that it had been useful to meet with colleagues from other authorities. It was also noted that positive feedback had been received from the districts.

RESOLVED

That the Audit Committee's work plan and action plan be noted.

The meeting closed at 12.35 pm

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director for Finance and Public Protection

Report to:	Audit Committee
Date:	26 January 2015
Subject:	Organisational Learning - Libraries Project

Summary:

This report provides the Committee with independent insight on the facts surrounding the decision making process associated with the Libraries Project and identifies suggested areas for improvement.

Recommendation(s):

That the Committee notes the findings of the audit and identifies / recommends any actions or improvements it requires to the Council's governance framework.

Background

This audit was commissioned following the outcome of the Judicial Review around the lawfulness of the Council's decision making process to reduce the Library Services within Lincolnshire. The Court ruled that the Council's decision making process was flawed due to:

- flaws in the consultation process
- not considering a proposal by Greenwich Leisure Limited as an expression of interest under Section 81 of the Localism Act

Our report provides a chronology of events and a comprehensive examination of the decision making process throughout the Libraries Project, leading up to the Executive Decision in December 2013. The Executive Summary provides an overview of the findings in five key areas:

- option appraisal
- consultation
- alternative proposals
- Localism / Open Public Services
- effective scrutiny / decision making

In order to ensure the Council gets the most out of the contents of this review, we have emphasised the context – recognising what is involved in the taking of difficult decisions in challenging times. We have also focused on the organisational learning which we believe will enable and support future good governance. Section 5 of the audit report therefore provides suggested areas for improvement in the key areas detailed above – we recommend these are considered alongside the output from the lessons learned exercises completed by the Libraries Project Team.

Conclusion

The review of the Library Service involved a complex range of political, economic and social objectives – the decision around the future delivery of libraries was sensitive, difficult and multi-faceted – the proposed changes were significant.

There is no doubt that there was substantial analysis and intelligence gathering by Officers and the FSR Board between 2011 and 2013 – Officers and Members worked hard to deliver the project on time. The circumstances generated a different and sometimes conflicting set of external and internal constraints, which in our view, had some influence on the governance arrangements and decision making during that period. These are explored more fully in our Executive Summary.

There are lessons arising out of this project and our report includes some suggested improvements which should help the Council move forward and strengthen its governance framework.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Report: Organisational Learning - Libraries Project

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522-553692 or lucy.pledge@lincolnshire.gov.uk

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Internal Audit Report

Organisational learning – Libraries Project

Date: *January 2015*



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The matters raised in this report are only those which came to our attention during our audit investigation. Our quality assurance processes ensure that our work is conducted in conformance with the UK Public Sector Internal Audit Standards and that the information contained in this report is as accurate as possible – we do not provide absolute assurance that material errors, fraud or loss do not exist.

This report has been prepared solely for the use of Members and Management of Lincolnshire County Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

Auditors	Lucy Pledge Stephanie O'Donnell
Audit and Risk Manager	Lucy Pledge CMIIA

Introduction

- 1.1 A judicial review was lodged against the Council around the lawfulness of the Council's decision making process to cut back Library Services in Lincolnshire. The High Court quashed the decision – the Council wanted to identify any learning which would help strengthen its governance arrangements.
- 1.2 On the 17th July 2014 the outcome of the Libraries Judicial Review was announced. The High Court found no evidence that the Council had not complied with its statutory obligations under Section 7 of the Public Libraries and Museums act 1964 or those imposed by the Equality Act 2010. However, the Court ruled that the Council's decision making process was flawed – this was due to two key factors:
 - the consultation process itself was flawed
 - the Council made a mistake by not considering a proposal from Greenwich Leisure Limited (GLL) as an expression of interest under Section 81 of the Localism Act 2011
- 1.3 The Council decided to address the outcome of the Judicial Review by carrying out further consultation on the library service and to re-examine the GLL proposal. A decision was also made to commission an independent review of the events associated with this project to ensure a full understanding of what went wrong and to learn from that.

Scope and Coverage

- 2.1 We have been asked to provide the Chief Executive and the Audit Committee with some independent insight / review on the facts surrounding the decision making process and any lessons learnt through the following lines of enquiry:
 - timeline of decision and impact analysis supporting decisions – including preparatory work from 1st January 2011 onwards
 - review the circumstances when officers acted on their delegated powers
 - the extent legal and other professional advice was taken, considered and acted upon by both Officers and Members (Executive) throughout the timeline
 - the adequacy of advice provided to the Executive (through both the Council's formal and informal governance routes)

- a review of the consultation process adopted and the adequacy / extent the Council considered alternative proposals – identifying any lessons learnt for future consultations / decision making
- 2.2 We approached this review in two phases. During phase one – *information gathering* – we held discussions with relevant officers and members and examined the following documentation:
- Committee Records
 - Electronic project files (held on IMP), including Fundamental Services Review (FSR) Board papers and minutes
 - Hard copy project files
 - Hard copy Legal files
 - Email advice (Legal)
 - Electronic consultation files
 - Ad-hoc information / emails provided by interviewees
- 2.3 Completion of phase one culminated in the production of a comprehensive chronology of events enabling the Council to gain a full understanding of the facts and decision making timeline.
- 2.4 Phase two of the review involved:
- analysis of the results
 - an outcome report
 - identification of organisational learning
- 2.5 This outcome report will be considered by the Council's Audit Committee who will identify / recommend any improvements to the Council's governance framework.
- 2.6 In analysing the key events of the Libraries Project we have obtained knowledge and information that may not have been possessed by the Council or an individual at the relevant time to inform decision making, advice or actions. It should also be noted that we have looked back on judgements which were made in real time as part of a complex project. We have therefore attempted to assess and maintain the difference between:
- advice, an action or judgement which has been hindered by ignorance of particular information or facts,
 - advice and judgement based on risk assessments by officers at that time
 - advice which should have been given or an action / judgement which should have been taken given the information or known facts
- 2.7 We have approached this review with a strong emphasis on governance – the aim being to ensure the Council continues to run well in times of significant change and challenge. This requires recognition not just of what may have gone wrong but also what is involved in the taking of difficult decisions in

challenging times. It is important to acknowledge this context to ensure our findings have meaning for those members and officers at the centre of these decisions and that the organisational learning enables future good governance.

- 2.8 By way of background and to support an understanding of the key events leading up to the Executive decision in December 2013, we have included relevant extracts from our detailed chronology (Appendix 1). Our observations and overall lessons learnt will feature in the Executive Summary, followed by a section with our suggested areas for improvement. Inevitably there will be lessons for individuals – these matters will be reported separately and referred to management for action, as appropriate.
- 2.9 In order to fulfil the brief, we have focused on process, advice, governance and decision making. We have not, therefore, assessed the merits of the alternative service-wide proposals nor have we revisited the detail (where available) behind the officer evaluation of these submissions. For the same reasons, we have not deemed it necessary to validate the detailed work of the project team in developing the Library Needs Assessment and preferred delivery model.
- 2.10 The Judicial Review concluded that the Council’s consultation was flawed. To establish why this view might have been formed, we have examined the preparatory work, consultation documentation, the process during and after the consultation, the involvement of third parties (Consultation Institute, Sheffield Hallam University and legal advisors) and officer input. We have not validated the way in which the consultation results have been analysed or assessed the conclusions contained in the Consultation Outcome Report. The Judicial Review was critical of the consultation process not the analysis of the results.

Background

- 3.1 In January 2010 two project boards merged (Fundamental Heritage Review and Fundamental Libraries Review) to form the Fundamental Service Review (FSR) Board – the terms of reference were amended at this point. The Board’s remit was to lead on the future direction for Libraries and Heritage, receive and comment on regular reports from the head of service and to manage key strategic risks.
- 3.2 Membership of the FSR Board included both Officers and Members and although not explicit within the Terms of Reference, all attendees understood the FSR Board was not a decision making body – formal decisions were reserved for the Council’s Executive with the scrutiny role fulfilled by the Community and Public Safety Scrutiny Committee¹.
- 3.3 The Libraries decision was complex and multi-faceted. It was controversial both politically and in terms of public response. It involved, in no particular order:
- a needs analysis
 - development of a new model of service
 - a major public consultation
 - a major programme of community engagement
 - the managing of an expression of interest process
 - a staff redundancy consultation
 - a lengthy and comprehensive decision-making report
- 3.4 The changes were significant and included: a £2m reduction in budget, a two thirds reduction in the size of the static library service, the drawing of a distinction between a statutory and non-statutory service and the use of the new power of general competence encouraging community provision as a community development initiative rather than a part of the statutory library service. Much of this was at the cutting edge of library re-provision nationwide. Much of it was successfully established as lawful in the face of the Judicial Review challenge.
- 3.5 Significant service re-design and the processes associated with such change are inherently risky. They involve and demand risk-based judgements to be made by members and officers at regular stages. A Council may be able to minimise the risk of a successful Judicial Review but it cannot eradicate it. The Council should recognise these facts, ensuring it has the right culture that allows its members and officers to make those risk-based judgements. This in turn should support the Council to make these difficult decisions in a timely and efficient manner.

¹ Formerly – Communities Scrutiny Committee

- 3.6 Looking back at the reshaping of library services prior to the Core Offer in 2011 we can see that the potential closure of static libraries was not a new concept. Papers presented to the Fundamental Heritage and Library Review Project in January 2010 show that the Service was working on plans to rationalise the Library network following the outcome of their Fundamental Library Review in 2007. The outcome of the review had to ensure that the Council complied with the statutory requirement to have a "comprehensive and efficient" library service. The Core Offer, approved in February 2011, placed more emphasis on savings than in the earlier Library Review. The savings target was based on reducing the number of static libraries to 13.
- 3.7 A summary of the key events, extracted from our overall chronology, is detailed at Appendix 1 to assist with context, understanding and significance.

Summary of Events

- 3.8 Between March 2011 and July 2013, the Libraries Project Team, with the oversight and strategic direction of the FSR Board, were developing the Library Needs Assessment and preferred delivery model.
- 3.9 During this period the progress made on developing the Library Needs Assessment (not the delivery model) was presented to the Scrutiny Committee on two occasions (December 2011 and June 2012). The Committee noted the progress and provided comments on strategy, such as:
- proud of the way the library service & communities come together
 - need to retain professional library staff
 - rural communities rely on mobile service
 - support for the approach of libraries run in other buildings
 - agreed IT had a role
 - support the principle of volunteers but reservations about replacing staff

The next submission to the Scrutiny Committee was the pre-decision scrutiny meeting in June 2013 on whether to consult on the preferred model.

- 3.10 Informal Executive considered one paper early on in the development of the Library Needs Assessment (October 2011). The steer from this meeting was around:
- timing of the consultation (to be handled carefully)
 - the need to encourage volunteers in libraries
 - the closure of buildings to be avoided by encouraging community run libraries
 - libraries to be a catalyst for the Big Society
 - an alternative option of reducing staffing hours and making up with community volunteers
 - members to engage with communities supporting provision

- 3.11 The Corporate Management Board (CMB), made up of the Council's Executive Directors, received a short working note and presentation on the preferred

library model in October 2012 – this paper included a suggested decision making timetable which was aimed at achieving the Core Offer savings targets.

- 3.12 During 2011 various iterations of the Library Needs Assessment were presented to the FSR Board proposing comprehensive and phased consultation plans based on the future shape of the library services and proposals for change (i.e. the delivery model). These plans were changed following the steer from the Informal Executive in October 2011 regarding consultation timing.
- 3.13 Throughout 2011 and 2012 the project team were supporting a number of community library 'pilots' – this resulted in 6 Council libraries becoming community libraries with partnership or volunteer arrangements. A further two completely new community run libraries opened in 2012.
- 3.14 Legal advice was sought in December 2011, along with a query on how best to engage Legal Services throughout the project. A legal advisor was assigned to the project and the first written advice was provided in January 2012. This covered resources, what constitutes a 'comprehensive and efficient' service, needs assessment, consultation, service design and equality duties. Legal highlighted the key requirements for a defensible decision: substantial strategic work, good quality consultation, detailed needs assessment and an Equality Impact Assessment. Legal Services raised the importance of consultation prior to final decisions – they confirmed that there was no issue consulting on a preferred option but emphasised the need to demonstrate a willingness to revisit that option following the outcome of the consultation.
- 3.15 In March 2012 the FSR Board considered a paper outlining the possible shape of the library service in 2015. The proposal was based on one of the three original delivery models identified in a paper submitted to the Board in March 2011 – *more economic direct delivery* (based on 13 static libraries). The key components of the proposal put forward in March 2012 were:
- Community libraries (35-60 facilities)
 - Enhanced libraries – located in Lincolnshire's 13 economic zones (combination of paid & volunteers delivered by LCC or partnerships)
 - Targeted Provision – 4/5 mobile libraries (for those unwilling or unable to support a static library in their own community)
 - Universal offer

This model also reflects the basis of the Core Offer – reducing the number of static libraries to 13. The FSR Board minutes record the need to keep elected members, including local members, up to date on developments.

- 3.16 In July 2012, the FSR Board supported the approach of commissioning the Lincolnshire Research Observatory (LRO) to independently analyse the libraries data collected up to that point and look at:
- the rationale behind the 13 libraries proposal

- what would be a reasonable catchment area for enhanced (core) provision
- the most appropriate model for a future library service

3.17 In September 2012 the LRO reported back to the FSR Board on the results of their impact assessment on all household and active borrowers (based on the proposed 13 core library network) – there are no recommendations in the LRO report. The FSR Board agreed that the results on the LRO work were a good baseline for justifying 13 core libraries. In the same meeting the Board consider a draft discussion document which concludes:

- the universal services, core and targeted provision meets Lincolnshire's statutory library provision, and
- the non-statutory element (community provision) is also proposed as it is recognised other existing libraries may service other social functions

The FSR Board agreed that the project team were to continue with the current work strands and that there was a need for a decision making process and timetable.

3.18 The Legal section of the draft discussion document included their view on the preferred model – they felt the proposed model was capable of being lawful. Legal recommended further evidence & argument to withstand intense scrutiny i.e. a Judicial Review – they specifically referred to the impact analysis. Legal also stated that there was no reason why the FSR Board should not approve the model as its preferred option (with further work to test the design & evaluate its impact) prior to going to the Executive. Legal advised careful consideration of:

- timing of further work & activity
- timetabling of formal decision
- planning of the consultation requirements (users and staff)

3.19 In October 2012, a draft working note on the Library Needs Assessment, including the preferred model, was presented to the CMB. The paper explained, in summary form, the preferred delivery model and included a proposed decision timetable. CMB agreed to look into re-profiling the budget to ensure an achievable plan and also agreed to seek a political steer on future budget options. A proportion of the library savings was originally intended to be delivered in 2013/14 – the Heritage and Libraries 2013/14 budget was subsequently adjusted and the savings target was deferred.

3.20 The draft Executive decision paper was considered by the FSR Board in December 2012 and it was agreed that the paper did not need to go to the Informal Executive in January 2013. The minutes stated that the Conservative Group would receive a briefing.

3.21 Between March and June 2013 the project team focused on the consultation preparations. The Consultation Institute was appointed in March 2013 and they worked with Library Officers and the Community Engagement Team to

develop the consultation documentation, including the Consultation Mandate. The Mandate was considered and agreed by the FSR Board in June 2013.

- 3.22 On 26 June 2013, the Community and Public Safety Scrutiny Committee considered the Library Needs Assessment document, prior to the Executive Decision on 2 July 2013. This is the first post-election meeting of this Scrutiny Committee and there were a number of new members. There was strong opposition from some members and the Committee raised many concerns about the proposals, including issues around the volunteer commitment and a view that it was not the right consultation to take to the public.
- 3.23 The Scrutiny Committee did not support the recommendation to the Executive – they did not suggest any alternative course of action. The Executive noted the comments of the Scrutiny Committee and approved the consultations with the public.
- 3.24 The Council's consultation process ran from 2 July to 30 September 2013. During the same period, communities were invited to submit expressions of interest to run their local library i.e. those static libraries classified as Tier 3 – defined by the Council as non-statutory library provision.
- 3.25 On 31 July the Council received an alternative service-wide proposal from a member of the public² (Proposal X) – Project Officers engaged with the originator between August and October in an attempt to make the proposal a viable alternative. After extensive analysis, Project Officers concluded the "Proposal X" contained "*significant flaws and disadvantages compared to the revised LCC proposals*" – consequently, it was not recommend as an alternative option to the LCC proposal.
- 3.26 The Council received a large response from communities to run Tier 3 libraries as part of the non-statutory service – 43 in total. These responses were in the form of community expressions of interest – the Council had a defined process to evaluate the submissions and an evaluation panel assessed the expressions of interest during October 2013.
- 3.27 On the last day of the consultation, two further service-wide proposals were received, in the form of expressions of interest. The officer evaluation panel did not consider these two whole service expressions of interest in their assessment on the grounds they were potentially outside the scope of the current consultation.
- 3.28 An officer decision was taken not to pursue these submissions further, following advice from Legal and consultation with Executive Directors and Members. The rationale behind this decision was:
- insufficient detail provided / significant negotiation required to understand the proposal(s)
 - would lead to a procurement exercise

² Referenced throughout the report as "Proposal X"

- would delay the savings process / savings were not guaranteed
- no guarantee that it would provide a comprehensive and efficient service
- would not deliver the community benefits

These were deemed by Legal to be rational reasons for not pursuing the alternatives and they were sufficient to make a lawful decision. This judgement was challenged within the Judicial Review but the Judge did not find this element to be flawed – the issue was not recognising the GLL submission under the Localism Act.

3.29 Legal Services Lincolnshire instructed Counsel towards the end of the consultation period, primarily to advise and input to the Executive Decision Paper but also to:

- highlight any weaknesses in the arguments or procedures
- undertake a conference on 17 October to advise on the contents of the proposed final Executive report

The instructions also pointed out that LCC was keen to avoid any public law challenge, including equality issues and wanted input around other areas of potential challenge. A pack of background papers was provided with the instructions, including a sample community information pack.

3.30 Between October and mid-November 2013 Project Officers considered the consultation results and worked on revising the preferred model and final Executive report – Legal Services and Counsel supported with the latter. Sheffield Hallam University produced the consultation outcome report which was tabled at the Community and Public Safety Scrutiny Committee on 30 October 2013.

3.31 Officers made changes to their preferred delivery model following the results of the consultation, some of which were based on elements of "Proposal X" – this affected the amount and timing of the savings.

3.32 On 22 November 2011, there was an extraordinary meeting of Full Council. At this meeting a motion was proposed relating to the proposal submitted by a member of the public (Proposal X) – Lincolnshire Independents urged the Executive to consider this proposal at their meeting on 3 December 2013. The proposal had been designed to achieve the savings targets whilst retaining all static libraries with a core of professional staff. The motion was carried.

3.33 The Community and Public Safety Scrutiny Committee gave significant consideration to the revised proposals at the pre-decision scrutiny meeting on 2 December 2013. The vote was in favour of the recommendation to the Executive though some members did have reservations and felt the proposal would be open to legal challenge and would not deliver a comprehensive service. Some also felt the consultation was fundamentally flawed and that the high dependency on volunteers would mean a significant loss of staff.

Many Executive members attended the Scrutiny meeting and heard first-hand the scrutiny feedback.

- 3.34 The following day (3 December 2013) the Executive considered and approved the revised LCC model of library provision. In their presentation Officers covered the consultation findings, the revised delivery model and noted the two external service-wide proposals and the reasons for not pursuing them. Given the motion from Full Council, time was spent in the Officer presentation explaining the proposal submitted by a member of the public (Proposal X) and why it was not recommended as a viable alternative.
- 3.35 At the end of January 2014, the Council received a Judicial Review pre-action protocol informing of the challenge to the Council's decision to cut its library provision. There were four grounds to the challenge:
- failure to consult when proposal was at a formative stage
 - breach of Public Sector Equality Duty
 - failing to consider the proposed take-over of all libraries by Greenwich Leisure Limited
 - failure to provide comprehensive and efficient service
- 3.36 Legal Services and Counsel prepared the Council's defence and submitted, what they felt to be, a robust response to the challenge. On 17 July 2014 the Judge quashed the Council's decision on two grounds: 1) the consultation was flawed and 2) the manner in which GLL's proposal was dealt with. The Judge viewed GLL's submission as an expression of interest under Section 81 of the Localism Act 2011 and that GLL (a charitable trust) qualified as a 'relevant body'.

Executive Summary

- 4.1 During our review some people focused on the 'lawfulness' of the decision and the formal decision making process of the Council. Seen from this point of view, the key issue was that the decision was taken in a manner which would withstand legal scrutiny. This report does not question the validity of that viewpoint. On the other hand the Council is expected to act over and above legal requirements to ensure that the Council's business is run well. Further, good governance principles advocate that to maintain public trust and confidence the Council should be open as possible about all its decisions, actions, plans and use of resources. It is important that this context is acknowledged and clearly understood to be able to get the most out of the contents of this report.
- 4.2 The review of the Library Service involved a complex range of political, economic and social objectives. Officers and Members worked hard in their attempt to ensure these were delivered. The reality of the circumstances generated a different (and sometimes conflicting) set of external and internal constraints, which in our view affected the governance arrangements they then followed. These are explored more fully in the following paragraphs.

Option Appraisal

- 4.3 Option appraisal is a key feature of robust local government decision making and something which should be routinely evidenced in the Council's Executive Decision Papers. In the case of the review of Library Services, this did not happen and it was, in our opinion, a missed opportunity. An option appraisal would have helped determine the most appropriate deployment of the Council investment and provide evidence of a rigorous analysis of various options, including their projected risks and impacts. It is recognised that an option appraisal may not necessarily have changed the Council's preferred model; however, this level of analysis can clarify what is required for significant policy decisions and helps promote good governance. The Council's recent Commissioning Guidance makes this clear.
- 4.4 There is no doubt there was substantial analysis and intelligence gathering throughout the development phase of the project, all of which was designed to feed into the Library Needs Assessment and support the Council's preferred model. What the Council was unable to demonstrate (until the later analysis of "Proposal X") was a similar examination of alternative ways of achieving the savings within the library service or different service delivery options. Early intentions to look at, and consult widely on, different options and delivery models were lost with the imperative to achieve the Core Offer savings and the focus on the Council's preferred option.

Consultation

- 4.5 Early in the Libraries Project, the Council's Legal advisors raised the importance of the consultation process, the need to demonstrate an open

mind and a willingness to consider the preferred option in light of the outcome of the consultation. A crucial element of a consultation process is the documentation, in particular the Consultation Mandate and questionnaire. Legal had advised throughout the development stages of the project and were heavily involved in the Executive Decision Report – the lack of legal input into the consultation documentation (including the community expression of interest pack) was, in our opinion, a significant omission.

4.6 The decision not to engage Legal in the drafting of the consultation documentation was due to the involvement of the Consultation Institute as they were considered to be the experts in this field. Both Officers and Legal Services felt this to be a reasonable approach. However, we believe a review by Legal Services would have:

- a) identified the flawed wording in the Consultation Mandate relied on by the Judge (see paras 4.11 and 4.29)
- b) led to different wording on the expression of interest forms and guidance

This in turn may have enabled these issues to have been evaluated and risk assessed by Officers.

4.7 In the early stages of the project there were consultation plans on options and delivery models with various different consultation phases. In July 2011 a paper was taken to the FSR Board with a proposal for a 'Big Library Conversation'. This phased approach proposed to explore future library service priorities with focus groups in 2011, invite public comments on initial thoughts in early 2012 and work up viable delivery options with communities, members and parish councils towards the end of 2012. We understand, from a number of FSR Board papers, that there was no appetite for another widespread public consultation on what Lincolnshire's Library Service should be – consequently these consultation plans were not implemented.

4.8 In September and October 2011, Officers requested a political steer around the timing of the consultations. Minutes show that concerns were raised by members around the timing of this and it was subsequently suggested that this should be handled carefully. Whilst it is acknowledged that this is a perfectly reasonable steer to be given, the agreed timescales affected the focus of the consultation, the consultation process itself and increased the risk of not achieving the savings targets – in effect, it compressed the consultation evaluation period and subsequent formal decision making timescales.

4.9 The compressed timeframe (July to December 2013) placed significant pressures on all officers, advisors and organisations involved in the libraries consultation and subsequent reporting. In certain circumstances, it also affected the quality and robustness of analysis, advice and officer decision making. We do note, however, that there was no request for an extension to the original decision timetable – the focus was on delivery of the project milestones.

- 4.10 Officers placed reliance on the input and expertise of the Consultation Institute as they were involved in the drafting of the mandate and consultation questionnaire. The Community Information Pack, along with all other consultation documents, was sent to the Institute as part of their review. On 14 August 2013, the Institute issued a letter confirming the Scoping and Project Plan sign off – this stage included documentation review.
- 4.11 In our opinion, the consultation documents contained errors:
- Consultation Mandate (reference to decisions and agreements when in fact no formal decisions had been made)
 - Expression of interest (EOI) form (which included a declaration acknowledging that if the EOI is accepted, it would be subject to a procurement exercise)
 - Accompanying guidance headed up "Community Right to Challenge – Expression of Interest – Guidance Notes" (the process was not a community right to challenge)

We note that Council officers and the FSR Board missed these issues.

- 4.12 The rationale for running the processes in parallel was twofold: to ensure the community library idea was feasible and to enable swift implementation if the preferred model was approved. Legal Services were concerned that the Executive could not properly decide to approve a non-statutory community based service without evidence that communities were interested in running such services. We believe the effect of running the expression of interest process at the same time was to increase public perception that it was a 'done deal'. We note that the Council's preferred model was amended as a result of the consultation.
- 4.13 As a matter of wider governance, it may have been better had the consultation on the preferred model taken place prior to the community expression of interest process. Although this was never the intention, running the two processes in the same 90 day period gave GLL the process and opportunity to submit an offer for the entire library service. This exposed the Council to the section 81 challenge under the Localism Act – something no-one within the Council spotted and was not identified as such by GLL.

Alternative Proposals

- 4.14 Our findings show that the consultation process was not designed to invite alternative service-wide proposals to the Council's preferred model. Nevertheless, an alternative view of what the Library Service might be was submitted by a member of the public. Project Officers were not expecting to receive expressions of interest for the entire library service and so there was no controlled process or pre-set criteria for evaluating them.
- 4.15 Without a defined process to evaluate service-wide proposals it was difficult for officers to demonstrate a fair, controlled and robust appraisal of the submissions. This exposed the Council at the Judicial Review (particularly

around the GLL expression of interest) and caused misunderstandings and expectations around the handling and status of the proposal submitted by the member of the public (Proposal X).

- 4.16 Our review identified extensive officer time exploring the viability of "Proposal X", we did not find the same level of due diligence around the evaluation of the two expressions of interest. Time constraints, together with the drive to achieve the required budget (savings), the strong political steer and legal advice, all influenced the officer response and actions.
- 4.17 The most significant missed opportunity was not exploring the two service-wide expressions of interest. Putting back the decision making would not only have enabled more time for analysis and reporting of the consultation results but would have also permitted appropriate examination of the alternative proposals and more time for advisors (including Legal) to support the decision making process.
- 4.18 Our review identified conflicting accounts of what may have been said in the member briefing around one of the reasons for not pursuing the proposal from the charitable trust (Greenwich Leisure Ltd). The differing recollections related to whether this particular proposal included the mobile library provision.
- 4.19 GLL's proposal and the officer evaluation paper shows there was provision for mobile libraries (albeit reduced) and this reconciled with the Executive Decision Paper. However we note that councillors (when being asked for a view on the alternative proposal) believed, from the officer briefing, that GLL's proposal removed the mobile libraries. These conflicting accounts around the service-wide expressions of interest, show the briefing may have caused member misunderstanding which could also have potentially influenced their steer at that time. How this misunderstanding arose is not within the remit of this review; however this matter has been referred to the Chief Executive for consideration.

Localism / Open Public Services

- 4.20 Although in 2011 there was some early recognition of the potential implications of the Localism Act and Open Public Services, this became lost in the development of the Library Needs Assessment and preferred model. The Council applied the Localism ethos at the lowest level – community volunteers – as this fulfilled the political vision for community involvement and the pursuit of the 'Big Society'. An option appraisal process would have been more likely to stimulate a wider consideration of the Localism issues but this did not happen. After defining the statutory and non-statutory elements of the library service the Council was not as open as it might have been to the potential for a county-wide proposal to emerge.
- 4.21 The Council's idea of Localism in the context of the Library Service was to support local communities to run the non-statutory element of the service – i.e. their own library (those static libraries classified as Tier 3). This, together

with the need to make savings, was one of the issues driving the Executive's strategy – they saw this approach as a catalyst for the 'Big Society' and a way of maintaining library services beyond the statutory provision.

- 4.22 As the focus was on individual community (non-statutory) libraries, the Council was not expecting an offer for the entire library service through the consultation and no-one (including the legal advisors) recognised the service-wide offer as being potentially valid under the Localism Act.
- 4.23 Both Legal Services and Counsel had copies of the Community Information Pack. Given the time constraints, all legal focus was on the Executive Decision Report – their remit was to ensure a defensible decision and in that regard they did (in the most part) succeed; the Council's decision was not deemed unlawful but there were process issues leading up to that decision.
- 4.24 It is a fact that these two service-wide proposals were submitted via a process designed only for the non-statutory element of the library service. This was an unusual set of circumstances, outside of the defined process. Legal Services did not have sight of the two external proposals. It was not practical (or affordable) for Legal Services to validate all inputs to the decision report. However, we would have expected more comprehensive legal advice on the implications of the two external bodies submitting their proposals in this way.
- 4.25 Although the Community Information Pack and service-wide expressions of interest were not reviewed by Legal Services or Counsel prior to the Executive Decision, they were considered in preparation for the Judicial Review. Given that one of the grounds of the claim specifically covered the Council's failure to consider the Greenwich Leisure proposal in the context of the Localism Act, we would have expected this to feature higher in their risk assessment.
- 4.26 Legal Services felt that it was not well founded as a challenge to the Council's decision about the shape of its library service. Had the GLL proposal been identified at the time as a Localism Act challenge the Council would have dealt with it as it has since the Judicial Review. The challenge would be considered and either rejected or accepted, which (if the latter) would give rise to a procurement process. It would not however necessarily lead to a different model of service being adopted by the Council.

Effective Scrutiny / Decision Making

- 4.27 A phased approach would have been good practice for such a significant change as that proposed by the Library Service – an options appraisal around what a comprehensive and efficient library service might look like, followed by an option appraisal on how the service should be delivered. The deferred decision making timetable, which was a consequence of the political drivers and the financial timescales, resulted in the 'what' and the 'how' around the library services being formally considered at the same time. We believe a phased approach and consultation (as originally planned by officers via the

'Big Library Conversation')³ may have improved scrutiny, decision making and the overall outcome.

- 4.28 We identified some confusion around the Council's decision making – this is illustrated in the wording of the consultation documentation. The Consultation Mandate included “not in scope for consultation – matters already agreed by the library service” and numerous references to “...it has been decided that...”
- 4.29 In reality, the Council had not taken any decision on the future of the library service but was instead seeking views regarding the redesign of the library service, specifically the preferred model. The Mandate did not reflect this and instead informed the public that decisions had already been made around a significant part of the library service – consultation comments show that many felt it was a ‘fait accompli’. We believe legal input at this stage would have identified these anomalies.
- 4.30 The drafting of the Consultation Mandate was a joint exercise involving the Consultation Institute, Community Engagement Team and library officers. However, we also note from minutes and agenda papers, that the FSR Board considered and agreed the wording of the Mandate in June 2013.
- 4.31 Our review identified a potential point around officer understanding of the Council's informal and formal decision making process – this is illustrated in the above example and in other matters throughout the project some of which were identified and resolved by Legal Services.
- 4.32 We found the papers presented to both pre-decision Scrutiny and the Executive extremely lengthy, for example:
- Sheffield Hallam University’s consultation outcome report, 205 pages (tabled – 15 minutes prior to the meeting)
 - Library Needs Assessment (July 2013), 44 pages plus 7 appendices
 - Libraries Decision Report (December 2013), 84 pages plus 11 appendices
- 4.33 Members generally have five working days to reflect on the papers in advance of these meetings – in our opinion Councillors would benefit from more time to consider the bigger issues. We acknowledge that it is important to demonstrate that appropriate due diligence has taken place in any new proposal but we believe that the focus and key messages can sometimes get lost in such lengthy reports.
- 4.34 We found little effective scrutiny contribution to the Library Needs Assessment, preferred delivery model and Executive decision making. Earlier scrutiny meetings had acted more as a sounding board for library service concepts. Scrutiny over the option appraisal would have:
- increased the level of transparency and openness

³ Big Library Conversation – conversation plan developed July 2011 proposing a phased approach

- provided an understanding behind the rationale for the preferred model
- resulted in a smoother and more effective pre-decision scrutiny

4.35 We believe it would have been better had the Scrutiny Committee been engaged at an earlier stage to fully understand the legalities, business and service delivery issues associated with the library review. It would have also allowed officers to respond to scrutiny feedback within their proposal and carry out more work, if considered necessary.

Suggested Areas for Improvement

The Libraries Project Team completed lessons learned exercises in May and June 2014 which we advise should be considered alongside the suggested areas listed below to maximise organisational learning around project management, governance and decision making.

Option Appraisal

- 5.1 Decision makers should be presented with alternatives to any preferred model or intuitive solution and encourage options to be developed. All decision makers, particularly when considering significant and potentially contentious service restructure / redesign matters, should be satisfied that possible alternatives have been fully assessed. This would ensure that the Council:
- fulfils its due diligence responsibilities
 - has substantial evidence in support of its proposals
 - has a robust response to opposers and / or alternative suggestions
 - has increased confidence and informed decision making on key issues
- 5.2 The Council has invested significant resource into developing its commissioning capability. This includes commissioning toolkits which provides sound process and practice guidance for all stages of service redevelopment – the Management Board should ensure that these tools are used.

Project Resources

- 5.3 The Authority should ensure that sufficient project resources are available for robust option appraisal on its corporate priority activities / key projects. Early assessments around project resourcing should ensure that the right people with the right skills, knowledge and experience are assigned to the project from the outset. Ideally, service areas should develop project management skills from amongst their subject specialists. However, if such people are not available, then project management specialists, who can support the service area, should be appointed. Other subject matter specialists such as lawyers may also be required in a project team from the outset.

Project Plans

- 5.4 Project plans should allow sufficient time to introduce at least one additional pre-decision report into the Scrutiny process to enable earlier engagement and improved contribution to strategy, policy and decision making.

Consultation

- 5.5 Any constraints on the timing of public consultations should trigger a risk assessment and appropriate actions to mitigate the potential impact on decision making.
- 5.6 Consideration should be given to the Council's in-house capacity to support public consultations and whether it is desirable or necessary for the Community Engagement Team to co-ordinate, analyse and report on consultation exercises in addition to delivering their advisory role.
- 5.7 All projects requiring public and/or staff consultations should communicate provisional dates to the Community Engagement Team at the earliest opportunity – this would allow for suitable planning and resourcing.
- 5.8 At the start of any key project, officers should liaise with Legal Services to determine whether legal advice is required on proposed consultation documentation, in particular the consultation mandate – the extent and need for legal input may depend upon the nature and sensitivity of the consultation subject. The timing of the legal input should then form part of the project plan.
- 5.9 The Council should specify a minimum standard or guidance for consultation evaluation and the process should allow for extensions in particularly complex and contentious matters. All project leads should ensure they specify the format of the consultation outcome report to ensure it meets the needs of officers and decision makers.
- 5.10 Legal advice should be sought on the implications of unexpected issues or events arising from consultation exercises.
- 5.11 Where appropriate, consultations should provide the opportunity for consultees to suggest alternative proposals to the option(s) favoured by the Council. Project officers should devise a suitable process and evaluation criteria (prior to the consultation) upon which to assess any submissions – the criteria should, as a minimum, include: cost, quality, risk and strategic fit.
- 5.12 Project officers, if required to evaluate alternative suggestions submitted during consultation exercises, should retain suitable evidence to demonstrate compliance with the pre-defined evaluation criteria.
- 5.13 We advise a review of the Council's equality impact assessment forms to ensure it is fit for purpose and includes, for example, appropriate emphasis on people with protected characteristics.

Localism

- 5.14 We advise that all proposals to reconfigure services are considered in the context of the Localism Act and Open Public Services. Legal Services

should assist / review that assessment, seeking specialist advice where necessary.

Governance and Decision Making

- 5.15 All project boards should map a decision making route / plan at the outset, identifying key decisions, decision makers, timing and reporting requirements. Advice should be sought, where necessary, on those decisions requiring legal input and these should form part of the plan. Legal instructions should routinely include a risk assessment around wider public law issues associated with any new proposal / service re-design.
- 5.16 The Corporate Management Board should consider how they can effectively equip and support senior managers in understanding their responsibility and application of the Council's informal and formal decision making processes.
- 5.17 All complex projects should allow, as far as possible, a phased approach – focusing on consultation, strategy, option appraisal, scrutiny and decision (not necessarily in that order).
- 5.18 Where project timescales and key activities are affected by matters beyond the control of project teams, councillors and officers should jointly risk assess the impact and agree mitigating actions to avoid adverse effects on project activities and decision making. All project risk assessments should clearly think through the projected risks throughout the project lifecycle.
- 5.19 We advise a review of committee reporting with a view to producing guidance or a Council standard on content, length and clarity of recommendations. To maintain a focus on key messages, committee reports and decision papers could be enhanced by managing the length – certain items such as needs assessment, equality impact assessments and detailed consultation analysis could feature as appendices (supporting material) with summaries in the main committee report. The review should also assess the quality of the policy impact assessments of these reports.
- 5.20 Key briefings with members should be clear and concise – members should also be presented with the briefing papers to avoid potential misunderstandings.

Date	Person / Committee	Event Description
25.03.11	FSR Board	<p>Draft Library Remodelling Strategy (renamed Library Needs Assessment (LNA)) presented – LNA identifies 3 core delivery models (recognises there are others):</p> <ul style="list-style-type: none"> • More economic direct delivery (13 static libraries, mobile service, ‘back of house’ library, volunteers) • Commissioning model – as per economic direct delivery model but everything beyond 13 static libraries commissioned through e.g. private sector, District Council, Parish Council or Third Sector • Non-profit Distributing Organisation (NPDO) – a trust that would have charitable status, benefiting from tax breaks etc. <p>Indicative timescales show consultation on options to take place (as part of LNA) between April 2011 and September 2012, Strategy revised in October (following consultation) and delivery of strategy November 2012 to March 2014.</p>
18.10.11	Informal Exec / CMB (Paper)	<p>Paper on Library Needs Assessment (LNA) seeking Member's views on:</p> <ul style="list-style-type: none"> • scope of review & factors to consider when assessing future options • current library priorities for the future & political process to develop future options • timescale & process for the consultation re. potential changes to local arrangements <p>Context: budget reduction of £2.158m, the Localism Bill & the Open Public Service White Paper. Paper highlights scope to work with communities to design & develop services and work in innovative ways with new partners to commission the delivery of the services.</p> <p>Paper notes previous judicial challenges to proposed library changes elsewhere – includes insufficient consultation / ignoring results. 4 factors in future delivery models: sustainability, affordability, fulfilling needs, access. Key issues noted: LNA needs clarity re. context & purpose with consultation on detailed proposals. Important for 2 stage consultation: 1) role & changing nature of library service 2) proposals for change.</p>

Date	Person / Committee	Event Description
18.10.11	Informal Exec / CMB (Minutes)	Minutes re. LNA paper: <ul style="list-style-type: none"> • timing handled carefully • officers should encourage volunteers in libraries • library service not just about library buildings • closure of buildings to be avoided – encourage communities to run local libraries • library catalyst for Big Society • alternative option – reduce staffing hours, make up with community volunteers • members to engage in working with communities supporting provision
14.12.11	Communities Scrutiny Committee (Paper)	Paper asks Committee views on: <ul style="list-style-type: none"> • Aim of the review to "develop an affordable library service to meet Lincolnshire's needs" • Current activities shaping the review & development of future provision & delivery models The paper covers: context (savings target & context), statutory requirements, what a library service provides & the benefits, changing context (Localism etc), work to date (including 3 pilot community LNAs & a review of opening hours in static libraries) and key issues to consider in the wider LNA (including need to consider services delivered via a variety of service providers, community organisations & groups and volunteers)
14.12.11	Communities Scrutiny Committee (Minutes)	Various Scrutiny comments including: use of libraries for other purposes, 25k new library users per year, LCC proud of way library service & communities come together, need to retain professional library staff, rural communities rely on mobile service
22.12.11	Project Lead	'Legal Input Request' on the Library Needs Assessment – paper covers background & legal questions.
30.01.12	Legal Services Lincolnshire	Advice covers: resources, what constitutes a 'comprehensive & efficient' service, data for needs assessment, consultation, service design, equality duties and interim activities. Re. consultation – no conflict between keeping an open mind and consulting on a preferred option. The importance of

Date	Person / Committee	Event Description
		<p>consultation prior to final decisions was raised – emphasis on the need to demonstrate a willingness to revisit the preferred option following the outcome of the consultation.</p> <p>For a defensible position the Council needs – substantial strategic work, good quality consultation, detailed needs assessment and EIA.</p>
23.02.12	FRS Board paper	<p>Key activity milestones listed for 2012/13 listed, including:</p> <ul style="list-style-type: none"> • Needs analysis • Testing community options • Options analysis & Outline Business Case for future Lincolnshire libraries • Encourage communities to take on community library facilities <p>2013/14 list includes:</p> <ul style="list-style-type: none"> • Detailed Business Case & implementation plan for future delivery models • Consultation • Implementation of revised service model & management reductions
22.03.12	FRS Board paper	<p>The paper outlines possible shape of library service in 2015 – LCC to shift from being a provider to an enabler. Key components listed as:</p> <ul style="list-style-type: none"> • Community libraries (35-60 facilities) • Enhanced libraries – located in Lincolnshire’s 13 economic zones (combination of paid & volunteers delivered by LCC or partnerships) • Targeted Provision – 4/5 mobile libraries (for those unwilling or unable to support a static library in their own community) • Universal offer
13.06.12	Communities Scrutiny Committee	<p>Members views were sought on:</p> <ul style="list-style-type: none"> • Establishment of libraries in other buildings

Date	Person / Committee	Event Description
	Paper	<ul style="list-style-type: none"> • Potential for IT to contribute to delivery of the library service • Merits of using volunteers in service delivery <p>The report notes the review of library services & how they could be delivered will be considered within the context of a community’s right to run local authority services (Localism) and the Open Services White Paper which commits the government to a programme of modernisation of public services which can, among other principles, mean the opening up of services to a range of providers.</p> <p>The paper recognises the new legislation enables the Council to work in innovative ways and with new partners to commission the delivery of those services.</p> <p>Members supported the approach of libraries run in other buildings and the principle of volunteers but held reservations about replacing staff. They agreed IT had a role.</p>
20.07.12	FSR board Draft Discussion Paper – response to research & next steps	<p>Partially completed impact assessment – looking at impact of reducing number of static libraries from 47 to 13. Confirms the drivers are:</p> <ul style="list-style-type: none"> • Political – reshaping library services to meet future needs that are sustainable & affordable • Economic – savings of £2.1m by 2015 (budget reductions phases) <p>Proposal covers the impact of operating 13 enhanced libraries directly & supporting the remaining libraries to operate under other organisations or community groups.</p> <p>FSR Board supports the approach especially the involvement of the LRO to look at rationale behind 13 libraries, what is a reasonable catchment area for enhanced (core) provision and the most appropriate model for future provision.</p>
17.09.12	FSR board Draft Discussion Paper –	<p>The paper concludes the universal services, core & targeted provision meets Lincolnshire statutory provision under S7 (subject to further testing of rationale & equality duties).</p> <p>The non-statutory provision is also proposed as it is recognised the other existing libraries may</p>

Date	Person / Committee	Event Description
	response to research & next steps	<p>service other social functions – a community provision.</p> <p>The Legal section – no reason found why the proposed model should not be capable of being lawful. Recommends further evidence & argument which will withstand intense scrutiny i.e. a JR – impact analysis. Legal state no reason why FSR Board should not approve the model as its preferred option (with further work to test the design & evaluate its impact) prior to going to the Executive. Advises careful consideration of:</p> <ul style="list-style-type: none"> • Timing of further work & activity • Timetabling of formal decision • Planning of the consultation requirements (users and staff) <p>The Board agree to continue with the current work strands and clarify the decision making process & need for an Executive decision – a steer to be sought re. 3 possible decision timetables.</p>
10.10.12	CMB	<p>Draft working note on LNA. This paper explains (in summary form) the proposed preferred model: core libraries (13 economic zones), universal provision, targeted provision (e.g. mobile libraries etc) and community libraries (possibly 35 run by volunteers, third parties or face closure). It includes a proposed timetable, including Informal Exec, Communities Scrutiny (June 2013), Executive (July 2013), consultation July to September, Executive final decision (October), Implementation start November and finish (March 2014).</p> <p>CMB agree to look into re-profiling the budget to ensure an achievable plan. Political steer to be sought on future budget options for the Libraries Service.</p>
07.12.12	FSR Board working note on LNA for CMB / Informal Executive	<p>The working note covers opportunities (previously identified) and lists the core libraries & travel times, notes targeted provision & community libraries – the draft Executive Decision Paper is one of 11 appendices (including the impact assessment).</p> <p>Board agree paper does not need to go to CMB or Informal Exec on 15.01.13. Cllr to discuss LNA with the conservative group.</p>

Date	Person / Committee	Event Description
18.03.13	FSR Board – consultation draft	<p>LNA Consultation Draft is designed for the Board to:</p> <ul style="list-style-type: none"> • agree "opening offer" • consider & approve consultation process <p>Proposal identifies 10 x Tier 1 core libraries & 5 Tier 2 libraries (based on next most populous areas not causing overlap with Tier 1 libraries – Board is to decide on which site to retain as Tier 2 as there is an either/or for 2 of the 5 locations. Tier 3 provision is either a Super Mobile service or community operated static libraries. Tier 4 is access mobile for 1 hour per month & web access.</p> <p>A timetable is noted, including FSR Board to agree "opening offer", work to get consultation packs produced, Communities Overview & Scrutiny consideration (26.6.13), Exec authorisation for consultation, 90 day consultation period analysis & production of Exec Report October 2013 & final decision (November 2013).</p> <p>Propose LCC goes through Compliance Assessment Scheme offered by Consultation Institute – the independent assessor will sign off each stage of consultation – other counties using this method have not had their consultation successfully challenged. Board approve the use of the Consultation Institute.</p>
25.03.13	Consultation Institute	LCC appoints the Consultation Institute to provide an independent view of the Council's consultation process.
12.06.13	FSR Board – consultation mandate	Draft mandate considered and agreed by Board – states CI insists that consultations are clear about matters which are open to stakeholder influence. 16 May & 3 June – CI met with community engagement team about what should/should not be in scope.
26.06.13	Community and Public Safety Scrutiny	<p>Report invites the Scrutiny Committee to consider the Library Needs Assessment which is due to be considered by the Executive at its meeting on 2 July 2013.</p> <p>The Scrutiny Committee raised numerous concerns about the proposals – there is strong</p>

Date	Person / Committee	Event Description
	Committee	opposition by some members – the list of concerns includes (among numerous other things): <ul style="list-style-type: none"> • a number of large population areas not covered (e.g. Branston) • uncertainty the plans would generate the savings • belief the proposal was open to challenge under the Equalities Act • reassurance sought the consultation would be genuine & that people would be listened to • concern re. volunteer commitment • some felt it was not the right consultation to take to the public Scrutiny Committee do not support the recommendation to the Executive (vote not recorded)
02.07.13	Executive	The report was presented to Members with detailed information in relation to the proposed changes. Executive approve the consultations: <ul style="list-style-type: none"> • with the public on a new model of statutory library provision • with the public on proposals to offer a range of community library provision or support for community library provision
07.07.13	Consultation	Consultation begins.
30.07.13	Member of the Public	Submission of a service wide alternative " <i>Proposal X</i> " – Library Service engages with the originator from August to November 2013 in an attempt to make the proposal work. Alternative considered but not recommended as an alternative option.
14.08.13	Consultation Institute	Consultation Scoping and Project Plan Sign Off.
27.09.13	Legal	Instructions to Counsel to advise on Executive decision paper, highlight weaknesses and issues of a procedural nature. LCC keen to avoid any public law challenge and are keen for input around other areas of potential challenge.
30.09.13	Consultation	End of consultation. Receipt of two further service wide proposals – Bibliotheca and Greenwich Leisure Limited.

Date	Person / Committee	Event Description
14.10.13	Consultation Institute	Consultation Mid-term and Closing Date Review Sign Off.
14.10.13	Libraries Update Meeting (Notes)	<p>Alternative proposal from member of public – not to consult unless advised by QC (meeting planned 17.10.13)</p> <p>Bibliotheca & GLL Expressions of Interest – noted but would need to be procured which would delay savings process – so not keen to pursue.</p> <p>Logic of current model stays.</p>
28.10.13	Libraries Update Meeting (Notes)	<p>"Proposal X" (submitted by member of the public) – not to be taken forward</p> <p>Tier 3 Expressions of Interest – additional information requested after initial scoring & current timescale was supported with a further deadline of 31.1.14 with all to submit a Business Plan by 31.3.14.</p>
30.11.13	Community & Public Safety Scrutiny Committee	Libraries consultation – Committee received a report and presentation from Sheffield Hallam University on the findings of the consultation process for the proposals for changes to library provision in Lincolnshire.
14.11.13	Libraries Update Meeting (Notes)	Focus on the recommendation not to consider the GLL proposal.
22.11.13	Full Council	Extraordinary meeting of the County Council to receive a presentation of library proposals in the light of public consultation, followed by a debate. Former Assistant Director Economy & Culture and County Libraries & Heritage Manager delivered their presentation – a motion was proposed by a Councillor relating to "Proposal X" (submitted by a member of the public): Motion was carried.

Date	Person / Committee	Event Description
02.12.13	Community and Public Safety Scrutiny Committee	<p>Committee considers a report on Library Needs Assessment which is to be considered by the Executive on 3 December 2013. The views of the Scrutiny Committee are reported to the Executive.</p> <p>Significant consideration given to proposals – comprehensive minutes...many issues noted including:</p> <ul style="list-style-type: none"> • Aspects of "Proposal X" reflected in LCC's proposal • All 3 external 'service wide' proposals given 'due consideration' though staff time not logged re. consideration of other proposals • Some felt proposal open to legal challenge • Some believed consultation was fundamentally flawed • High dependency on volunteers / significant loss of staff <p>Committee supported the recommendations (vote 6 to 5 in favour) to the Executive as set out in the report.</p>
03.12.13	Executive	<p>Approval given to:</p> <p>(1) the proposed model of library provision in Lincolnshire</p> <p>(2) the delivery of support for communities of 550 households or more not served by a Tier 1 and 2 library (as defined in section 6 of the Report)</p>
30.01.14	Consultation Institute	<p>Final Consultation Report not signed off by Consultation Institute but Council is awarded with Certificate of Good Practice.</p>
31.01.14	Public Interest Lawyers Ltd	<p>Judicial Review pre-action protocol informing LCC of a challenge to the decision dated 3.12.13 to implement a programme of cuts to its library provision.</p>
17.07.14	Mr Justice Collins	<p>The Judge quashes decision of LCC on the shortcomings identified in the consultation and the manner in which the proposals from GLL were dealt with.</p>

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Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director for Finance and Public Protection

Report to:	Audit Committee
Date:	26 January 2015
Subject:	Combined Assurance Status Reports

Summary:

The aim of this report is to provide the Audit Committee with an insight on the assurances across all the Council's critical services, key risks and projects.

Recommendation(s):

That the Committee:

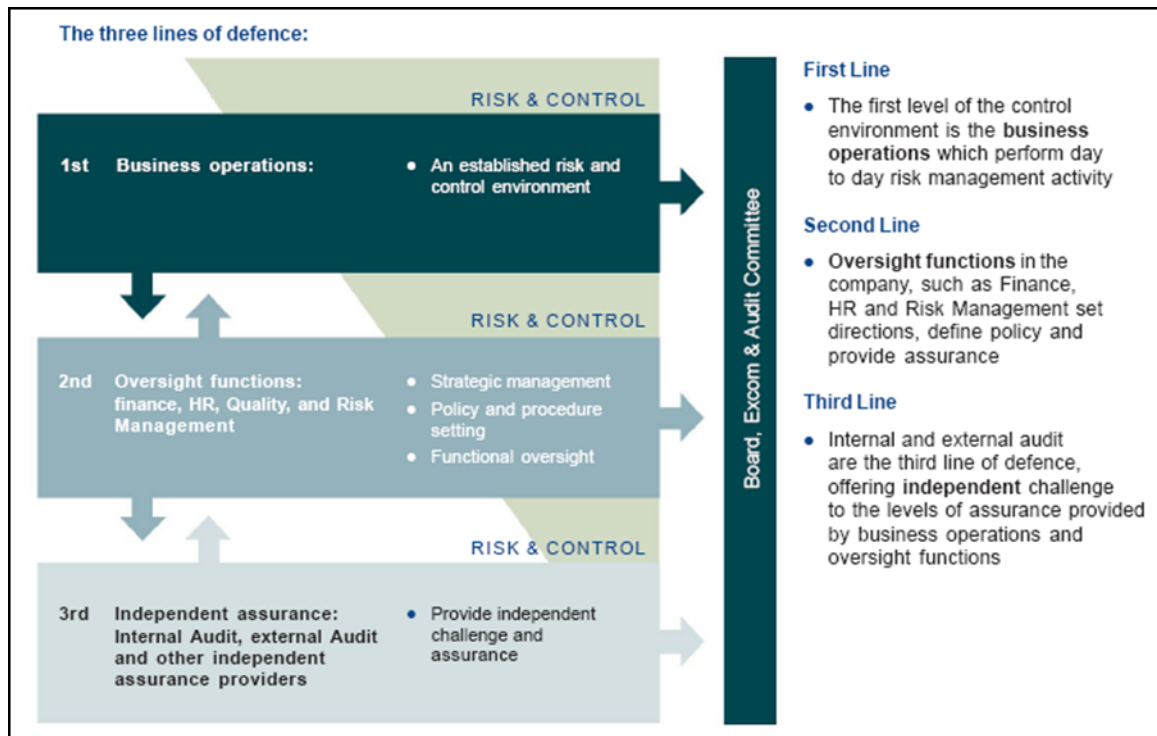
Notes the current status of the Executive Directors' assurance regime and makes recommendations on any further scrutiny requirements or actions

Background

1. These reports aim to provide an insight (snapshot) on what assurances are currently in place on areas of the business that matter most ie.

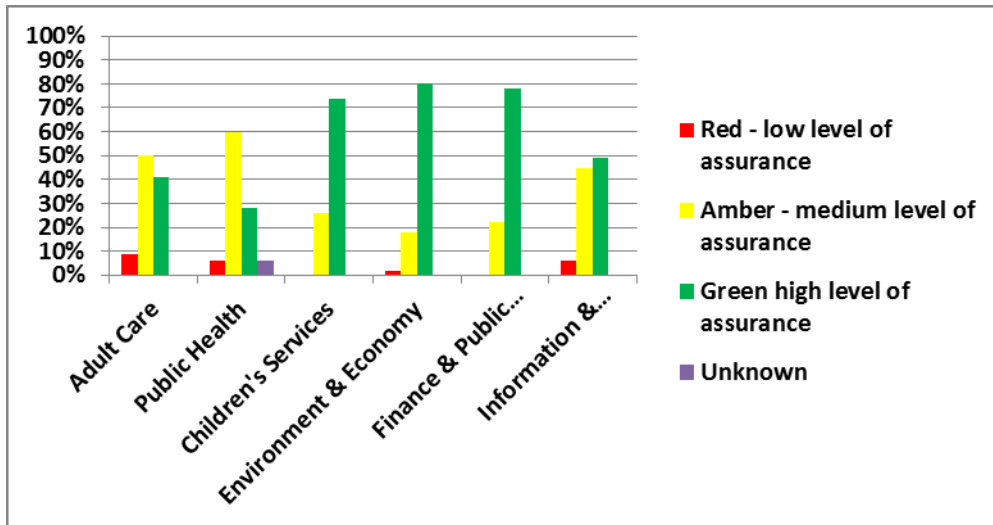
'have a significant impact on the delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people'
2. The combined assurance gives an overview of assurance provided across the whole Council – not just those from Internal Audit – making it possible to identify where assurances are present, their source, and where there are potential assurance 'unknowns or gaps'.
3. The methodology used is based on the 'three lines of defence (assurance) model' - which co-ordinates assurance from management, oversight functions and third parties (including Internal Audit – inspections etc).

Figure 1 – Three Lines of Defence – Assurance



- Internal Audit have triangulated information to help ensure that it 'stacks up' and applied some constructive challenge on the assurance opinions being given **but** as accountability rests with management it is senior managers views that have determined the overall assurance status. This is in line with a control environment that promotes a culture where we:
 - take what we have been told on trust
 - encourages accountability with those responsible for managing the service
 - provide some independent challenge / insight where appropriate.
- Figure 2 shows the overall assurance levels 2015. There are a number of areas where limited assurance is shown on critical activities these relate to:
 - **Adult Care** – Safeguarding (Deprivation of Liberty), Workforce Development
 - **Economy & Environment** – Lincolnshire Waterways Programme
 - **Public Health** – Coroners
 - **Information and Commissioning** - Records Management, Service Asset and configuration management

Figure 2 – Overall Assurance Levels 2015



6. Overall there is a high level of positive assurance on our critical systems, key risks and projects.
7. We identified no significant gaps in our assurance arrangements - with most being provided by management. This is supported by a good level of corporate / third party and independent assurance by Internal Audit. This helps increase the level of confidence that our 'business as usual systems' are working effectively.

Conclusion

8. Overall there is a high level of positive assurance on our critical systems, key risks and projects.
9. We identified no significant gaps in our assurance arrangements - with most being provided by management. This is supported by a good level of corporate / third party and independent assurance by Internal Audit. This helps increase the level of confidence that our 'business as usual systems' are working effectively.
10. The combined assurance reports provide the Committee with a good level of understanding about the level of assurances in place – supporting its 'watchdog' role and remit.
11. The information obtained from the combined assurance model will:
 - inform the Council's Annual Governance Statement 2015
 - streamline and avoid duplication of effort where assurance can be drawn from a third party or other sources

- inform the Internal Annual Audit Plan by identifying where more independent assurance is required based on significance and risk of the activity.
- Help inform the Head of Audit annual audit opinion 2015.

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Combined Assurance Status Report - Environment and Economy
Appendix B	Combined Assurance Status Report - Finance and Public Protection
Appendix C	Combined Assurance Status Report - Children's Services
Appendix D	Combined Assurance Status Report - Public Health
Appendix E	Combined Assurance Status Report - Adult Care
Appendix F	Combined Assurance Status Report - Information and Commissioning

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or Lucy.Pledge@lincolnshire.gov.uk.

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Combined Assurance

Status Report Environment & Economy



Contents

<i>Introduction</i>	1
<i>Key Messages</i>	2
<i>Critical Systems</i>	3
<i>Strategic Risks</i>	8
<i>Project</i>	10

Contact Details Richard Wills – Executive Director
richard.wills@lincolnshire.gov.uk

Introduction

This is the combined assurance report for the Council.

Working with management we have been able to update 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

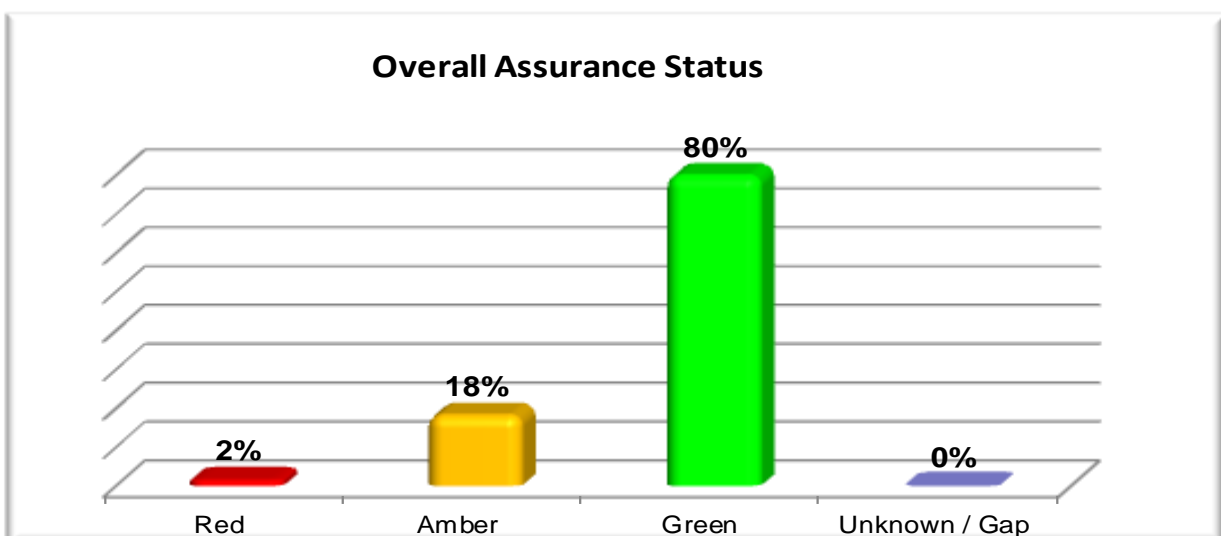
A number of diverse services are grouped under the Executive Director for Environment and Economy. They relate to the governance of the County Council through Democratic Services, provision of a trading Legal Services function across the County and those services providing the physical context in which people live namely infrastructure, the built and natural environment, and the economy. There are many synergies between these latter groups of services and in practice there is a lot of interaction between managers as they seek to get the most out of our resources. We also work closely with other partners who have similar objectives. At present there is significant emphasis on our contributions towards growth:

- Maximising the impact of revenue expenditure including the Greater Lincolnshire Local Enterprise Partnership's National and European funding income;
- Directing a large capital programme towards infrastructure that will support growth including:
 - Road maintenance;
 - New road construction;
 - Economic regeneration infrastructure
- Managing flood risk;
- Influencing spatial development;

Economic growth, living with environmental change and maintaining our infrastructure are likely to be key drivers for these services over the next few years.

We also need to focus on maintaining our ability to deal with the unusual and emergency events as we move further into commissioning services.

In Governance terms the forthcoming General Election and district council elections can be expected to raise issues that will need guidance and support through Democratic Services.





Critical Systems

Overall, a high level of positive assurance exists around Environment & Economy critical activities and systems. Assurance arrangements are working effectively. Most assurance comes from managers – supported by a good level of corporate and third party assurance.

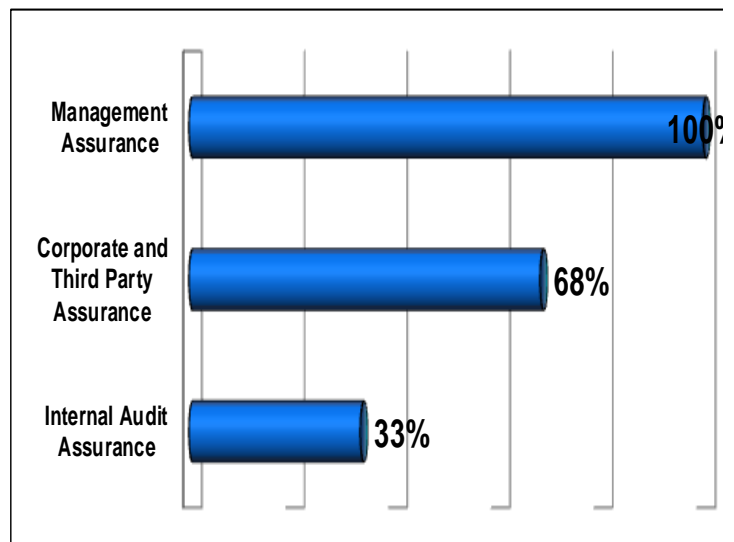
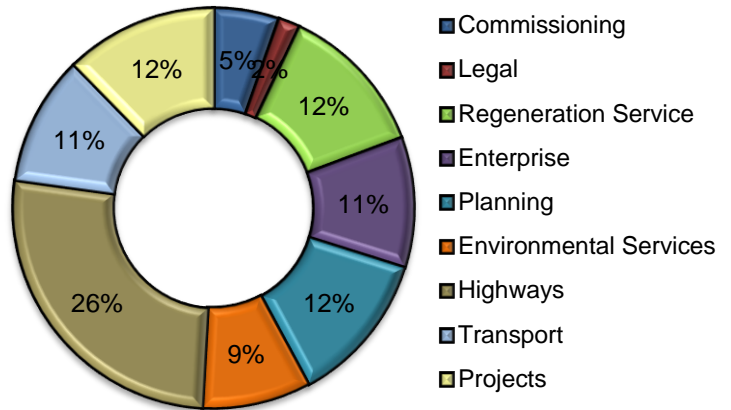
The Service works well with Internal Audit, highlighting areas for review where independent challenge and insight adds value and complements external inspection. Recommended improvements resulting from Internal Audit work are monitored and tracked through the Audit Committee.

The amber and green assessments are quantitative rather than a measure of impact.

We exercise strong and responsive leadership, effective financial management and have good management processes. These result in high levels of confidence in our risk management. However, to avoid complacency we utilise the services available to us through corporate and third party assurance (e.g. peer reviews and accredited quality management systems) and Internal Audit.

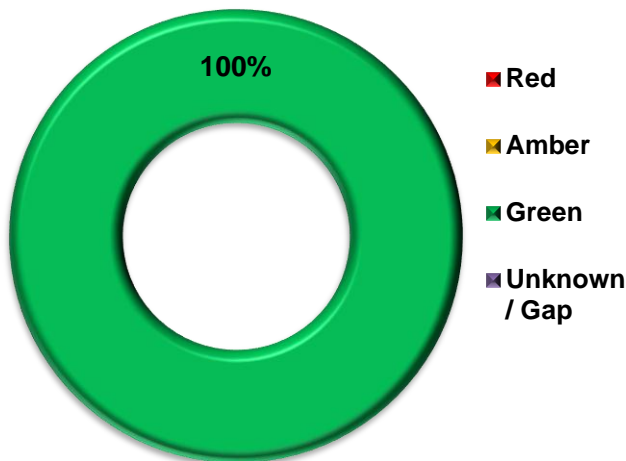
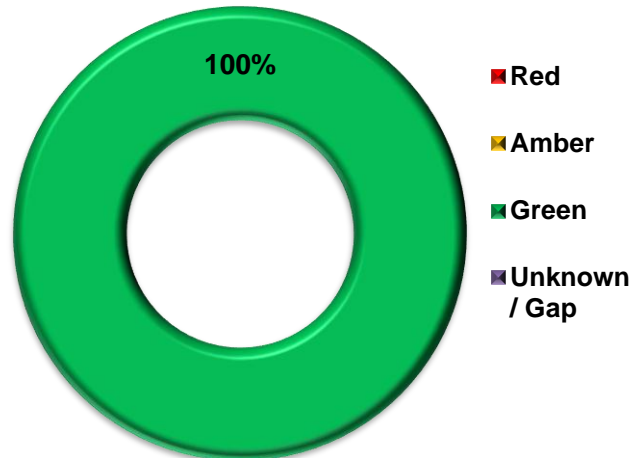
Our services are mainly universally available and thus open to considerable public and political scrutiny.

Your Assurance Map



Democratic Services

The Democratic Services Group plays a crucial role in ensuring good governance of the council. It supports councillors in their decision-taking, scrutiny and representative functions and provides opportunities for members of the public to engage in the decision making process. Committees run well and their business is recorded appropriately. Our Constitution has been updated this year. Registers of Declarations of Interest for both councillors and officers are maintained and also published. Councillors are given opportunities for training so that they have the skills and knowledge to undertake their duties.



Commissioning

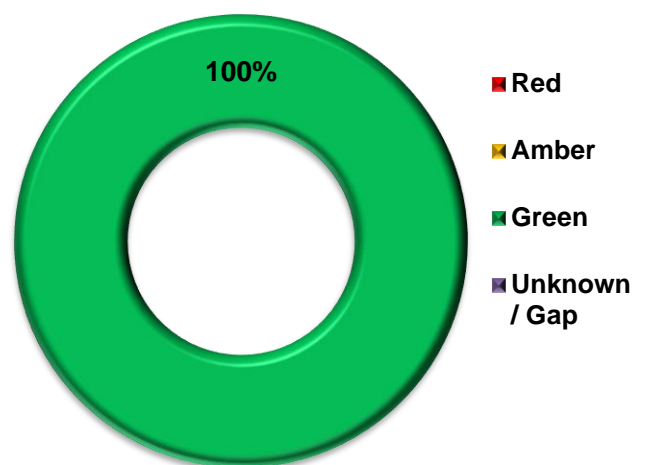
The new organisational structure for the commissioning side of the Directorate is still to be fully implemented. As part of the process of embedding new ways of working presentations have been provided to the key scrutiny committees and lines of accountability and reporting are in place. Revised staffing structures will be consulted on during 2015 which will provide further clarity and confidence to all parties of the effectiveness of the way of working

Legal Services Lincolnshire

A trading unit that supplies legal services to the County Council and a number of district councils, this Group provides another component of good governance. As well as dealing with specific legal work, it also undertakes a general responsibility to ensure that we comply with the law. In this respect the group works closely with the Monitoring Officer.

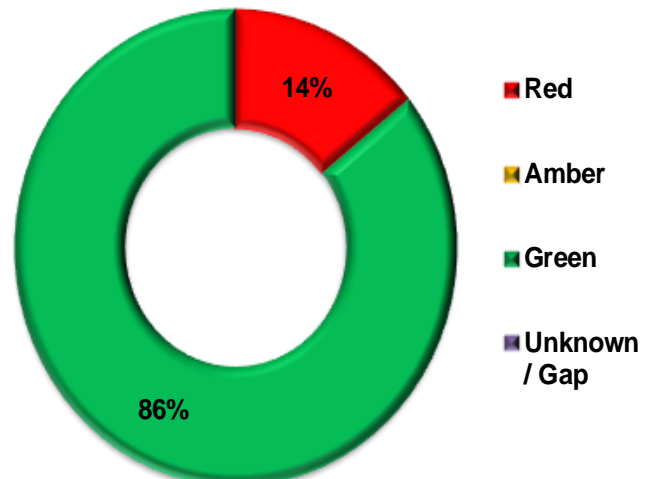
Everything the Council does carries some risk of not achieving the objective. Legal Services Lincolnshire helps the Council to optimise its risks.

It is a cost effective service externally accredited to the Law Society's Quality Standard LEXCEL.

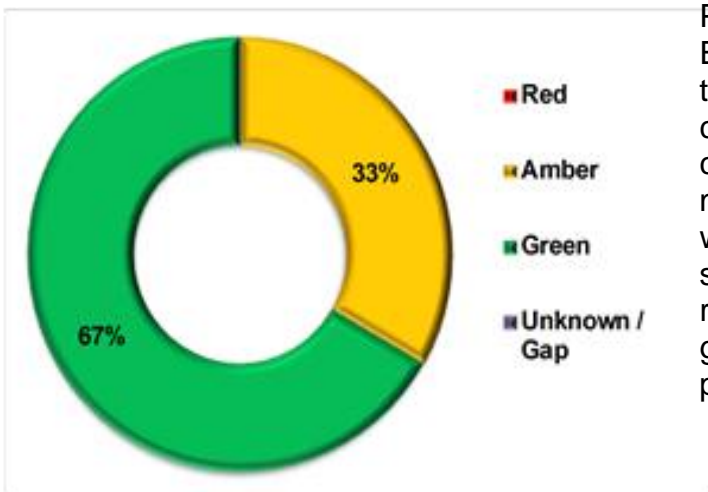


Regeneration Service

Within the scope of work undertaken by the Regeneration Service, one project is presenting a red risk. This specifically is the Sutton Bridge Marina project where there are a number of complex land issues which have made it difficult to obtain assurance that the scheme can proceed. These issues are being managed and a range of lease arrangements are planned to be completed in early 2015 which will remove this risk.



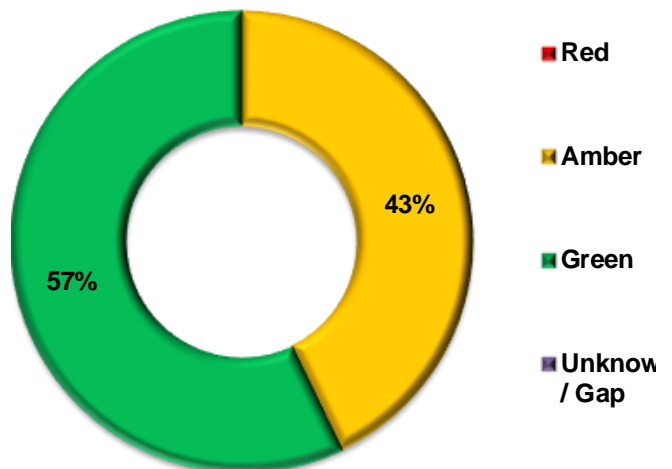
Enterprise



Projects that are showing as amber in Enterprise have been rated that way due to their reliance on external funding, which the council can influence but not control thereby creating an element of risk. In order to mitigate against the risk, the team actively works with funding bodies to support their strategies and comply with regulations. Projects that are showing as green have detailed management rigour in place so that they will remain low risk.

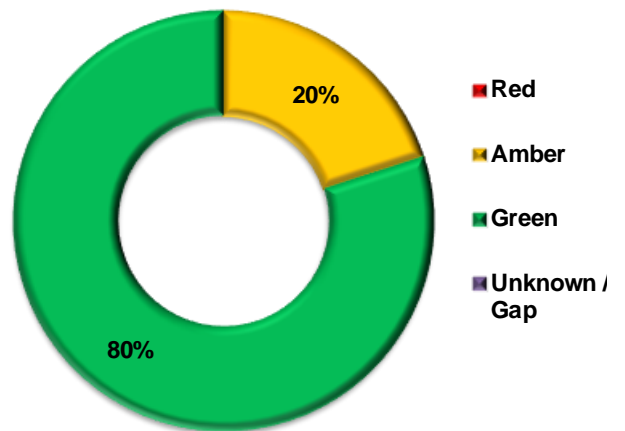
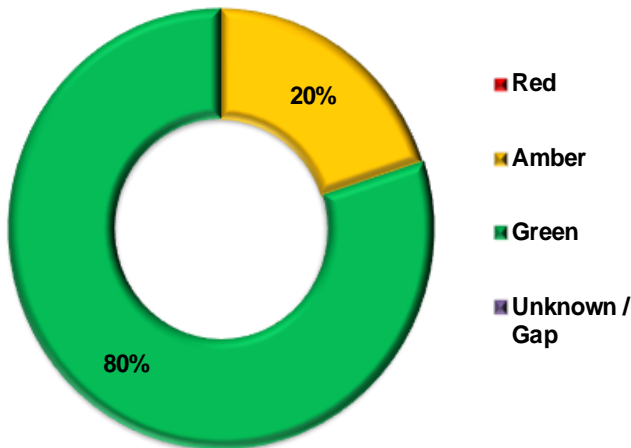
Planning

Planning performance when gauged against National PI's has improved and ongoing service improvements are being implemented to maintain and improve that performance. The Waste and Minerals Local Plan has been approved for pre-submission consultation and would be expected to be submitted for examination during 2015. Support for the Local Plan preparation across the County is progressing especially in respect of ensuring infrastructure delivery is effectively catered for. Capacity gaps in specialist waste and minerals policy staff remains a challenge and will be addressed through new structures to be consulted on during 2015



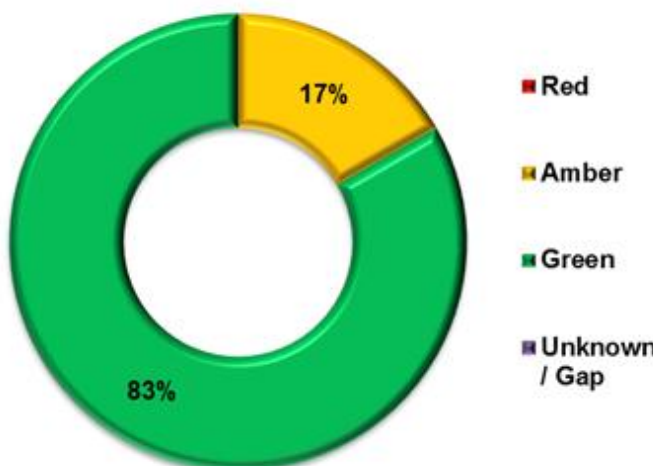
Environmental Services

The service has fully addressed all of the core activities of carbon management, carbon reduction commitment, reduction in landfill waste and strategic flood risk management within the service except the refresh of the waste strategy. The joint waste strategy has been delayed due to the production of a countywide dry recycling contract, being awarded from April 2015. We will be working with the Districts over the next year to complete the waste strategy and achieve this assurance.



Highways

Highways services have successfully delivered over £13m of additional investment this year. 2014 NHT survey has shown 4.6% increase in public satisfaction relating to the road condition. Value for money review by Cranfield University (Proven) has revealed very high score. HMEP peer review is planned for early 2015. The staffing structure review in 2015 will further clarify accountability for different aspects of highway services for greater assurance.



Transport

Bus Punctuality, with the exception of Lincoln which has been affected by roadwork schemes, has continued to improve. Internal and external audits have been conducted on home to school and adult care to validate the processes, safeguarding and procurement methods used in these areas. Recent changes in the English National Concessionary Travel (ENCT) scheme has created an unforeseen budget pressure. Financial pressures will be heightened across the board once Fundamental Budget Review savings are introduced, resulting in degraded transport services.

Suggested next steps.....

- Consult on new operating structures during 2015 with implementation by September 30 2015
- Consolidate staff into new accommodation by June 2015
- Continue to monitor developing legislation in relation to LCC's Flood Risk responsibilities to ensure the authority can meet its duties.
- Continue to manage the delivery of key transport infrastructure schemes across the County
- Respond to reduced revenue budgets with new staffing structures and new ways of working
- Engage effectively with partners through the GL LEP to maximise economic benefits from projects
- Undertake the PAS Peer Review Investment (Open for Growth) during January 2015

Strategic Risks



Commissioning Strategy - Protecting & Sustaining the environment

Capacity and resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery.

The Council is taking the following key actions to manage this risk – these include:

- Effective partnership working;
- Working with the GLLEP to consider water resources issues;
- Implementation of work / schemes to address actions arising from flood events;
- Working with the Joint Emergency Management Service to prepare for flood incidents and other emergencies.

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

Resilience (Business Continuity)

Projects

Commissioning Strategy - Sustaining and Developing prosperity through infrastructure

Monitoring of designated management projects

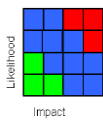
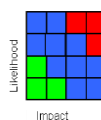
A number of key projects aim to strengthen our infrastructure. For Environment and Economy these include:

- Major Highways Schemes
- Maintenance of highways asset
- Managing the transport system

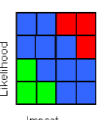
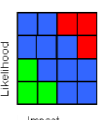
These are monitored through our normal programme and project arrangements. Partnership working is key to ensuring delivery of some of these schemes and the use of project boards including those partners is critical to managing delivery.

Strategic Risk Register as at June 2014

Commissioning Strategy - Protecting & Sustaining the environment

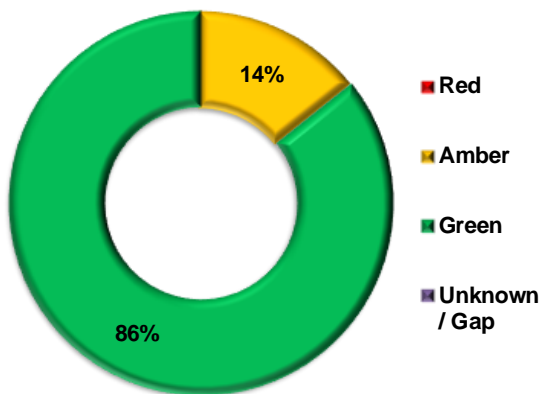
No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions	Notes / Comments
1	Richard Wills	Resilience (Business Continuity) Capacity and resilience to responding to, and recover from, wider area and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery.	Hungry (Projects & major change) - need to be innovative and take higher risks for greater reward - higher levels of devolved authority) Open & Aware (Partnerships) - Recognised that we work differently with different partners)			Limited	Limited	<ul style="list-style-type: none"> This action for this risk need splitting depending on business disruption e.g. Coastal flooding will have different mitigating actions to pandemic flu. This is ongoing work throughout the coming months The expectable level of risk & current risk exposure is being determined Through the SMR process there is more resilience for dealing with emergency response however there is less resilience due to staff reductions to deal with the prolonged events. 	

Commissioning Strategy - Sustaining and Developing prosperity through infrastructure

No of Risk	Risk Owner	Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Assurance - Direction of Travel (Improving, Static, Declining)	Actions	Notes / Comments
10	Richard Wills		Hungry (Projects & Major change) - Need to be innovative and take higher risks for greater reward - high levels of devolved authority management by trust rather than tight control - 'break the mould' and challenge current working practices)			Substantial	Substantial	<ul style="list-style-type: none"> This risk is a new risk and therefore, we will be continuing with work over the coming months to gain an understanding of the projects register and what is in place for the most significant ones. Robust systems in place for major projects with associated risk registers. Appetite will reduce as budgets and more control is devolved to parties. 	



Key Projects in Economy and Environment



What Managers are doing:

- Managing project delivery
- Delivery to communications plan
- Engaging with partners

Lincoln east west link road – phase 1 – Green

This project is on track with a works contract awarded and construction started on site on 3 November 2014.

Spalding western relief road – phase 2 & 3 – Green

The Local Plan not progressing at the pace anticipated and submission of the Local Plan for consultation is now expected to be the end on 2015.

Grantham East/West relief road – Green

A Planning Permission was granted for the Southern Quadrant Link Road in late 2013 but a third party developer triggered a Judicial Review and an appeal to the judgement was taken to the High Court. A further appeal to the High Court ruling was rejected and a further challenge is expected. Delivery has been hampered by the judicial review process.

A substantive start has been made on the King 31 section of the Grantham Southern Relief Road to protect the planning permission. LCC are exploring a delivery mechanism with the landowner to enable a start on site in Spring 2015.

Lincoln Eastern bypass – Amber

Most Orders from the Public Inquiry were not confirmed in July 2014 due to safety concerns about the location of a non-motorised user bridge. This bridge has been re-located and new Orders published. The objections to the new Orders has triggered a further Public Inquiry which is scheduled for Spring 2015. This will delay implementation of the project and could have an impact on future procurement of contractor to deliver the project

Lead Local Flood Authority Responsibilities - Amber

Consider temporary arrangements to populate the Operational Flood Risk team and strengthen the Development Management team to meet the legislative requirements of the Lead Local Flood Authority (LLFA) and the recently announced new duty requiring LLFAs to become statutory consultees in the planning process.

Boston Barrier – Green

This is principally a flood risk management project and is being delivered by the Environment Agency and the project remains on programme for delivery by the end of December 2019. Recent activity has focussed on engagement with stakeholder groups and updating our understanding of the impacts of opportunities and constraints on the potential economic benefits to Boston and the surrounding area. This will inform LCC project officers of the costs, benefits and timescales over which economic benefits will be realised from the different infrastructure and water level management investment options which could be delivered by this Authority.

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Combined Assurance

Status Report Finance & Public Protection



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Introduction

This is the third combined assurance report for Finance and Public Protection.

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

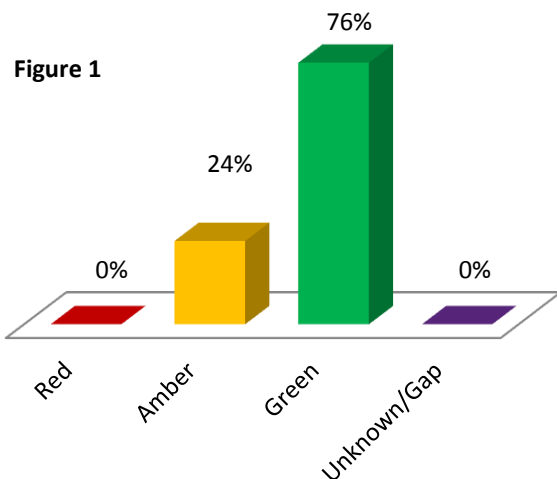
The Finance and Public Protection directorate provides a mix of front line services, corporate support to other services and also plays an important part in providing assurance systems across the whole Council, including those through the work of Finance and Corporate Audit as well as through the general management of our services. The directorate utilises the Council's corporate approaches to assessing risks and assurance levels. That includes management review, use of corporate systems and processes and independent review by internal and external audits and other external accreditation and inspection. The Council once again got an unqualified audit opinion on its accounts from our external auditors.

The directorate has continued to manage considerable changes, including further staffing restructures (including the in-sourcing of accountancy and health and safety services) and other service changes to address reduced budgets in future years. That financial consolidation will continue across the Council for some years to come due to the expected trajectory of Government funding reductions for the rest of this decade. It will require not only the most efficient ways of doing our work but an assessment of what we do and perhaps also a measured consideration of how we assess and manage risks, including assessing what are appropriate levels of assurance and control.

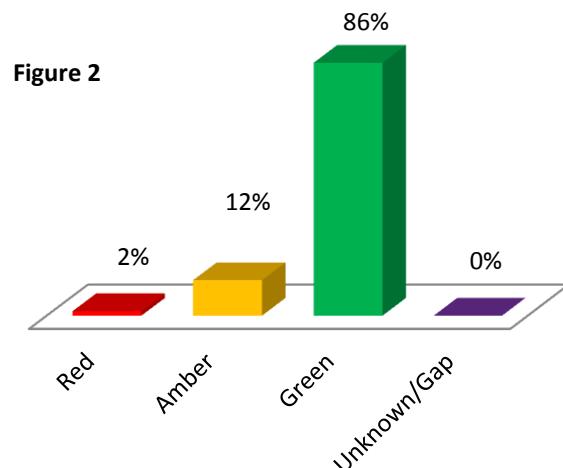
A major ongoing programme of work is the transition to new contract arrangements for many of our back office services – to both Serco and to Vinci / Mouchel. Both transitions are on track to be completed by the contracts start date of April 2015. Considerable work is also being done at the current time to ensure the successful testing and implementation of Agresso, which will replace SAP as the council-wide enterprise system.

I am satisfied that the overall assurance assessment for the directorate represents an accurate picture based on both internal processes and independent review. Whilst there is a slightly lower level of critical services that have assessed as complete assurance we have moved forward those where we had no assurance in the previous year. I am pleased that the directorate is still providing a high level of assurance and where we have assessed partial assurance at this time it is because services are going through a period of change and transition, such as the youth offending service and risk / insurance services.

**Overall Assurance Status
Critical Activities - 2014**



**Overall Assurance Status
Critical Activities - 2013**



Next Steps

The Key challenges over the next 12 to 18 months have been summarised in the Key Messages section of this report, together with the service summaries. Key programmes of work will have appropriate plans and milestones and risks assessed and managed on an ongoing basis.

The most significant corporate programmes of work for the Directorate over the next 12 months are:

1. Budget planning in response to the national spending review covering the period after 2015/16, together with any further announcements of longer term funding in respect of the Care Act and the Better Care Fund.
2. Effective implementation of the new contract arrangements with Serco and VinciMouchel for support services.
3. Effective implementation and rollout of the new Agresso system.
4. Discussions with key partners (particularly Lincolnshire Police and Health) regarding changes to funding and development of updated, joint commissioning strategies

Over the next 12 months we will seek to ensure that our services maintain a high level of assurance and address areas identified for improvement.

Critical Systems



Assurance around the critical activities and systems identified for Finance and Public Protection remains strong. There is a high level of management assurance with all areas classified as 'green' or 'amber' (please refer to Figure 1 on Page 4 of this report).

Additionally, many of the critical activities are supported by high levels of corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations 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 Audit Committee.

Figure 3

Finance & Public Protection Distribution of Assurance

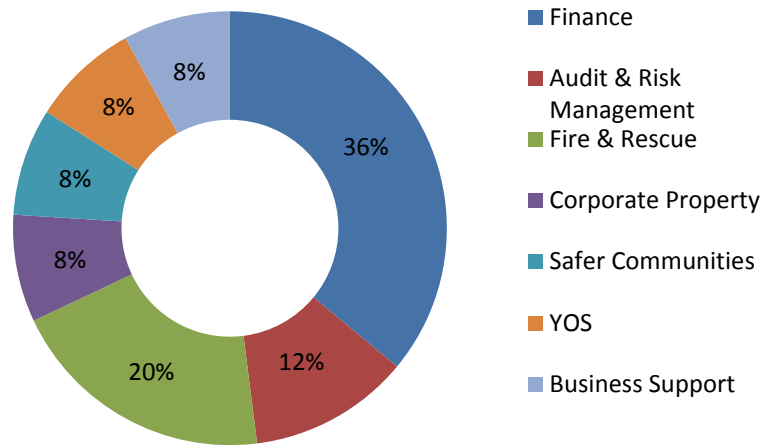
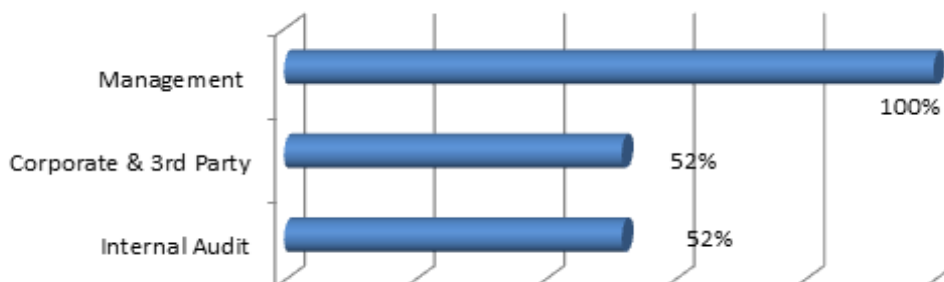


Figure 4

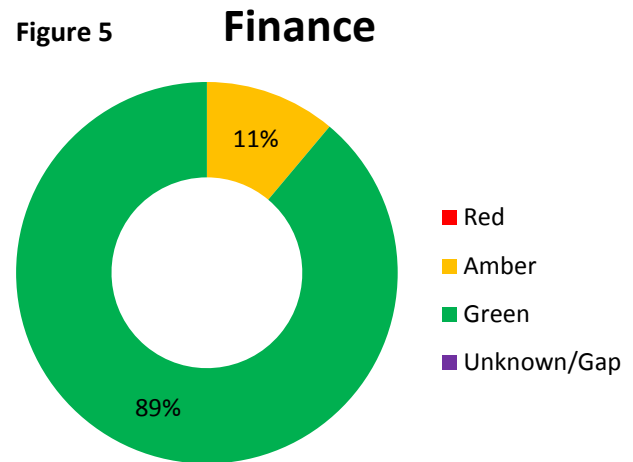
Who Provides Your Assurance



Finance

We continue to maintain a well-controlled financial regime within the Council. There continues to be presently no areas where the level of assurance is at an unacceptable level. In general, the current assurance level has improved over the last year from what was already a good base position.

Historic problems with accounts closure and financial statement preparation have been completely eradicated with favourable external audit comment being received again this year.



The service does, however, face significant challenges going forward – particularly in the year commencing April 2015. The nature of these challenges stem from the following issues:

- The migration from SAP to Agresso as the main financial system of the Council. This includes major changes to business processes and introduces high levels of self service and attendant changes to the internal control regime.
- The need to make direct cost savings within the service in response to the Fundamental Budget Review.
- The need to tailor the service to provide the nature and level of financial support consistent with the commissioning council model adopted by the County Council.
- The need for the service to contribute constructively to the increased joint working developing with colleagues in Health in the light of such initiatives as the Better Care Fund and LHAC.
- The transfer of the pensions benefit service for local government and fire pensioners from Mouchel to the West Yorkshire Pension Fund.
- The need to fundamentally restructure the service in light of all the above.

The above represent a real challenge for the service and put the current assurance level of predominately green at risk during 2015/16, in particular. The vast majority of the amber assurance levels assigned during this exercise result directly from the above issues. All are being actively managed but until concluded a material level of risk will exist.

Audit & Risk Management

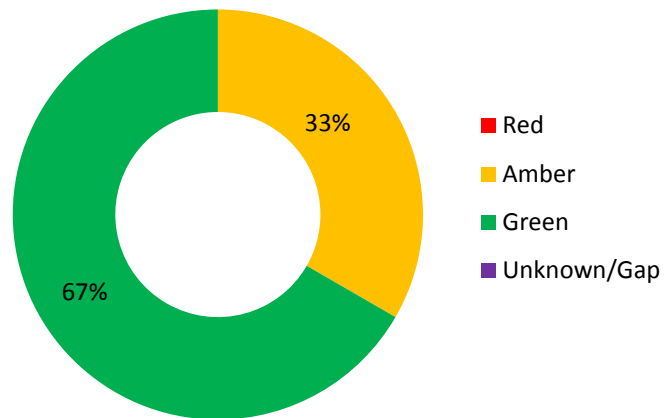
The Audit and Risk Management Service continues to provide an effective assurance function to the Council – working well with senior and operational management.

The service, similar to all other services of the Council, has needed to respond to the Fundamental Budget Review. The overall service budget is likely to reduce by 10% with effect from 2015. This is in addition to the 25% already reduced from 2011.

We have 5 key service areas – all aiming to protect and ensure that the Council is run well, namely:

Figure 6

Audit & Risk Management



Internal Audit – Green

Our performance and delivery is monitored through the Audit Committee – who have assessed the Internal Audit Service as effective and conforming to the Public Sector Internal Audit Standards. We continue to meet agreed performance measures with feedback from clients on the value of our work remaining – good to excellent.

We continue to work well with the Council's External Auditors – KPMG to ensure the Council makes the best use of its combined audit resource. KPMG place reliance on our work where appropriate.

The internal audit work plan focuses on the key risks and critical activities of the Council which support the Head of Internal Audit annual opinion on the Council's governance, risk and control environment.

Counter Fraud – Green

Our Counter Fraud arrangements continue to be effective and monitored through the Audit Committee.

We have made good progress against the work plan for 2014/15 having completed work in a number of key fraud pro-active areas, particularly around fraud awareness.

The Department for Communities and Local Government (DCLG) have made £16m available to Local Authorities to tackle fraud for a two year period. We are pleased to report that Lincolnshire's bid (£200,000) was successful.

We aim to create a Lincolnshire Fraud Partnership comprising counter fraud specialists and subject area experts from Lincolnshire County Council and seven district councils with the aim of:

- delivering joint fraud proactive exercises across Lincolnshire

Combined Assurance – Status Report

- developing and delivering an effective co-ordinated fraud awareness programme
- sharing intelligence, investigative resource, expertise and best practice

Risk Management - Amber

The way the team supports the Council to help promote well measured risk taking and decisions will need to be reviewed following the removal of the Strategic Risk Manager post as part of the Senior Management Review in September 2014.

Our review and oversight of the Strategic Risk Register and will be scaled back for the remainder of 2014/15 to reflect reduced resources.

Our development of a new risk management financial procedure, guidance and toolkit has been completed and is currently out for consultation. The roll out of these documents will support the planned training for 2015 – all aimed to enhance risk management capability in the Council.

A recent internal audit on Risk Management also identified some areas for improvement. High and medium recommended actions have been progressed with implementation being monitored – all actions are planned to be delivered by the 31st March 2015.

Health & Safety – Green

Work on the Future Delivery of Support Services – Health and Safety is on track for commencing on the 1st April 2015. We have been working with Health and Safety representatives to develop a service level agreement for the in-house team. Further work and events to support the staff transferring to the Council is planned for January – March 2015.

We continue to effectively monitor the delivery of operational health and safety through the Mouchel contract.

Further work is necessary to raise the profile of Health & Safety risks and role and responsibilities in the Council. Our team will support this through the Risk and Safety Group during 2015.

Insurance – Amber

In the last report we identified that a number of service quality issues needed to be addressed. Whilst progress had been made there remains still a lot to do to ensure that the systems and processes supporting the insurance team are 'fit for purpose'.

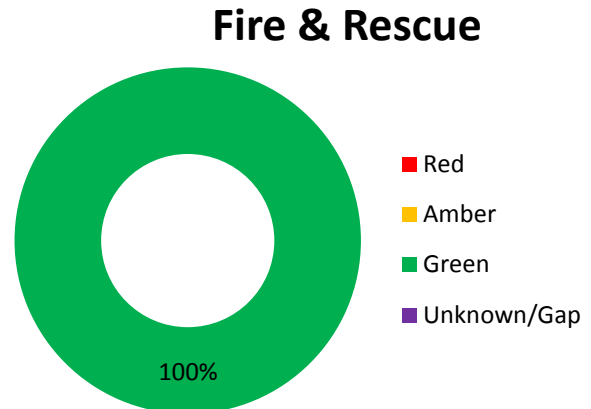
A recruitment exercise is underway for a new Insurance Manager and temporary support has been put in place to help with the renewal of all of the insurance policies due on the 1st April 2015.

A recent review of the insurance fund and insurance programme has confirmed that the reserve is adequate and identified some areas where our insurance programme could be improved. This information will help inform the tender process for 2016 – when all our major policies long term agreements come to an end. Planning for this major procurement will commence in February 2015.

Fire & Rescue

Lincolnshire Fire and Rescue’s mission is to make Lincolnshire a safer place to live, work and visit. How it does this is described in 2 core planning documents. The first, its 3-year Integrated Risk Management Planning Baseline Document, identifies the range of fire-related risks in the County and the strategies for reducing those risks. The second is its annual Service Plan, which gives more detail on how the strategies are delivered and provides the framework for measuring performance. Assurance for the Service is set against these plans.

Figure 7



Formal management assurance is conducted through monthly Service Management Board, quarterly Performance Management Board and 6-weekly Programme Management Board meetings. These focus on the effective functioning of critical activities and ensuring key outcomes are met.

Auditing of operational incidents is conducted in accordance with Lincolnshire Fire and Rescue’s integrated Quality Assurance policy. This is complimented by annual operational readiness inspections of all its fire stations.

In accordance with the Fire and Rescue National Framework for England the Service produces an annual Statement of Assurance covering financial, governance and operational matters. The Statement of Assurance 2013-14 was published in November 2014 following submission to the Community and Public Safety Scrutiny Committee.

Third party assurance is achieved through peer challenge. Examples include: the Local Government Association and Chief Fire Officer Peer Challenge conducted in October 2012; an assessment of the Service’s national resilience capabilities by the National Resilience Assurance Team in July 2014; and accreditation of the Service’s quality assurance framework by Skills for Justice Awards and endorsement of 2 key training courses by SkillsMark® in October 2014.

Corporate risk areas include the continued development of Information Communications Technology to meet the needs of the Service, on-going industrial action around fire-fighter pensions and future budget pressures.

Emergency Planning

The County Council has a number of lead roles and responsibilities in any emergency. These include the welfare of victims and evacuees, provision of emergency shelter, co-ordination of the voluntary sector and also a community leadership role. The council would also lead on all recovery efforts.

The council continues to build resilience and capacity to meet its duties, including arrangements for mutual aid from neighbouring counties and further strengthening of our ‘command, control and coordination’, especially at the tactical (Silver) and Operational (Bronze) levels.

Our resilience and planning was severely tested during the tidal surge of December 2013, and although, in the circumstances, we delivered an effective forecast-led response and recovery, we continue to ensure the lessons learned are fully implemented. The value of training & exercising was proved when the lessons and experiences from Exercises Watermark (2011) and Georgiana & Lazarus (2013) were successfully applied.

The service continues to have an influence on national resilience planning and policy. This includes its ongoing work with lead Government departments, flood risk agencies and other coastal counties to coordinate responses to Tidal Surge, and being cited as ‘good practice’ in national reports (e.g. Cabinet Office guidance on Evacuation & Shelter, National Audit Office report on Strategic Flood Risk Management and Department for Communities & Local Government (DCLG) good practice guide on ‘local authorities’ preparedness for civil emergencies). Our Head of Service also recently gave evidence to the House of Lords ‘Justice & Home Affairs’ programme.

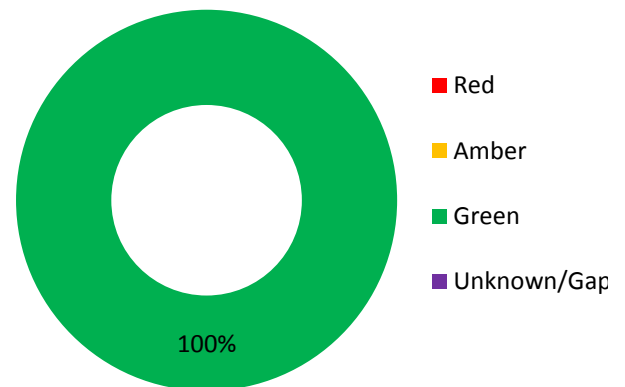
The service won a fourth national resilience award for the ‘Safe Havens’ project – strengthening community resilience through education. This simple but effective project developed a curriculum package to encourage pupils to prepare planning for the use of their school / academy as evacuation centres.

The council remains the driving force behind the Local Resilience Forum (LRF), a partnership held in high regard nationally, and completed the first LRF Peer Review exercise in England & Wales together with Devon & Cornwall LRF, assisted by DCLG.

The service assumed responsibility for the council’s business continuity management during 2013, and held the first ever ‘business continuity promotion’ week of activities in October targeting the some of the key economies including the health & social care sector.

Figure 8

Emergency Planning



Priorities going forward include:

- Strengthening the resilience and preparedness of the health & social care sector (especially care providers)
- Renewal of the Service Level Agreement with District/Borough Councils to provide emergency planning & business continuity services (this agreement accounts for a third of budget)
- Renewal of the strategic plan for the Local Resilience Forum (for the 2015-17 period)
- Identification of further joint working and collaboration opportunities with partners within the county and on a wider 'footprint'

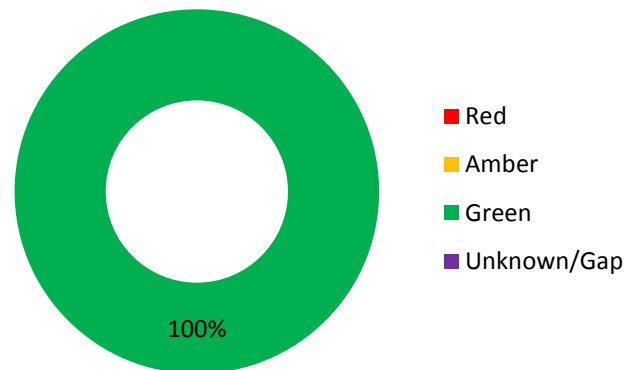
Corporate Property

Property Strategy (Green)

The property strategy is established and reported twice yearly to VFM Scrutiny Committee and Corporate Management Board. The Corporate Asset Management Plan was revised in March 2014 and presented to the Property Board. Clear property Governance remains in place with the Property Board held monthly with the Executive Member and Executive Director for decision making. A stakeholder group will be launched in early 2015; this will reflect the Council's Commissioning strategies. All property activity is managed as a programme and appropriate governance is in place.

Figure 9

Corporate Property



Property Management (Green)

Centrally managed estate - This is managed by the Corporate Property Team in conjunction with Mouchel. There is good control. The service is a member of CIPFA to enable best practice to be identified.

Directorate estate (i.e. Fire Stations, Schools etc.) - Corporate Property provides support to the directorates to help improve their property management using the Total Facilities Management contract. A Corporate Landlord model is being rolled out which will increase control of these assets further, it is a phased approach and in the first year Directorates have been required to record all property spend in the same format to enable reporting to commence in 2015/16 using Agresso.

Health & Safety - an audit of compliance was undertaken in 2013. The Responsible Persons Programme continues to be rolled out. The new Property Services contract procurement has been completed and safety is the key component of the new contract with performance measures and payment linked to compliance.

New Property Services contract - The new property services contract with VinciMouchel will commence on 1st April 2015 following an intensive 18 month design and procurement process. The new contract uses the NEC form of contract which enables substantially better contract management and control for the Council.

County Farms (Green)

The farms estate is managed on a commercial basis working with Savills as agents. The approach is to:

- Maximise income (rents)
- Maximise Capital receipts (sales)
- Amalgamate holdings to create farms that offer a viable business
- Modernising or replacing buildings to ensure farmers can utilise modern technologies for an efficient business

Clear governance is in place with a quarterly Board attended by the Executive Member and regular liaison with Savills to provide assurance on performance. Currently rental and capital receipts income is up and there are no bad debts.

Business Support

Business Support provides a multi-disciplinary support service across the majority of Council service areas. The service focuses on cross skilling staff to increase resilience and improving processes to develop a more efficient support function.

Support provision to Child Protection and Adult Safeguarding is a core function of Business Support. Extensive work has been completed with both Adult Care and Children’s Services resulting in the implementation of a specialist team to support regulated conferences and meetings to ensure core performance targets are achieved. Workflow is regularly monitored and improvements have been made to ensure production of quality case reports and improve statutory reporting. A comprehensive training programme for staff has been implemented across Business Support to ensure appropriate skills are in place.

The Blue Badge service is operated through Business Support providing disabled parking badges to the public of Lincolnshire. Processes continue to be reviewed and improved. Additional staff have been cross trained to increase resource availability to deal with workflows. Blue Badges are input into a national database (BBIS) providing management data on volumes of workload and levels of activity to ensure the service is robust with additional local reporting to ensure service targets are achieved. Work is also ongoing across partners to improve enforcement of Blue Badges and to reduce fraud and misuse.

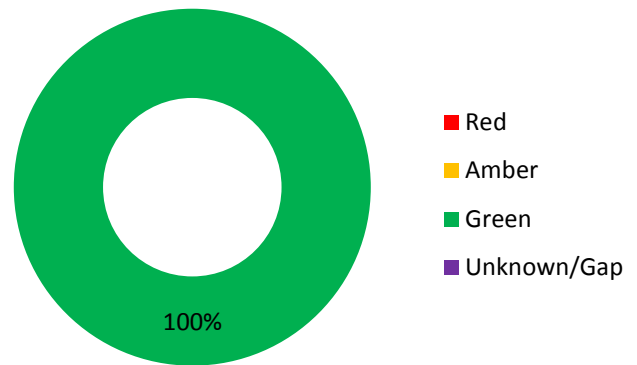
A centralised team undertakes the majority of purchasing across the Council which provides improved oversight of workloads and supports improvements to financial processing. Regular reporting of work and spend is available linking through to the Council's strategies for procurement. The planned implementation of Agresso will significantly change the way the Council manages its purchasing activities which will further strengthen compliance and governance of purchasing activity.

The Customer Finance Team (Financial Assessment and Direct Payments Team) has been strengthened through increased resource and skills development and performance consistently exceeds critical performance indicators which are regularly reported to Adult Care. Significant work has been undertaken to rationalise processes to improve customer experience and reduce direct payment backlogs. Business Support also supports a service user co-production group to obtain feedback and suggestions on how the customer experience can be improved.

An emerging risk in the integration of Personal Health Budgets into our core processes is being managed through a working group, who are reviewing both service provision and processes around how direct payments to Service Users across Adult Care and Health can be combined.

Figure 10

Business Support



Safer Communities

Trading Standards

Through a nationally adopted intelligence operating model work continues on ensuring the work prioritised for action fits the smaller resource base of trading standards officers. An intelligence led approach similar to that used by the police is used to identify consumer areas that are causing the most detriment and areas that target those least able to protect themselves.

The service has now worked on a generalist basis since 2011. Although a lot of training has taken place there are still some risks around legal process.

One route to address the issue of resilience around specialist skills, knowledge and experience is to look at a shared service with another authority. A project has just commenced working with Leicestershire and Northamptonshire to look at the feasibility of a shared service. Although this does bring minor risks whilst the process is being examined.

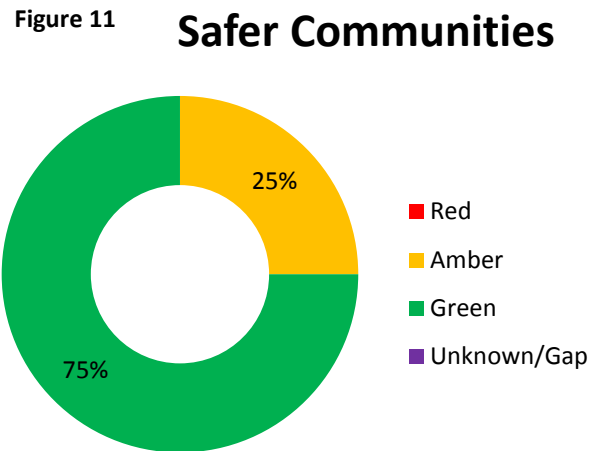
There remains a risk in the services ability to respond to a major animal disease outbreak or food safety incident due to reduced staff numbers and experience.

Commissioned Services and Contract Management

Much of this work involves working closely with partners especially the Police and Crime Commissioner. From 2015 the budget for commissioning will be reduced although reserves will be utilised. It is hoped to make better use of data analysis to inform sound commissioning decisions and contract management actions.

Safeguarding and Partnerships

With the expansion of Adult Safeguarding duties within the Care Act 2014 there is a risk that there may be duplication across our safeguarding work especially with people at risk from domestic abuse, substance misuse and financial abuse. In recognition of this we are working with partners through the Adult and Children's Safeguarding Boards.

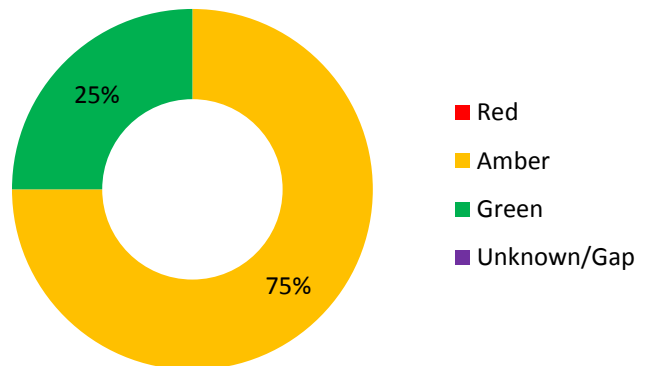


Youth Offending

Lincolnshire Youth Offending Service governance and scrutiny is provided by the YOS Management Board, which is chaired by the Executive Director Finance and Public Protection. It is this Board that has the statutory responsibility for the strategic direction of Youth Offending within the County.

The current HMIP inspection framework is risk based and driven by key performance data and feedback from other inspectorates. Internal audit work is continually undertaken and the standards are aligned to the current inspectorate benchmarks.

Figure 12 Youth Offending Service



The LCC Fundamental Budget Review in conjunction with expected grant reductions from central government will require the YOS to critically evaluate its current structure and how it delivers services to young people and victims throughout Lincolnshire. There is a necessity to look at changes within youth justice and at what juncture we engage with young people to maximise our effectiveness whilst maintaining oversight of key areas of risk.

The current rate of re-offending remains a key area of challenge for the service and for the Youth Justice Board nationally. In terms of performance Lincolnshire sits below the regional and national average. There is a core of complex and challenging offenders remaining in the system and work is underway to draw out qualitative data to better understand their offending related needs. The national re-offending rate for those leaving custody stands at nearly 73% which has prompted a government review of youth custody.

Work around Integrated Offender Management, resettlement and transition to adult services remains a focus. However the longer term reduction in both the offending cohort and the number of offences represents on-going progress. The rates of young people sentenced to custody in Lincolnshire remain relatively low which is underpinned by a strong relationship with the Youth Court and Crown Court and by providing credible sentencing proposals. The cost of Youth Custody per person over a 12 month period represents an average of £100,000 per year which in some cases can rise to nearly £250,000.

The cost of young people remanded to custody can be as much as £700 per person each night. This cost is passed back to the local authority with young people on remand also acquiring Looked after Children (LAC) status. During 2013-14 the service managed this risk within the allocated budget provided by the Ministry of Justice. There are positive examples of joint working with Children's Services to minimise the impact of this legislation. It should be noted that single spike events as witnessed recently involving multiple young people have the potential to incur a significant financial burden on the authority. A renewed focus on accommodation availability and remand foster carers must be maintained to mitigate this risk.

Combined Assurance – Status Report

Work is underway with partners to develop a better understanding of the scope across Lincolnshire of child to parent domestic abuse. A number of agencies have brought forward anecdotal evidence to suggest that this may represent a growing trend of abusive behaviour by young people towards their parents. This may then necessitate the development of appropriate training and interventions across a number of agencies

There are increasing concerns regarding young people's use of new psychoactive substances (NPS) and the detrimental impact on their behaviour. However evidence now suggests a strong correlation between rising school exclusion numbers and the use of psychoactive substances as children demonstrate challenging behaviour and conflict with school policy. Work within the NPS steering group is geared towards education of children and young people to highlight the risks associated with using such substances.

The issues surrounding the placement of young people in Lincolnshire and doubts around the suitability of some private care providers have been fully escalated by all partners to OFSTED to promote greater scrutiny of this risk. Many such young people exhibit high risk behaviour including persistent episodes of going missing and a small number have considerable previous histories involving child sexual exploitation. The Youth Offending Service is now a designated partner of the 'SAFE' Team which is a multi-agency team based at Grantham Police Station geared towards addressing Child Sexual Exploitation.



Strategic Risks

Resilience (Business Continuity)

Business continuity planning is included in operational planning for each of our services. The major support service contracts also include business continuity planning as part of the contracts. One of the key improvements we expect to see as we transition from Mouchel to Serco is improved back-up facilities around the Council's key IT systems, including alternative data centre running if necessary. Over twelve months ago the corporate business continuity resource was transferred to the Council's emergency planning function. This will better integrate the provision of the Council's own business continuity planning with that required to address major emergencies that involve a number of other critical organisations in the county's Lincolnshire Resilience Forum. A key development this year has seen training of more business support staff to support the emergency planning centre during major incidents and the training of additional senior managers on 'silver', tactical command roles to give the Council more resilience in future emergency and business continuity situations.

Budget

The Council has undertaken a Fundamental Budget Review to consider known and expected significant reductions in Government funding in future years. The Council will set just a one year budget for 2015/16 due to current national uncertainties around a one year spending review/settlement, social care and health funding through the Better Care Fund, costs and funding in relation to the new Care Act, etc. Whilst the Council has identified some potential savings and a financial strategy for future years beyond 2015/16 it still has further work to do to bridge all of the expected gap in funding

Council's highest rated Strategic Risks for this area of business

Resilience (Business Continuity)

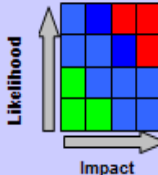
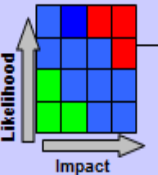
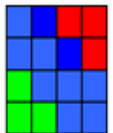
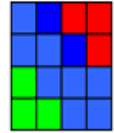
Budget

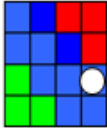

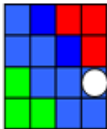
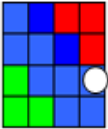
Governance

through to 2018/19. The Council is expected to draw heavily on its financial volatility reserve (FVR) in 2015/16 and 2016/17 as it addresses the longer term financial challenges. The FVR was specifically set up by the Council to help manage and plan for the uncertainties around changes to government funding. The directorate has plans in place to address the expected budget reductions allocated as part of the corporate budget process for 2015/16. That will include appropriate public consultation on options on specific services such as the Integrated Risk Management Plan for the Lincolnshire Fire and Rescue Service.

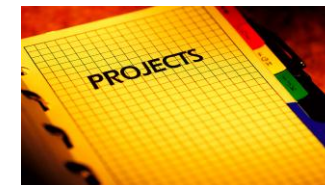
Governance

Please see the commentary in the Key Messages section of this report.

Strategic Risks - Assurance Map as at 30 June 2014		OWNER	RISK APPETITE	 CURRENT RISK SCORE	 TARGET RISK SCORE	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)											
Commissioning strategy - Protecting & Sustaining the environment											
<p>Resilience (Business Continuity) Capacity and resilience to responding to, and recover from, wider are and prolonged emergencies and business disruption (e.g. coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery</p>	Richard Wills	<p>Hungry (projects & major change - Need to be innovative and take higher risks for greater reward - higher levels of devolved authority)</p>	<p>Open & aware/ cautious (partnerships - Recognised that we work differently with different partners)</p>				Unknown	Unknown	Unknown	unknown	<p>The expected level of risk & current risk exposure is being determined. This risk requires splitting depending on business disruption e.g. Coastal flooding will have different mitigating actions to pandemic flu</p>

Commissioning strategy - How do we do our business										
<p>Budget - LCC Funding and maintaining financial resilience</p>	<p>Pete Moore</p>	<p>Cautious (Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)</p>			<p>→</p>	<p>G</p>	<p>Unknown</p>	<p>Unknown</p>	<p>G</p>	<p>Owner has comfort that everything that can be being done is being don and that the target score is achievable</p>
<p>Governance Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery</p>	<p>Pete Moore</p>	<p>Hungry (Reputation & Public confidence - 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)</p>			<p>→</p>	<p>G</p>	<p>Unknown</p>	<p>Unknown</p>	<p>G</p>	<p>We need to revisit the level of risk we are prepared to take on delivering services differently. - Understanding political risk v optimum risk as current specified</p>

Projects



Value for Money Scrutiny Committee			
Programme			
	January 2014	January 2015	
Future Delivery of Support Services	●	●	<p>The FDSS programme was set up in May 2012 to explore the functions and to then implement the preferred solution for each service options for the Council in the delivery of these key support functions.</p> <p>Each area within the project is currently on plan with governance and reporting structures in place and operating effectively. There is clear direction, leadership and involvement from the Programme Sponsor. Monthly reports made to CMB and quarterly reporting to Value for Money Scrutiny Committee</p> <p>LCC is working with Serco on the transformation of services within IMT, People Management, Finance and the Customer Service Centre ahead of their delivery from April 2015.</p> <p>RAG RATING - GREEN</p>
Property Management (project within FDSS Programme)	●	●	<p>VinciMouchel contract is nearing completion with resources mobilised and trained.</p> <p>The new property services contract with VinciMouchel will commence on 1st April 2015 following an intensive 18 month design and procurement process. The new contract uses the NEC form of contract which enables substantially better contract management and control for the Council.</p>

			RAG RATING – GREEN
Shared Pension Service (project within FDSS Programme)	●	●	<p>Agreement signed with West Yorkshire Pension Service for the new shared pension service. The first tranche of data has been transferred and validated with the second 'data cut' due on 13th December. Accommodation has also been secured for the new team.</p> <p>A Project Team and Board are in place to oversee the transfer of records (totalling over 67,000). They meet on a monthly basis and also work closely with the Collaboration Board.</p> <p>RAG RATING – AMBER</p>
In sourcing of Health and Safety Service (project within FDSS Programme)	●	●	<p>In-sourcing of Health and Safety service is progressing on track for commencing on the 1st April 2015. A Service Level Agreement for the in-house team is being developed with Health and Safety representatives. Further work and events to support the staff transferring to the Council is planned for January – March 2015.</p> <p>RAG RATING – GREEN</p>

● On track

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Combined Assurance

Status Report Children Services



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County Offices, Newland, Lincoln, LN1 1YL

Introduction

This is the third 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.

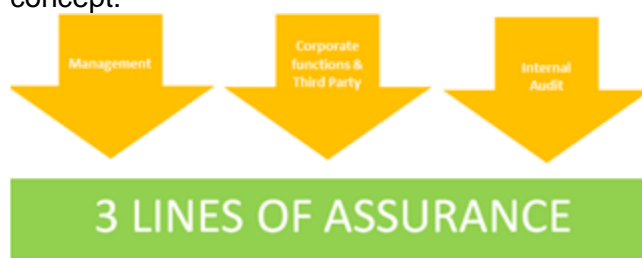
Scope

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

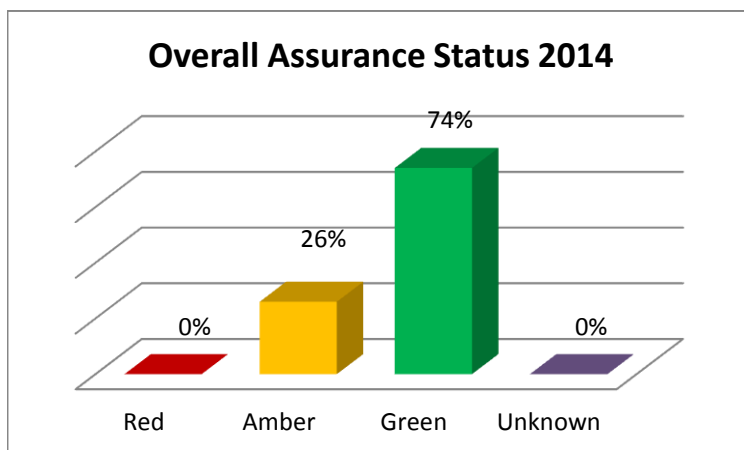
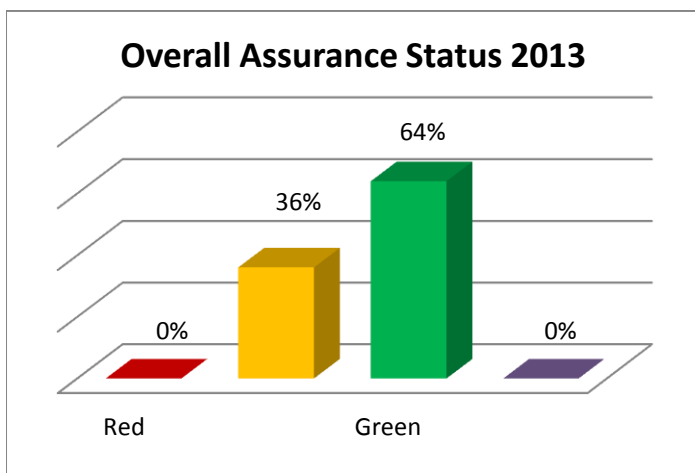
We have high aspirations and a clear, shared vision for all of our children and young people. We want all children in every part of the county to achieve their potential and we will deliver services with our partners guided by our strategic principles to achieve this vision. There is strong political and managerial leadership of Children's Services with a stable, highly competent, and visible Directorate Management Team. The Director of Children's Services has excellent relationships with partners and LCC staff as well as with schools, including academies. Integration best summarises our approach to the commissioning and delivery of outstanding services. We demonstrate true integration and focus on needs not silo working so families access joined up services.

Overall educational attainment of pupils in early years, Phonics and post 16 students in Lincolnshire is above the national average and similar local authorities. In all key stages from Key Stage 1 to those at age 16 we are broadly in line with national and similar local authorities. Performance of schools as measured by Ofsted has improved as 88% of primary and 73% of Secondary schools are now good or outstanding schools. This is an improving picture for Lincolnshire, however Secondary schools remains a priority area for us.

Our very recent Ofsted inspection is very positive and confirms the quality of outcomes for children, young people and families in Lincolnshire as Good overall and with an Outstanding Adoption service. The large majority of services, settings and institutions inspected by Ofsted are good and outstanding. Residential and respite provision is good and some homes have been judged Outstanding.

Front line social care performance exceeds national and statistical neighbours on the majority of indicators (e.g. timeliness of social care assessments was 92%, compared to a national average of 74%).The numbers of looked after children remain low at 43 per 10,000 compared with the England average of 60.

Adoption performance exceeds the new timeframes – the average time (days) between a child entering care and moving in with its adoptive family is 511 compared with the England average of 628, which is remarkable and leading the way nationally.



Critical Systems



Our Vision is for:

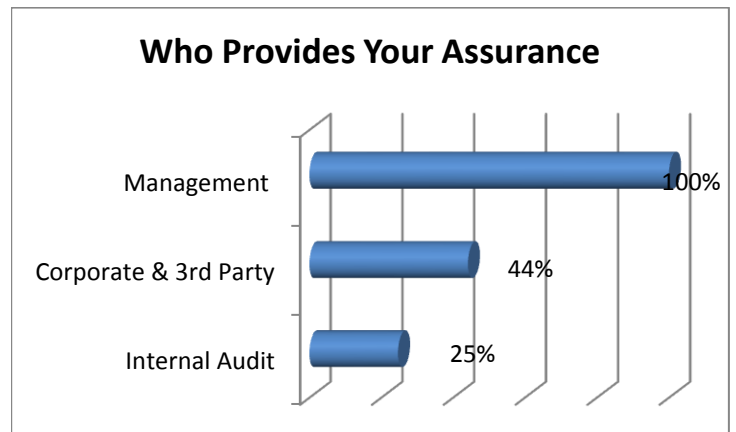
‘Every Child, in every part of the County to achieve their potential’.

Our principles, which underpin how we will commission and deliver services to achieve our vision are:

- **Early Help:** Strong protective universal services accessible to all with a range of early help available so children have the best start in life and families have extra help when they need it;
- **Safeguarding:** A shared responsibility to ensure children are safe at home, school and in their community;
- **Aspiration:** Children able to thrive and cope with life challenges;
- **Learning and Achievement:** All children being the best they can be with targeted interventions

Our local priorities are:

- Safeguarding Children
- Ensuring children and families have access to early help services
- Implementing the reforms for supporting children with a disability and special education needs to achieve their potential
- Helping families living in challenging circumstances to turn their lives around through Families working together
- Responding to the challenges of the sustainable services review
- Ensuring all children can access a good or outstanding school so they achieve expected progress and achieve their potential



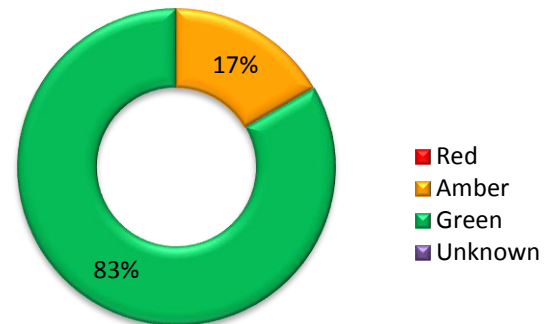
Overall, a high level of positive assurance exists around Children’s Services critical activities and systems. Assurance arrangements are working effectively. Most assurance comes from managers – supported by a good level of corporate and third party assurance.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations 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 Audit Committee.

Commissioning

This overview is based on the assurance concerning:

- Procurement/Contract Provision - **Green**
- Management of Grants - **Green**
- Contract Management - **Green**
- Commissioning of services - **Green**
- Home to School/College transport - **Amber**
- Children's Adolescent Mental Health Services (CAMHS) - **Green**



Both Contract Management and Transport have recently received assurance from Internal Audit.

Whilst the Home to School/College service is effectively managed, ensuring that the Council meets its statutory duties, there is a significant budget pressure as a result of the Council's Fundamental Budget Review process. The impact of this is intensified as a result of additional budget pressures on public transport subsidies.

A number of actions to manage the budget pressure have been in place over the past 12 months and have been managed through the Education Transport Efficiencies Board. Whilst in excess of £0.9m savings have been identified in-year, the net cost has not reduced and Passenger Transport Services have been unable to identify why or where costs are increasing.

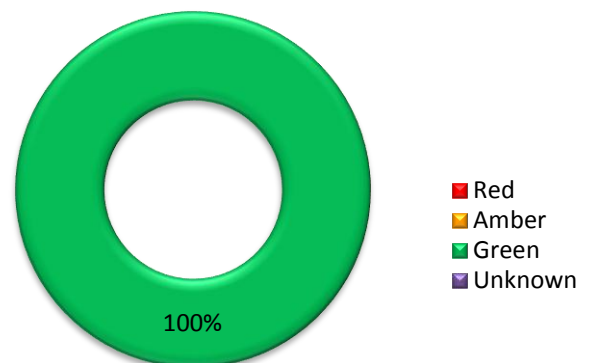
A corporate Transport Board is to be established in January 2015, led by Transport Services, and will look to tackle the funding pressures that affects transport provision in Lincolnshire.

The Commissioning team continues to undertake a number of reviews across the service to ensure that services continue to improve outcomes for children, young people and their families, and deliver value for money. The team is currently working with Lincolnshire Partnership NHS Foundation Trust to implement reforms to CAMHS to further enhance the effective service we have in place.

Performance Assurance

All areas have good assurance:

- Independent Chairs/Independent Reviewing Officers
- Performance
- Learning & Development
- Information Advice & Support Service
- Quality Assurance
- Family Information Service

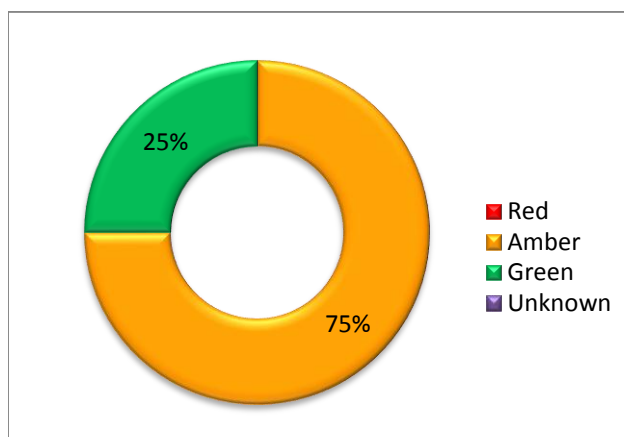


Performance Assurance also has a wide range of thematic leads across all of Children's Services; Health & Safety & Risk, Equality and Diversity, Workforce Development, The Children and Young People's Strategic Partnership, Quality Assurance, Sector Led Improvement etc. The implementation of the new Client Database (Mosaic) will create significant challenges for the Performance Team over the coming 12 months.

Education Support

There are four critical activities in this service area:

- School admissions;
- Children of statutory school age are educated;
- Continuity of education for children excluded from school; and
- Sufficiency of provision for children and young people aged 2 -18 (2-25 for those with a special education need or disability)



All school admission policies and procedures are compliant with the admissions code and have been ratified by the Council. There have been no external adjudicator referrals for non-compliance. Over 92% of parents still continue to receive their first preference school. The Council continues to administer a non-statutory mid-year admissions scheme for approximately 85% of families.

Significant changes have been made to those policies that relate to children's education; particularly for those groups of children that may be missing from education, educated at home or be persistently absent from school. The local authority's code of conduct for the issuing of fixed penalty notices has been revised in light of recent government changes to statutory guidance on school attendance and is now operational. Children and young/people that are on role at a school, but not in receipt of full time education*, are monitored regularly - the majority are those with a medical need and are managed through an assessment process such as an early help assessment.

Children excluded from school are reintegrated back into mainstream provision without delay or are temporarily enrolled onto the Lincolnshire Teaching & Learning Centre's role for re-integration preparation. If appropriate some key stage 4 young people will be enrolled onto an alternative provision curriculum if appropriate.

The provision of school places is well defined and ratified by the DfE which informs basic need capital funding. The sophistication of this approach is being extended to the pre and post statutory age provision.

*defined by Ofsted as 25 hours per week

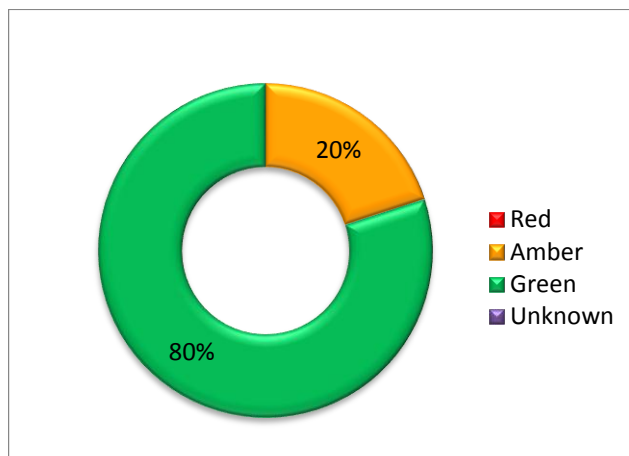
14-19 Commissioner

The following 4 areas have been given good assurance:

- Planning and allocations
- Post 16 learning
- Tracking status of 16 – 18 year olds
- Ensuring there is an independent careers advice service that schools can access

1 area has amber assurance:

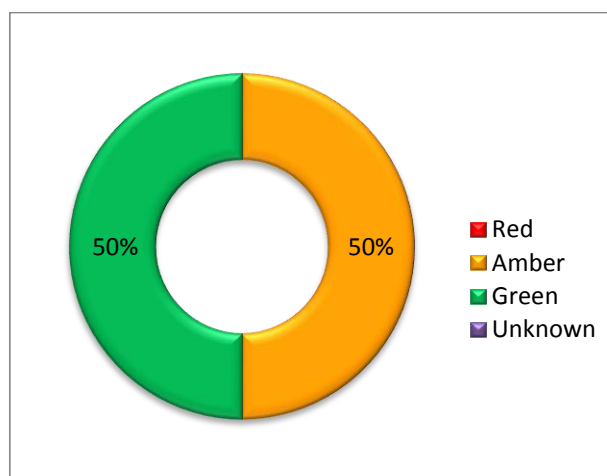
- Sixth forms



The post 16 network of providers, particularly school sixth forms, continue to experience difficulties due to the decline in the size of the 16 – 18 year old age group. This places sixth forms (particularly the smaller sixth forms of which Lincolnshire has a high proportion) under significant threat, especially as national funding decreases. The ability to mitigate the risks through increased collaboration lies with the schools and other post 16 providers themselves. Work will continue to encourage and support collaborative activity

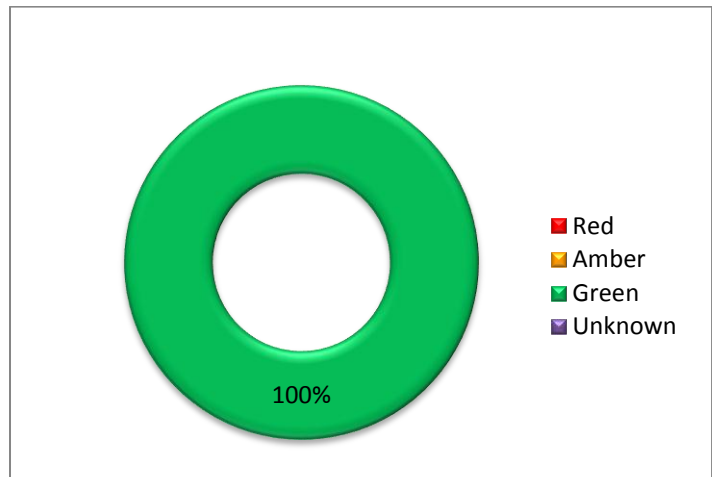
School Improvement Service

"The Ofsted Annual Report published in autumn 2014 states that the percentage of pupils attending good or outstanding primary schools was 86% in Lincolnshire, an improvement of 5 percentage points on the previous year placing Lincolnshire in the top 34% of councils in England for school performance. There are signs that the gap in performance between children entitled to Free School Meals and their peers is narrowing although final validated data for 2014 for all phases has yet to be published at the time of writing. The development of a sector-led approach to monitor, challenge and intervene with underperforming schools is progressing well but has yet to reach the stage of formal terms of reference. It is hoped that the formal infrastructure will be established in shadow form by the end of 2015".



Locality Teams

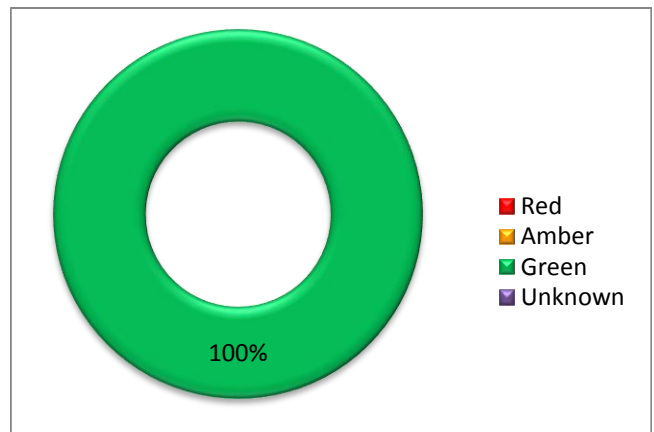
Significant improvement have taken place since last year. Substantial work on preparing for Ofsted inspection has been undertaken, led by a dedicated Project Manager. This has been further supported by a revised and enhanced QA audit process based on peer review of cases. Over the last 12 months, independent scrutiny of fieldwork services and numerous Children's Centres, both by Ofsted and Elected Members, has evidenced good quality service delivery.



The stability of the management team has been greatly reinforced with all but one management post at Grade 13 or above now filled with permanent staff. The Signs of Safety model is now fully embedded across the service.

Regulated Services

This year again Regulated Services has continued to meet targets in respect of key performance indicators, demonstrating that the services remain strong and ensures good outcomes for children and Young People. The Corporate Parenting Panel, Safeguarding assurance days and the Independent Reviewing Officers provide internal scrutiny of the activity and performance of the services provided to Looked after children. Regulated Services continually monitors and evaluates its service at every stage of the child's journey through care to ensure quality and effectiveness.

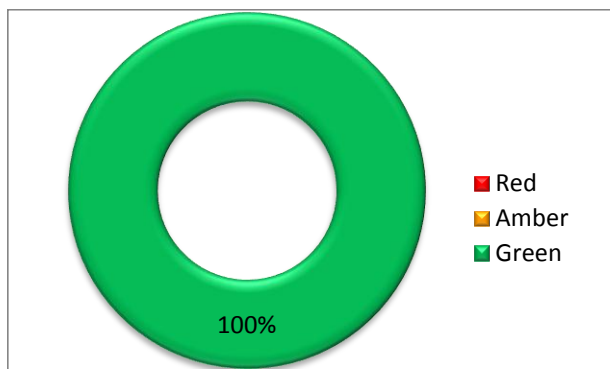


Performance of the service is also monitored externally, through Ofsted, with all services being judged as Good or Outstanding.

Early Years

The following areas have been given good assurance:

- Support and Advice to Early Years Providers (including Schools)
- Educational Entitlement Funding (2 Year olds)
- Educational Entitlement Funding (3/4 year olds)
- Profiles Scores, Data Collection and Monitoring
- Early Intervention - Area SENCOs
- Supported Childcare Allocations and Inclusion funding



National and Local Authority targets continue to be met and externally evaluated performance indicators confirm that the Birth to Five Early Years Services continues to achieve a high degree of compliance. Customer feedback and feedback from statutory bodies is very positive.

There were significant national changes to the Early Years Foundation Stage assessment process in 2013 the service has responded fully to these changes. Lincolnshire outcomes have continued to place the Local Authority in the top 10% across the country. The DfE, through the Achieving 2 Year Olds (A2YO) monitoring, have rated the 2 Year Old Free Entitlement process as good (Green). All areas of responsibility will continue to be reviewed periodically against agreed action plans and actions updated throughout 2015 as necessary.

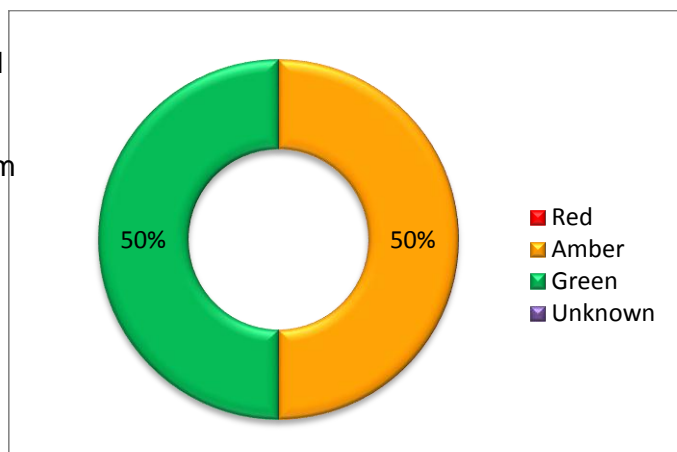
SEND

The Special Educational Needs and Disability (SEND) Service provides services to state funded schools, children and families. 3 areas have good assurance:

- Children with Disabilities Social Care Team
- Short Breaks Homes
- Early Support and Co-ordination Team

4 areas have 'amber' assurance:

- Special Educational Needs (0-16)
- Special Educational Needs (Post 16)
- Educational Psychology
- Sensory Education Support Team

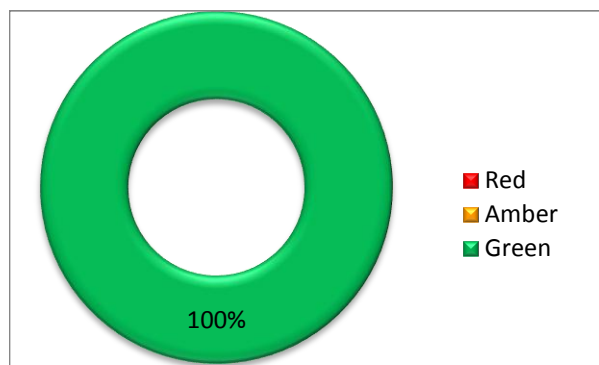


The SEND Reforms have introduced a new agenda around the way in which we support children with SEND. This is being closely monitored to assess the impact of the changes and the success of the new way of working. The future delivery of service will be shaped by the findings and new performance measures are being introduced to ensure service wide quality assurance.

Financial Support

Calculation of school budgets

This work was simplified in 2013/14 when the government introduced its radical school funding reforms. The new processes are now embedded, a larger number of the team are familiar with the calculations and the process and methodologies are understood. The EFA has accepted the local authority's submissions of the Authority Proforma Tool over the last two years as being accurate. The team's plans have been refined to enable school budgets for 2015/16 to be calculated accurately and within the EFA timescales.



Monitoring of school budgets

The monitoring of maintained school budgets continues to develop and improve. Since the summer of 2014, the local authority has been receiving schools' medium term finance plans. These are reviewed and any comments are fed back to schools. This new activity will help strengthen school financial management in future years and should help reduce the number of schools with overspends. The long established school budget monitoring process continues to operate. Schools that are most likely to overspend are identified and then offered support. The new finance system, Agresso, will be purchased by 96% of maintained schools from April 2015 and whilst introducing a new finance system always introduces risks and challenges, the system should help further strengthen schools' management of their finances.

People Management

The People Strategy 2012-2015 identifies the Council's people management commitments to support delivery of the Council Business Plan. Whilst the People Strategy Implementation Programme has remained on plan, the impact on its strategic benefits, including improved staff retention of key groups, reduced levels of sickness, increased staff motivation, will continue to be closely monitored. An interim review is to be completed by April 2015, of the impact of the ongoing organisational re-shaping and associated workforce change activity, which started in 2014 with the Senior Management Review with further workforce changes planned within service areas.

The People Strategy is currently managed through five work streams:

The following two areas were given full assurance

- Leadership and Management Development
- Employee Engagement and Wellbeing (including IIP).

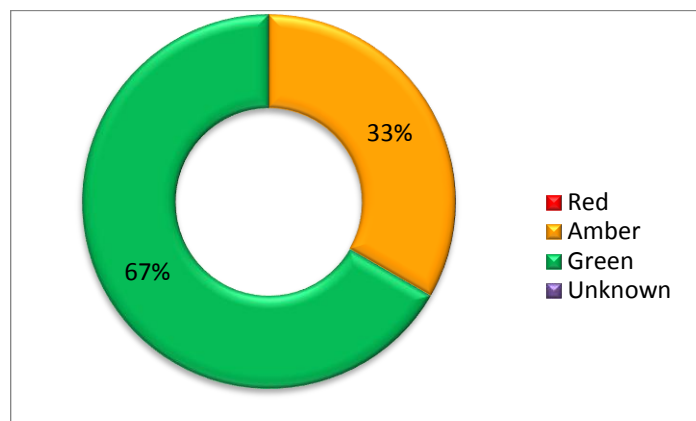
The following area has good assurance

- Managing Employee Performance (including sickness absence) and Induction

The following areas have amber assurance

- Resourcing and Talent Management, (with further work planned for 2015-16)
- Pay and Reward (which remains subject to ongoing negotiations with the trade unions)

A key priority is to ensure the momentum of the People Strategy is maintained through the work streams towards realising the benefits of the strategy, and ultimately to ensure it supports the required organisation capacity and resilience to deliver the Council's strategic objectives. In light of ongoing organisational and workforce change, the Council will need



to ensure that the corporate priorities for the People Management Service will be to focus on the:

- Co-ordination of workforce change activities to ensure all associated organisational risks are managed.
- Supporting the development of effective leadership skills in managing change, in particular middle managers, to support organisational resilience and well-being
- implementation of the Council's talent management processes and improved processes to support the retention of key skills

The planned employee surveys in early 2015-16, as well as the planned Internal Audit of the sickness absence system across the Council in 2015, will also assist the Council in fully evaluating whether the expected benefits of the People Strategy are being sustained, and will further inform the Council's People Strategy priorities, 2015 and beyond.

Suggested next steps.....

- To continue to monitor and provide good quality services that improves outcomes for children and young people.
- Delivery of Planned Internal Audit work in the following areas:
 - Home to school transport
 - Exclusions and closing the gap
 - SEND reform
 - 14-19 Strategy
- Work with our Internal Auditors to develop the 2015/16 Internal Audit Plan. Identifying where more independent assurance is required based on significance and risk of the activity, and where we can leverage assurance from other sources.

Strategic Risks



A key strategic risk for Children’s Services continues to be any potential failure to safeguard children. Work is ongoing to ensure that these risks are mitigated and children in Lincolnshire continue to have an outstanding safeguarding and early help service.

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

Safeguarding

Recruitment / Staffing

Examples of mitigating actions include:

- Audit of Section 11 (being conducted by People Management - Induction, Recruitment, Contract)
- Audit & Performance information to DMT for scrutiny
- Safeguarding Assurance days
- Independent Chairs - and Independent Reviewing Officers who quality assure the care plans of looked after children and children subject to child protection plans
- Team Manager Audits
- Lincolnshire Safeguarding Children Board Serious Case Reviews and Significant Incident Reviews
- Practitioner Supervision & Appraisal

Strategic Risks - Assurance Map as at 30 June 2014	OWNER	RISK APPETITE	Likelihood		DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
			Impact	Impact						
			CURRENT RISK SCORE	TARGET RISK SCORE						
RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)										

Commissioning strategy - Children and safe & healthy

Safeguarding Safeguarding Children	Debbie Barnes	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways things are done but will be tightly controlled)			Static	G	Unknown	A	G	Owner confident of a 'Substantial' status due to proactive & reactive actions in place. <i>Sources of information - Internal audit of Child protection plans</i>
			→							

Commissioning strategy - Enablers and support to the Council's outcomes

Recruitment / staffing Requirement to have the right people in the right place with the right skills at the right time a) Reshaping our workforce b) Capacity to deliver our core strategic objectives e.g. transformational change, recruitment & retention of specialist skills	Debbie Barnes	Averse (People - 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)			→	Unknown	Unknown	G	G	This risk has derived from the previous working of 'Requirement to have an agile, skilled and motivated workforce'. We confirm that the 'b' part of this risk is currently showing the highest risk for the Council, however there is a lot of work in progress to mitigate this risk and we are confident that over time, the target score will be reached to a more acceptable level.



Key Projects in Children Services

Early Help – Green

Early Help is well embedded in Lincolnshire, and there is multi agency commitment to this. A new team of Team around the Child consultants was implemented in April 2014 to provide supervision to lead professionals based in school settings. The consultants also offer advice and support to all lead professionals and undertake audits with lead professionals to develop the quality of Early Help assessments and TAC plans. The consultants are highly regarded by lead professionals and their work is resulting in the quality of TAC's improving resulting in improved outcomes for children.

Signs of Safety – Green

'Signs of Safety' has been active in Lincolnshire since July 2013 and the results are now being evidenced through the full range of work within Children's Services. This has been further strengthened by the successful Innovation Bid by MTM (Munro, Turnell and Murphy) to develop Signs of safety as a whole system approach in line with Eileen Munro's recommendations from her Review of Child protection in 2011.

LCC is one of the 10 implementing authorities and is leading on the research arm of the project, focusing on whole system change. LCC has trained staff in the framework and its application, and completed multi-agency briefing sessions for partners in collaboration with the LSCB. LCC is seeking to embed the framework fully during 2015 aligning the organisation using this transformational approach with Signs of Safety at the centre.

SEND – Amber

This project includes:

- The restructure of the SEND Service to promote locality based working and development of local partnerships to support children with SEN
- Development of a new suite of Performance Indicators particularly around Transitions
- Promoting Independence Project to support Learners with Learning Difficulties and Disabilities to live independently and access meaningful employment

Integrated Health and Social Care – Amber

Lincolnshire Health and Care is an initiative which is looking to design better ways of providing essential health and social care services in the county.

Currently health and care services are not working together as effectively as they could and with a growing and ageing population, the current approach will not be sustainable in the long run.

Lincolnshire Health and Care will provide residents with access to safe and good quality services, closer to home and avoid, where possible, a lengthy hospital stay. The services under consideration for children and young people are pediatrics, maternity and neo-natal and a range of community services which are part of pathways into and out of these services.

Detailed design work is taking place in order to inform a range of options for future service design which will be subject to public consultation during the summer of 2015

Key risks to the delivery of the programme are:

- Securing sufficient clinical leadership and engagement
- Capacity to deliver such an ambitious programme
- Complexity of developing robust modelling and assumptions
- Response to public consultation

Youth Employment & Participation in Education and Training – Amber

Youth unemployment is a significant issue for Lincolnshire. Whilst participation of 16 – 18 year olds in education is high, 16 – 25 year olds represent a significantly higher proportion (5% more) of the total unemployed than nationally. Work is being undertaken to improve the links between education and skills, specifically to encourage the development of, and student demand for, programmes that will better prepare young people to take up employment within the Lincolnshire economy. Post 16 schools, colleges and other providers are free to design their own curriculum, and the LA has no powers or levers to change the offer. This will therefore require working with the providers and with the Employment and Skills Board and the Greater Lincolnshire Local Enterprise Partnership to influence change. As such the risk is amber.

Looking Ahead



People

People are key to the work we do. Children's Services are committed to developing staff and ensuring that staff are delivering in an efficient way.

Money

Children's Services budget continues to be robustly managed in a time of challenge.

Resilience

Children's Services have sound processes to ensure and maintain resilience, including a clearly communicated Business Continuity Plan.

Localism

Children's Services continues to work in a local way through area offices and Children's Centres and ensuring the child and family are at the centre of our work.

Combined Assurance

Status Report Public Health



Assurance

Date: January 2015

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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.

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 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:

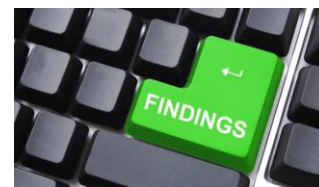


Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

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.

2. Key Messages



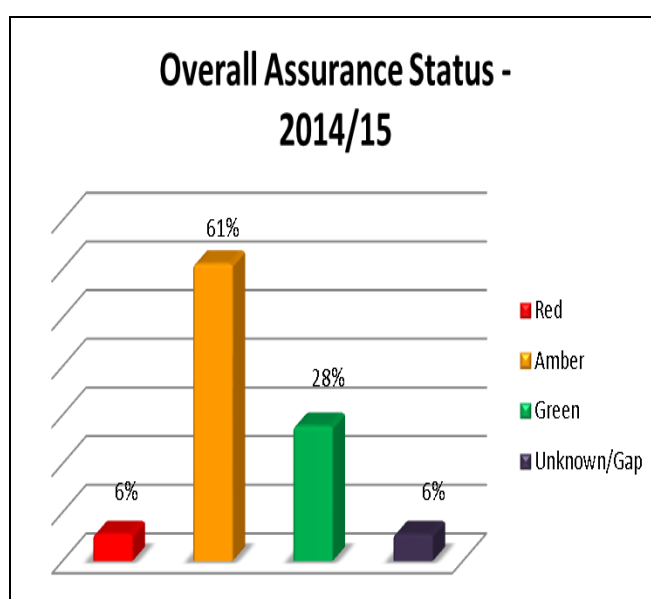
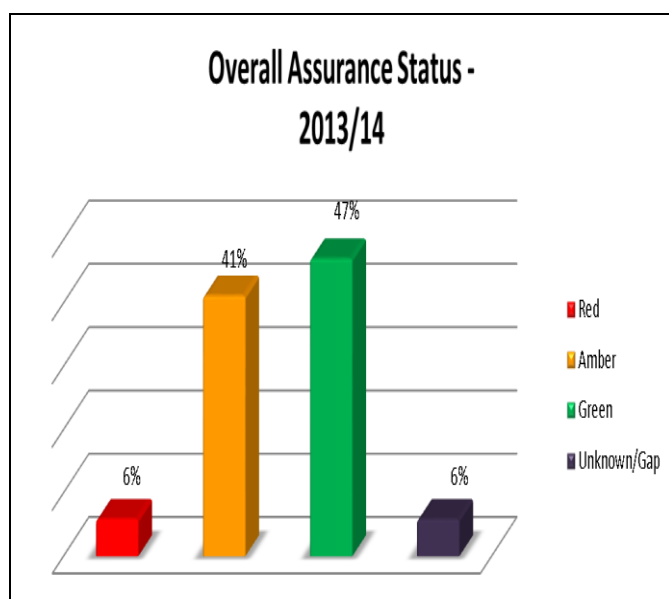
The Public Health Directorate delivers a mix of specialist public health advice and input; assurance on a range of issues which protect the health of the public; commissioning of some major services which affect wellbeing; and the delivery of some front line services. The Senior Management Review in 2014 resulted in the directorate having responsibility for two commissioning strategies – Wellbeing and Community Resilience and Assets. These include most of the previous areas we commissioned but added responsibilities around Libraries and Heritage; the Customer Service Centre; Registration Services and the Coroners Services. The directorate also took on responsibility for the delivery aspects of these commissioning area, which have an inherently different set of risks to those related to population health.

Last year I commented that *"I am confident that this proportion will continue to increase in the coming year."* This would have been the case without these substantial changes in remit.

The Directorate adopts the corporate methodology for managing risks and assessing our assurance status. I am satisfied that these are working effectively.

The highest risks identified in this report are associated with services which we are re-commissioning as this ultimately results in better and more cost-efficient services but in the short creates uncertainty and potential handover difficulties. We have processes in place to mitigate these risks.

Two major examples of this are the move of the Customer Service Centre to Serco on 1st April 2015 and the re-procurement of library services following the Judicial Review. The CSC transfer has an effective project plan in place and is going well. The library re-procurement is being meticulously managed to ensure we can defend the process should another judicial review take place.





Key Messages Continued

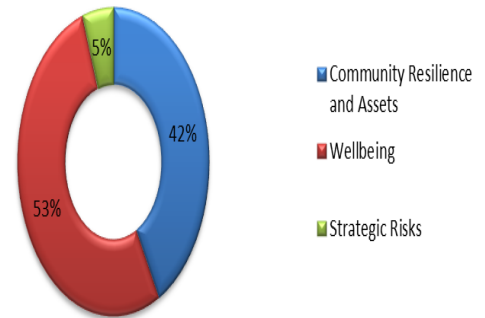
In all of the work that is taking place, there is further risk which results from the restructuring of the directorate. This restructuring is necessary because:

- After 18 months as a single Public Health Directorate within Lincolnshire County Council, it is appropriate to review the way in which we deliver the statutory public health functions which are the responsibility of the County Council or the Director of Public Health personally.
- The County Council has changed to become a commissioning organisation.
- We have seen substantial reductions in the grant that the County Council receives and this is expected to continue. Our staffing structure has to reflect these reductions in financial resources.

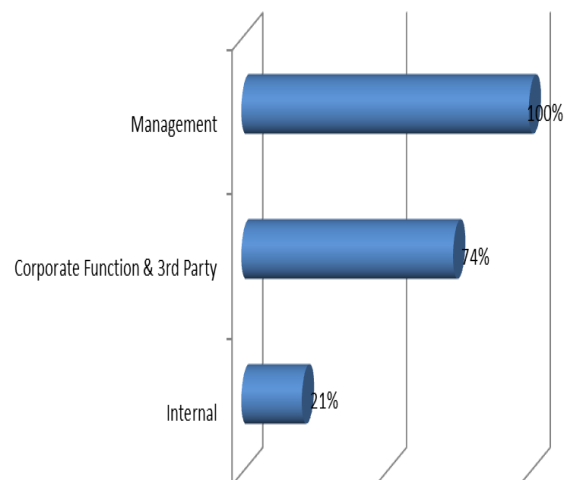
Additionally, many of the critical activities are supported by high levels of corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Inspections and Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations 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 Audit Committee.

Public Health - Distribution of Assurance



Who Provides Your Assurance



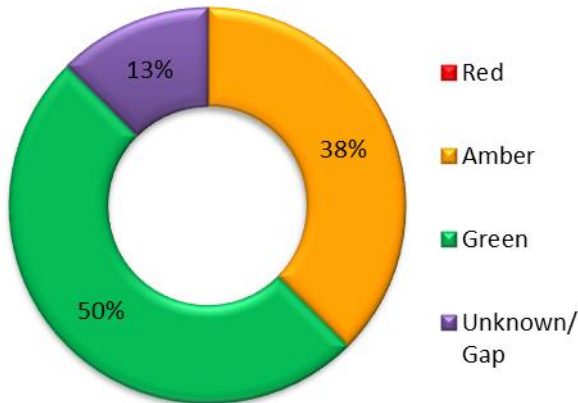
3. Suggested Next Steps

The coming year will see some risks reducing as the restructuring beds in and as re-procurement exercise are completed. The Customer Service Centre will transfer to Serco giving fewer day to day risks in this area. Plans for changes in the delivery of Coroners Services will result in more resilience.

4. Critical Systems



Community Resilience and Assets



Advice, information and support services from community and voluntary sector infrastructure organisations

This activity currently includes a large and wide-ranging area of work, supporting the voluntary and community sector. Through working closely with voluntary organisations, investing time and resources; Lincolnshire has a professional, streamlined, effective and increasingly efficient voluntary sector infrastructure, which is taking on growing levels of responsibility. This includes voluntary and community sector training, support and development; volunteering opportunities, information sharing, development and promotion of volunteer work, access to and streamlining of, community grants. Their role is to ensure that the voluntary sector in Lincolnshire is strong, connected, efficient, well trained and consistent.

Community engagement and development

The Community Engagement Team's role is to widely advertise consultations; giving expert advice and feedback to ensure information is accessible, clear and simple and that engagement events and activities are delivered appropriately, enabling (or allowing) the council to effectively use what people tell us (You said, We did). The team is responsible for the corporate and legislative oversight, expertise and profile of the entire spectrum of Community engagement activity, from information giving, to consultation, to co-production. The team have the responsibility of managing all community grant agreements (including the Lincolnshire Armed Forces Community Covenant, which brought in £592,439 worth of project funding last year alone, governance boards, steering groups and performance monitoring meetings within the agreement of the outcome framework. The team also have responsibility for the implementation and promotion of the "Big Society" agenda, which includes the administration of the entire Big Society Members' Fund, the management, oversight and development of the voluntary sector.

Volunteering support

This work governs the brokerage for volunteers in Lincolnshire, identifying and fulfilling volunteer opportunities, providing training, oversight, promoting equality and diversity of experience, and consistency in implementation of policy and management. This provides an effective support network for volunteers and agencies, adding value through the expertise and advice provided; and giving guidance to ensure volunteering brings value to the individuals and organisations involved.

Financial inclusion

The Income Maximisation Scheme is a county-wide service designed to safeguard the most vulnerable people receive financial support and advice, ensuring that they are aware of and able to claim the full range of benefits and support that they are eligible for. The scheme is operated by CABx and specialists advisors are available to complete home visits to those who are isolated and unable to access support and advice in any other way.

Community Hubs

A recent and growing area of responsibility has been the implementation and development of Community Hubs. Working with partners such as District Councils, Lincolnshire Association of Local Councils, Dept. of Work and Pensions Involving Lincs and LCC service areas (eg Libraries & Youth Services) the project will identify community hubs already existing and those that wish to develop. Four Community Advisors work with other service providers and organisations to identify the breadth of support and guidance that is currently in existence and any gaps in provision, at the same time establishing and further developing a network of community hubs which will deliver local services to local communities and, through sharing, help ensure the sustainability of the hubs and build community resilience. It should be noted that this is a temporary and time limited project which is due to end on 31 March 2016. Given the delays in the library restructure and recommissioning, as a result of the Judicial Review, this will likely impact upon the projects ability to support community libraries in the medium and long-term.

Library & Information Services

Libraries are a statutory duty in the Public Libraries and Museums Act 1964 and as such fall under the remit of Secretary of State for Culture, Media and Sport who has the power to intervene if these duties are not being met, and although there is no national standard or accreditation scheme they are advised by Arts Council England. Tier 1 local authorities have to provide a "comprehensive and efficient" library service under section 7 of the act, but are at liberty to determine what this means in practice within their locality. In Lincolnshire, the council's Executive determined in December 2013 that its statutory provision should comprise the following components:

universal offer (stock procurement, management, distribution and information);

15 core static library sites; targeted provision to those who have difficulty in accessing these services e.g. home library service; Listening Lincs; promotion of activities to increase reading and literacy levels including Bookstart. Additionally, using its general power of competence it also determined to offer the following non-statutory provision:

District mobile libraries to 220 locations across Lincolnshire;

Support for Community Hubs at 40 locations across the county wishing to offer library services
Various paid for services to schools, early years settings, reading, music and drama groups, and prisons. This approach was subject to a Judicial Review in July 2014; Community Right to Challenge in October 2014 and the Executive will consider the type of service it wishes to procure in February 2015.

Archives

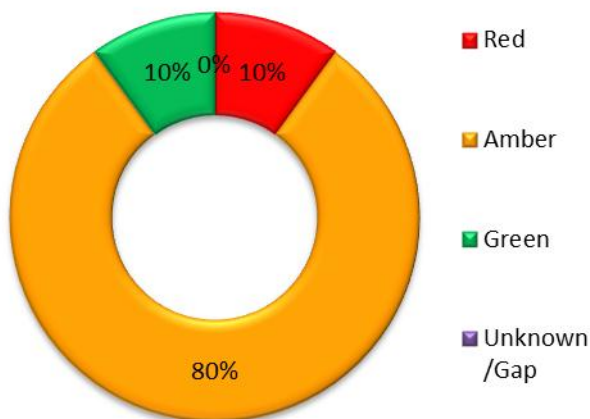
The Archives function is covered by a number of Acts of Parliament: Tithe Act (1936); Public Records Act (1958 and 1967); Manorial Documents Rules (1959) and Manorial Documents (Amendment) Rules (1963 and 1967); Tithe (Copies of Instruments of Appointment) Rules (1960) and Amendments (1963); Local Government Act (1972, Sections 224 - 229); Local Government Records Act (1972); Parochial Registers and Record Measure (1978 and 1991) Archives are regulated and inspected by The National Archives under a national Accreditation Scheme.

During 2014 Lincolnshire Archives retained its full accreditation following an inspection and review by The National Archives (inspection report attached)

Customer Service Centre

In many cases the CSC provides a first point of contact for members of the public accessing council services. The service is currently run by LCC in house, but Serco have been awarded the contract to operate the CSC from April 2015.

Wellbeing



Health Improvement, Prevention and Self Management

The health and wellbeing of the population is improved through advice, information and preventative services. The population are supported to be independent, make healthier choices and live healthier lives. Commissioners and relevant organisations are provided with statutory public healthcare advice to promote the preparation of appropriate local health protection arrangements and improve the health of the population.

All of the interventions being commissioned as part of this system are designed to help mitigate the forecast pressure on health and social care. Working in Partnership will enable more complex service areas to provide better safer care whilst reducing the overall investment required for them to be able cope with future demand.

Support to CCGs (Public Health Professional Advisory Services)

One element of the new statutory responsibilities for Local Authorities with respect to Public Health is the provision of public health advice to Clinical Commissioning Groups. To meet this responsibility in Lincolnshire, each of the 4 CCGs is supported by a named Public Health Consultant who contributes at Executive level to the decision making process at Governing Body and relevant clinical meetings and, for example, supports the development of evidence-based care pathways and service specifications; provides public health input into business cases; contributes advice on evidence-based prioritisation policies; and supports commissioning strategies that meet the needs of vulnerable groups. Although this responsibility consumes a significant proportion of Consultant time, the arrangement provides an excellent opportunity for LCC to build and maintain close links with clinical commissioners and complements the Health and Wellbeing Boards, Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy. During 2015, support to CCGs should improve as a result of increased capacity; clearer roles and responsibilities as a result of the Senior Management Review; and the PH re-structure which will provide for more dedicated support.

Internal Assurance and Governance Board

During 2014, the Directorate set up its own internal Assurance and Governance Board in response to a number of legacy responsibilities for which new systems and processes were required. The Board has been established to monitor, review and report on the quality and performance of Public Health services commissioned and provided by Lincolnshire County Council (LCC) and to ensure appropriate internal governance arrangements are in place. It will also be developing an agreed Public Health Assurance and Governance Framework which will define how governance and assurance will be achieved. Independently of the Board, a series of internal audits have been commissioned from the Audit and Risk Management team, focusing on the areas of highest risk; and the IG team is about to re-commence IG audits for those PH areas which have not been audited to date.

Health Protection

The Director of Public Health has a mandatory responsibility for the assurance of health protection functions which includes immunisation and screening programmes commissioned by NHS England, Emergency Planning Resilience and Response (EPRR) and infection prevention and control (IPC). The function requires the PH team to provide strategic challenge to health protection plans/arrangements produced by partner organisations; scrutinise and as necessary challenge performance and escalate as appropriate; receive information on all local health protection incidents and outbreaks and take any necessary action, working in concert with Public Health England and the NHS. For EPRR and IPC there is also a delivery element to support the LCC public health response to a major incident and a community IPC service.

PH staff continue to actively contribute to immunisation and screening programme boards (these programmes now being commissioned by NHS England) to ensure areas of poor performance are addressed and that robust action plans are in place. National performance measures and outcomes are reported quarterly and annually and benchmarked against other LAs or healthcare providers. For EPRR, NHS providers are assessed against core standards and using this tool, we have reported that we are assured that robust plans are in place to enable a coherent and timely response to a major incident from healthcare providers. Local exercises and structured debriefs after incidents contribute to that assurance. In the IPC area, the IPC team are working closely with ASC to introduce specific IPC performance indicators for providers; conduct IPC audits in care settings in response to concerns; and continue to provide training across a wide range of settings to reduce the risk of infection to staff and clients. The Lincolnshire Health Protection Board provides a forum for discussing assurance issues across all health protection areas and an annual report for 13/14 has been submitted and accepted. The comprehensive assurance framework which is in place for health protection has been audited. Whilst the process is robust; its application in practice requires review to reflect changing circumstances and a lack of data.

Sexual Health Services

The Local Authority (LA) commissioned sexual health service encompasses open access Genitourinary Medicine (GUM) services, Contraception and Sexual Health (CASH) services, Long Acting Reversible Contraception (LARC) in community and primary care, chlamydia screening aimed specifically at the 15 – 24 year old age group, psycho-sexual therapy, HIV prevention and support and sexual health promotion, and a number of services aimed specifically at reducing teenage pregnancies. The provision of a comprehensive sexual health service is a mandatory responsibility of the LA. High uptake of services is encouraged to identify and treat symptomatic and asymptomatic infections which, if untreated, can have long term consequences. At the same time, services encourage the consistent and correct use of condoms required to reduce the risk of Sexually Transmitted Infections (STIs), provide advice on reducing risky behaviour, and aim to encourage the use of LARC.

There are a number of national performance measures and outcomes associated with sexual health (part of the Public Health Outcomes Framework (PHOF) which are:

- Crude rate of chlamydia diagnoses per 100,000 young adults aged 15-24.
- Under 18 years conceptions (there is no national target; so the target is set internally).
- People presenting with HIV at a late stage of infection (aged 15+ presenting with a new diagnosis of HIV and a CD4 count of <350 cells per mm³)

These outcomes and measures are benchmarked and validated nationally, allowing us to compare outcomes with similar LAs and England. This provides us with a level of assurance that the services which contribute to these measures and outcomes are effective. Data from the chlamydia screening programme feeds into a national dataset which is reported quarterly. The national aspiration is to meet a diagnosis rate of 2300/100,000 young adults however, there is increasing acknowledgement that this is unlikely to be achievable in all areas, particularly those which are rural and where the prevalence of infection is lower, such as Lincolnshire. As a result, we have agreed that we will set a local chlamydia screening target which reflects local circumstances.

Since April 2014, LCC has had direct contracts with providers of the sexual health services which transferred across from the PCT. The performance management of commissioned services is managed internally through monthly/quarterly contract meetings; monitoring of performance data; locally set targets/outcomes; and close monitoring of risk registers. We are using and adapting the LCC Quality Assurance Framework to shape visits to providers, providing us with additional assurance over the quality of the services being commissioned. A series of steering groups for health promotion, sexual health, teenage pregnancy and chlamydia screening report to an overarching Sexual Health Programme Board so that the direction of the programmes and progress being made can be monitored.

Specialist Equipment and Integrated Community Equipment Scheme (ICES)

The current ICES contract entails equipment procurement (non-catalogue products for adults and children); and daily living and nursing equipment supply, delivery, fitting, installation, adjustment, repair / refurbishment, collection, decontamination and recycling or disposal of items of equipment requisitioned and the servicing, maintenance and repair of all catalogue equipment supplied. The current service has been commissioned to deliver Lincolnshire's ICES contract since 2004. This is a high volume service with 2000 active prescribers of community equipment within Health and Social Care and demand for the service has increased year on year at a rate in the order of 6%.

It has been identified that although the current ICES contract meets current need there is a requirement for it to be more efficient and cost-effective. The joint commissioning approach between LCC and the CCG's needs tightening for the benefit of both parties and to ensure the service can be more efficient and cost effective.

The service continues to deliver but an open procurement exercise is anticipated for 2014/15. Whilst this is a service funded by Adult Care and NHS it currently sits within the LCC Wellbeing Strategy.

Wellbeing Service

The newly commissioned Wellbeing Service is designed to promote confidence in living independently. By delivering through a preventative approach The Wellbeing Service should enhance wellbeing, and reduce or delay escalation to statutory support services. The service is designed to improve accessibility to support services when they are needed, deliver services that are tailored and fit for purpose and allow equal opportunity regardless of location within Lincolnshire.

The service can include;

- A brief period of support to achieve person centred outcomes with a focus on promoting independence
- Access to Simple Aids for Daily Living such as kettle tippers, key safes and raised toilet seats.
- Minor adaptations including grab rails, hand rails, second banister rail and alterations to steps.
- Supply and installation of Telecare equipment which is linked to a 24 hour monitoring centre.
- A Wellbeing Response service offering a 24 hour 7 day a week service, attending a person's property for non-medical emergencies.
- A Home Safe service which is a transport and resettling service for individuals returning home from a hospital stay.

Great attention will need to be paid to evaluating whether this investment is good value for money even though the interventions being commissioned are largely evidence based and are already showing positive outcomes for vulnerable people.

Housing Related Support for Vulnerable People

Currently commission supported housing services consist of following elements: single persons supported accommodation, homeless families' accommodation, emergency access accommodation, domestic abuse refuges and floating support services to those aged 18+. There is currently a geographical disparity in the distribution of funding with regards to HRS services . A comprehensive service review programme has been completed for all of the existing contracts including a detailed analysis of service description, strategic priorities, population need and demand, demand for services, current supply, cost, quality, performance etc. A key outcome of the review is to ensure future services remain fit for purpose and can respond to the increasing need for support provision.

The result of this review has led to the need to re-commission housing related support for vulnerable adults across Lincolnshire to be identified. For vulnerable people, adequate housing is a necessity, if their wider needs are to be met effectively. Most vulnerable people find themselves in transition at various points in their lives. If they cannot access adequate housing at the right time, their attempts to achieve positive outcomes can be seriously undermined. HRS services across Lincolnshire will help tackle multiple disadvantages by assisting:

- Former rough sleepers, and other single homeless people living in hostels, to move-on into self-contained accommodation;
- Recovering substance misusers, to settle down after treatment and rehabilitation;
- Offenders, who have lost their home while in prison, to plan for their release;
- People suffering domestic abuse to find new accommodation freeing themselves from abusive relationships

It is proposed that the new contracts will be more flexible hours based, but we envisage the same number of people to be able to be supported by the creation of a service with less accommodation units but improved throughput.

The introduction of a single access electronic gateway into services will address current issues of service users accessing provision directly through a Provider, giving Public Health no ability to monitor and track a service user's journey or no way of ensuring the appropriate service user is accessing the most appropriate provision and moving through that service at an appropriate speed. The gateway will enable referring agencies to access services through a single point of access and enable providers to notify of vacancies speeding up referrals, improving choice and access to information.

Substance Misuse

The responsibility for commissioning treatment services for adults and young people with substance misuse problems transferred to the Council in April 2013.

During 2014 a five year Alcohol and Drug Strategy was launched which includes a theme 'Delivering high quality alcohol and drug treatment systems'. This has enabled detailed delivery plans to be developed for improving and enhancing treatment services.

The investment in these services is the single largest commissioned service from this Directorate and therefore also carries a significant investment in contract and performance management. Budget reviews been undertaken and plans are now commencing to needs asses and re-commission all treatment services.

These services have a huge impact on the health of individuals with problems and those close to them as well as supporting safer communities. They protect people from harm from substances and things like blood borne viruses in the short term and in the longer term promote recovery and help people turn their lives around and be productive members of society. Services currently offered within this programme are wide ranging, from the offer of clean injecting equipment to reduce spread of infections through vaccination for blood borne viruses up to a full detoxification service for people with long term alcohol and drug dependency. Service users run the full age range from children through to older people and people are treated in a wide range of settings by more than one organisation.

Adult services have participated in a Payment by Results pilot based on an outcomes framework since 2012. Payments are triggered by service users achieving goals in their recovery. This pilot concluded during 2014 and future commissioning models will evaluate this process in order to develop a new model for future services. Performance data from these services is externally validated and benchmarked with UK and comparator authority area performance, giving a solid opportunity to gain assurance on the relative value for money of local services.

Registration, Celebratory and Coroners Service

In 2014 customer satisfaction levels continued to remain very high with another successful review for Customer Service Excellence. This is the fifth year running that the service has gained 100% compliance in meeting the government standards for this award.

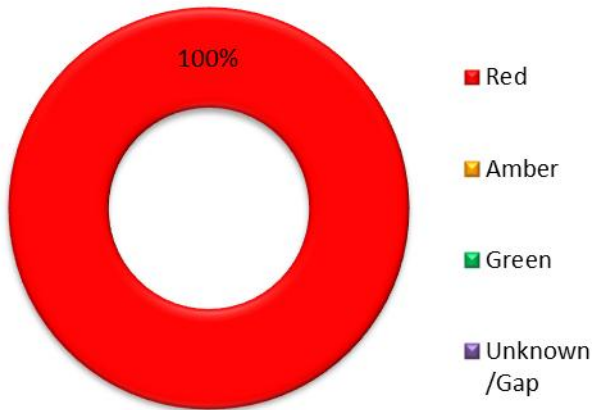
Customer expectations continue to be very high and the service needs to respond to this.

KPI's changed slightly in April 2013, to now include referrals in relation to suspected sham marriages and suspicious certificates. These continue to be monitored monthly. This is a high profile area for the Home Office and highlights the important role that Registration Officers play. Additional statutory responsibilities in relation to data sharing have been implemented, with further changes anticipated in 2015 in line with the Immigration Act.

The Coroners Service has continued to respond to new guidance from the national Chief Coroner and demands on the service especially in relation to Deprivation of Liberty Safeguarding Authorisations. A comprehensive internal audit of the Coroners Service was concluded in Spring 2014 with a number of recommendations firmly embedded in the service. The service continues to look at ways to develop which will result in improved support to bereaved families, the coroner, to continue to improve efficiency and timeliness of coroners' caseloads.

National Consultation on Medical Examiners has been further delayed. It is anticipated that a review of death certification will be considered following the general election.

5. Strategic Risks



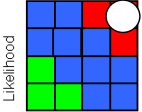
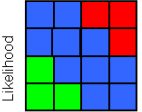
The significance of the issues facing Adult Care is reflected in the Council's Strategic Risk Register. The risk rating reflects a natural disposition to caution given the nature of the people being served and the scale of the budget and the pressures faced. Outlined below is:

Integration with Health and Social Care

Council's highest rated Strategic Risks for this area of the business:

Integration with Health and Social Care

6. Strategic Risk Register

Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Direction of Travel (Improving, Static, Declining)	Actions
Integration of Health & Social Care Services Maintaining a viable, safe & sustainable health and social care infrastructure	Cautious (Willing to take risks but prefer to take the 'safe delivery option' - minimising the exposure with tight corporate controls over change)					<ul style="list-style-type: none"> This risk is a new risk and due to the nature of the risk, we need to continue to work with the programme office to identify suitable actions to mitigate the risk. This will be completed over the coming months

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Combined Assurance

Status Report Adult Care



Assurance

Date: January 2015

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1. Introduction

This is an updated combined assurance report following the development of the combined assurance map first reported in October 2012.

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 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:

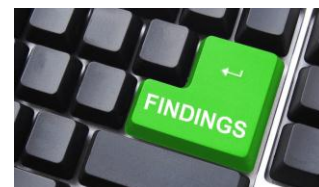


Our approach includes a critical review or assessment on the level of confidence the Board can have on its service delivery arrangements, management of risks, operation of controls and performance.

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.

2. Key Messages

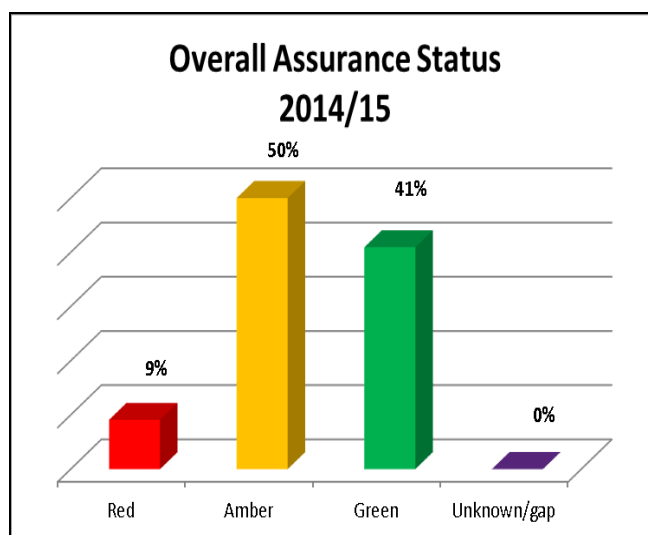
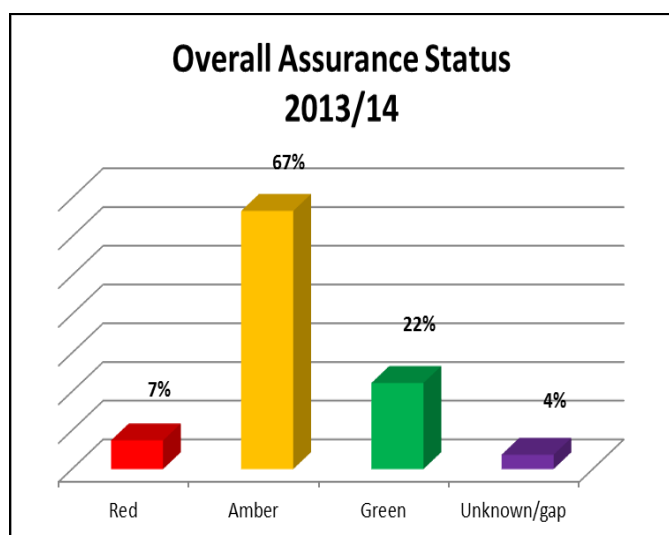


The modernisation of Adult Care remains a key element in securing a sustainable financial base in support of the most vulnerable adults in our communities. As with the previous Assurance Report dated March 2014 the work to secure substantial improvements in a replacement care management system (Mosaic), financial system (Agresso) and customer services (Serco) will both deliver significant productivity gains and help ensure Adult Care is compliant with the requirements of the Care Act which commences 1st April 2015.

How Adult Care organises its activity is now through 4 of the 17 County Council Commissioning Strategies. These are **adult frailty and long term conditions; specialist services; carers** and **adult safeguarding**. All of the strategies are joint with another statutory partner notably Health and the Police. Furthermore, in a number of cases these joint strategies are also "all ages". So, for example, the autism (as part of specialist services) and carers strategies are intended to reflect the needs of both young people and adults.

It is expected that at the end of 2014/15 Adult Care will achieve a balanced budget. This will represent a third successive year of robust financial management during a time of increased demand for service. In addition, Adult Care is responsible for the single largest block of income generation from charges across the County Council (£33m pa). It is therefore reassuring to note that income collection is above 98% and one of the best performing in the country.

Additionally, performance has continued to improve or been maintained at upper quartile levels. For example, speed of assessments, timeliness of reviews, hospital discharge delays, the provision of personal budgets and the number of direct payments are all good or excellent. Coupled with good financial management Adult Care is well placed to manage within even greater constraints in the short to medium future. This analysis is also reflected in the overall assurance status 2014/15.



Key Messages Continued



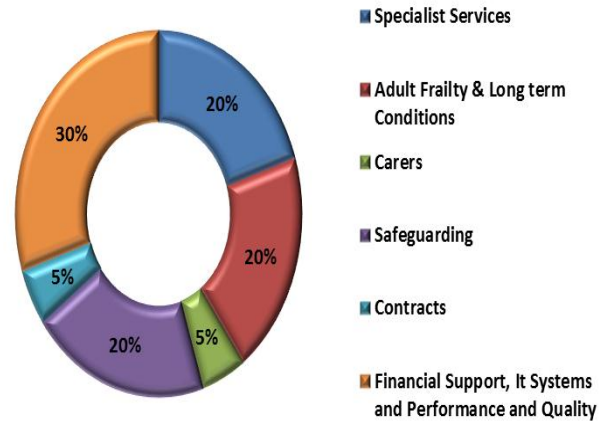
Notwithstanding the above, the financial constraints, demographic changes and increased responsibilities (notably arising from the introduction of the Care Act) will mean that Adult Care may not be able to sustain the improved performance and increased levels of activity seen in recent years. Concerns about the viability of the social care market and the need to maintain good levels of quality are increasing as costs and prices paid for care are low and not sustainable.

Lincolnshire Health and Care represents another profound change bearing upon Adult Care and whilst the expectation is that improved outcomes for people can be achieved by greater levels of integration, they are unlikely to achieve substantial savings for Adult Care at a time when either savings or additional resources are required to balance the supply/demand equation.

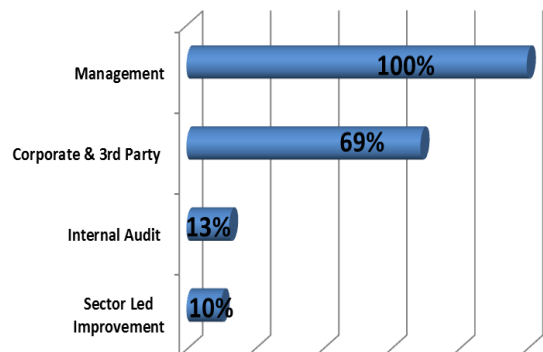
Additionally, many of the critical activities are supported by high levels of corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Inspections and Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations 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 Audit Committee.

Adult Social Care - Distribution of Assurance



Who provides your assurance



3. Suggested Next Steps

As previously indicated in "key messages" the modernisation journey for Adult Care continues unabated. One example is an eloquent descriptor of these changes: in 2010/11 Adult Care employed over 1155 fte staff and was a substantial provider of direct care services. The current staffing as of November 2014 is 491 fte with minimal direct care service remaining.

In parallel the introduction of the Better Care Fund (BCF) secures some additional support for the "protection of adult social care". In 2015/16 the value of this will be £20m. However, the process for securing this sum requires considerable time and energy on the part of officers and introduces the requirement for any spend against the BCF to be agreed with the four Clinical Commissioning Groups and the Lincolnshire Health and Wellbeing Board. The BCF fund represents money transferred from existing health expenditure within Lincolnshire and as such is not new money. To quote the Chief Executive of the NHS, Simon Stevens, this represents the equivalent of putting two leaky buckets of water together and attempting to find a water tight solution.

It is unclear what the future looks like for the Better Care Fund as the national funding agreement is only provided for 2015/16. This introduces another risk for the Council as base funding requires ongoing support. We are also dependent upon any policy changes arising from the elections in May 2015, notably regarding BCF funding in 2016/17 and beyond.

The existing programmes of activity in Adult Care have not changed as detailed in the March 2014 status report. These are:

1. Integration with Health – as detailed in the Lincolnshire Health and Care Programme.
2. Future Delivery of Support Services (FDSS) – notably now that the Customer Service Centre is part of the transfer to SERCO for early 2015.
3. Case Management Partnership Programme (Mosaic) – the new client information system that will come into effect to replace our ageing and inefficient database.
4. The effectiveness of the Wellbeing Service which colleagues in Public Health are leading on.
5. The advent of the Care Act.
6. Renegotiations concerning residential rates from 2015/16 (potentially for 3 years) and those for home care (community support services).

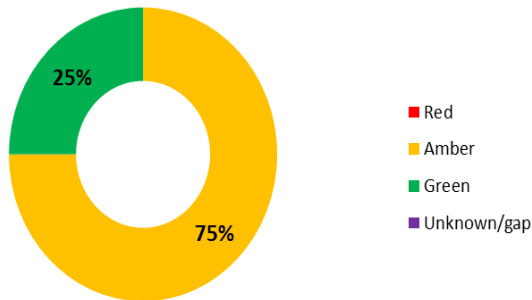
The level of inter-dependency with colleagues in delivering improved outcomes and greater efficiencies continues to grow. For example the number of young profoundly disabled people moving into adulthood from Children's Services is a significant contributor to increased costs in Adult Care. Attempts to reduce these costs are ongoing, for example, increased efforts to maximise independence help make Adult Care financially sustainable. The new Wellbeing Service commissioned by colleagues in Public Health and the new Serco contract which includes responsibility for the Customer Service Centre will help manage the "front door" into Adult Care facilitating the opportunity for people to receive information and advice and self-support thus relieving pressure on limited staff and more expensive processes to undertake assessments and reviews.

Additional pressures have materialised during 2014/15 which have a significant financial effect upon Adult Care. In March 2014 a legal precedent (the 'Cheshire West Judgement') was set related to Deprivation of Liberty Safeguards which Adult Care is responsible for. In effect, an additional £1m is required to meet the consequences of the legal test case in common with most other social care systems in the country. Costs are incurred because we are obliged to undertake more detailed assessments (a tenfold increase) than previously and legal costs have increased as a result as more cases are required at the Court of Protection for a decision. In 2015/16 the cost is anticipated to be in the order of £1.8m. In response, Adult Care with the County Council and the Association of Directors of Adult Social Services is attempting to secure additional resources from the Government under the "new burdens" agreement. To date the Government has not indicated its intention to meet this extra cost.

4. Critical Systems



Specialist Services



Learning Disabilities – Assessments, reviews and Case Management

High levels of assessment and reviewing performance continues to be achieved via the integrated assessment and care management team and related targets are again expected to be achieved or surpassed by the end of the financial year.

Case Management practice, whilst continuing to increase in complexity, also performs well demonstrating robust care planning and strong financial control over budgets.

Positive feedback from a Peer Review of Adult Care was highlighted in relation to the Winterbourne View improvement programme (now known as Transforming Care) and Lincolnshire is making good progress in meeting challenging reviewing targets in relation to associated inpatient placements which are reducing.

Directly Provided Services

Adult Care continues to seek alternative providers for the remaining directly provided services with a view to achieving further improvements in outcomes for vulnerable people.

'Swallow House' is a place of safety and respite facility for people with Learning Disability. It has recently been successfully outsourced to the well know national charity 'Making Space'. The outsourcing of Day Services continues to be a challenge with a number of potential providers withdrawing from commercial negotiations following their own due diligence and associated risk assessments performed by the Council.

A significant risk relates to the high dependency on the Better Care Fund to underpin the pooled budget for Learning Disability Services.

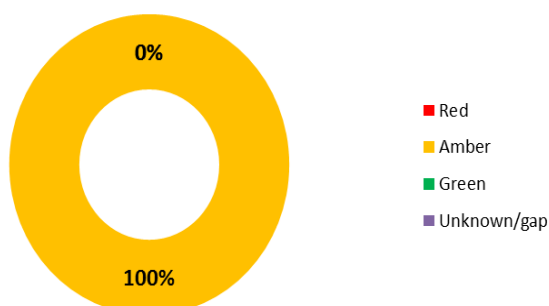
Mental Health

Adult Social Care has delegated its Assessment and Care Management function for Adults with Mental Health needs aged 18 to 64 to Lincolnshire Partnership Foundation NHS Trust (LPFT) via a Section 75 agreement. The agreement has been in place for almost 4 years and has delivered 28% savings over this time period. Adult Care is now negotiating the extension of the Section 75 agreement following the completion of a review of the activities that LPFT perform.

Autism

A new All Age Autism Strategy has been developed and has completed a process of public consultation and will be presented to the Council Executive in February 2015 with recommendations to implement the strategy in 2015-16. The All Age approach is seen as innovative and expected to gain interest from other authorities with a particular focus on co-production with people with autism and or their carers.

Carers



During 2014 a Joint Carers Strategy 2014 – 18 was successfully produced and published following a considerable amount of engagement with carers. LCC will continue to work closely with the Lincolnshire Carers and Young Carers Partnership to ensure the key priorities are implemented.

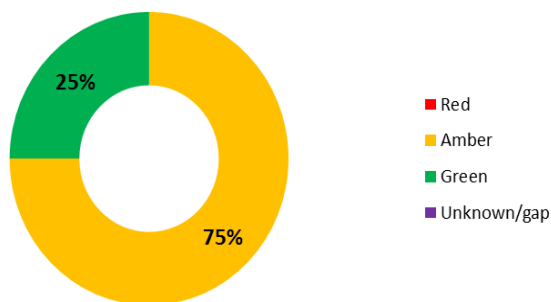
As the majority of contracts for carers support services will expire in September 2015, there will be a procurement of an all age carers support service. It is anticipated that a 'lead provider' or consortium arrangement will be obtained, this should result in a more integrated service offer to carers and a significant reduction in contract management costs for LCC.

Additionally, looking ahead to 2015 there are a number of significant challenges and key risks to the successful delivery of carers support services. Most notably the Care Act, CMPP (Mosaic), the transfer of the internal carers team to Serco and the retendering of support services. Each of these presents both opportunities and risks to the way we currently deliver support to carers.

The Care Act, which consolidates carers rights to an assessment and sets national eligibility criteria for support, is expected to result in a significant increase in the number of carers seeking an assessment and support in the form of a service. It is therefore a challenge to LCC to ensure current services will be able to meet future demand and be Care Act compliant. One area in which this is being addressed is through the implementation of CMPP (Mosaic) which will ensure carers assessments meet new legislative requirements and through the Serco provision which will manage the front end of the support service.

The recently announced financial settlement from government for implementation of the Care Act in 2015/16 goes some way to help with these increased legal duties as it incorporates additional funds to support carers. However, long term and sustainable funding will be required to ensure 'early gains' in supporting carers are not temporary.

Adult Frailty & Long Term Conditions



'...the right support,
right time,
right place...'

The purpose of this service area is to ensure that eligible individuals of Adult Social Care who are over the age of 18 and have a predominant physical disability receive appropriate care and support that enables them to feel safe and live independently. In delivering these services the expected outcomes are that we will enhance the quality of life for people with care and support needs, delay or reduce their need for care and support and ensure that people have a positive experience of care and support.

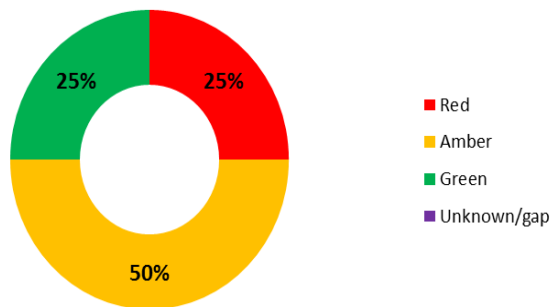
The services that we commission to deliver these outcomes include; reablement, domiciliary care, community support, residential care, dementia support services, assessment & care management and a Social Work and Occupational Therapy service.

The service area currently supports approximately 17,000 of the most vulnerable adults in the County.

Demand for services in this area is being driven by a growing population of increasingly frail older people. Lincolnshire is a net importer of older people that means there are two primary sources for the increased numbers which represents the largest growth in the East Midlands. As a result the service is seeing an increasing demand for residential and nursing placements as a result of increasing admissions and length of stay with domiciliary care budgets experiencing pressure as a result of the increasing number of people requiring higher intensity support. Provision for people under the age of 65 represents a smaller proportion with respect to the number of vulnerable adults and the budget. The service area also continues to see an increase in the use of Direct Payments to meet people's needs which is in line with the Personalisation agenda.

In addition to these general pressures highlighted above, the strategy area will be impacted by a number of external factors that will occur over the medium term, including the Cheshire West Judgement, implementation of the Care Act 2014 and work to secure new rates for residential services and domiciliary care in 2015 and, secure ongoing and quality supply from providers.

Safeguarding



LCC has adopted the "Making Safeguarding Personal" initiative from the Department of Health which has been introduced to compliment the requirements of the Care Act. This initiative will assist us to embed the seven adult safeguarding principles required by Government into our practice, as well as partner agencies.

The six key principles which underpin all adult safeguarding work are:

Empowerment – people being supported and encouraged to make their own decisions and informed consent.

Prevention – It is better to take action before harm occurs.

Proportionality – The least intrusive response to the risk presented.

Protection – Support and representation for those in greatest need.

Partnership – Local solutions through services working with each other.

Accountability – Accountability and transparency in delivering safeguarding

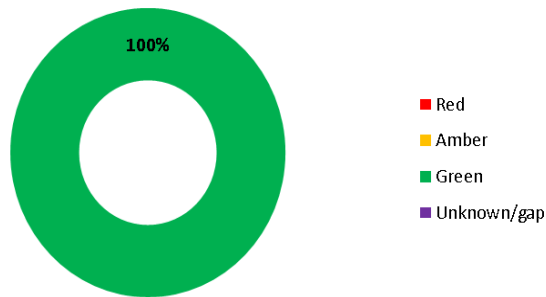
In addition and within the last few of months the DoH have included **Communities** as the seventh principle.

The Lincolnshire Safeguarding Adult Board (LSAB) will oversee the implementation of the programme across the partnership. The LSAB will have a similar legal status and role as Child Protection Committees/Safeguarding Boards once the care Act is implemented.

We have used the adult safeguarding principles to audit our practice in the LCC safeguarding teams and the results have been extremely encouraging. We want to extend the use of audits to our partners' work as well.

The Safeguarding Commissioning Strategy also has responsibility for deprivation of liberty safeguards so we know that the Supreme Court Judgement (aka the Cheshire West Judgement) about depriving individuals of their liberty in residential settings and their own home, is a high risk for Adult Care and the Council as a whole but we are managing it in a proactive manner.

Contracts



During 2014 the contract team has continued to improve its risk management approach with respect to the Council's external service provision. Work has been successfully undertaken to reflect the recommendations as set out within the 'Audit Lincolnshire' report in May 2014 which resulted in substantial assurance for older persons' contract management and the Learning Disability service review has also just been completed and has a positive outcome.

A more structured approach to contract management, quality assurance, audits of contract management practice has been developed with new work on establishing an improved 'poor practice concern' process as well as an enhanced risk assessment toolkit which will ultimately allow Adult Care teams to have much greater intelligence on provider performance, quality and risk.

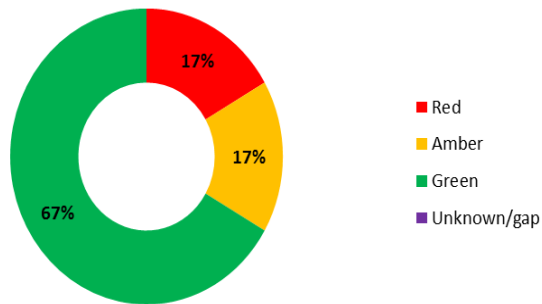
Additionally, the team has further strengthened its resources through the appointment of two new Learning Disability specific contracts officers. Contracts officers have continued to operate in a professional and diligent manner working with several service providers to achieve sustained improvement of and de-escalation in the level of risk. This work has not only been collaborative with service providers but also with internal and external stakeholders, the relationship with the Care Quality Commission (CQC) remains pivotal to these good relations.

Notable areas of progress are:

- A Limited number of home closures which were well managed as recognised by the CQC
- Improved value for money – successfully completed a number of negotiations which has resulted in a reduction in the cost of single packages of care and across whole services.
- The Contracts team have successfully led on new procurements for short breaks, and the direct payment service.
- Audits have taken place of Contract Management meetings and any issues have been addressed through regular staff supervisions (can be evidenced by audits and supervisions). The audits have also ensured that documentation is properly stored and shared within 2 weeks of the meeting.

- A 100% coverage of Learning Disability services in county will have been achieved by Feb 2015
- There has been a reduction in the number of contracts rated as high or medium risk
- Alongside scheduled contract management meetings there has been significant engagement with the independent sector on a range of issues
 - Residential Framework - Working Group established in May 2014, chaired by the Contracts Team and attended by internal and external stakeholders
 - Community Support Framework – Consultation events have been held to discuss the current Community Support Framework and the challenges that the sector is facing. The Contracts Team have worked alongside operational teams and commissioning colleagues to deliver these events
- Home closures:
 - There have been 3 home closures in 2014. The contracts team was able to manage the loss of provider process effectively and ensure that safe transfer of all residents to alternative accommodation. This has been recognised by the CQC
- In the last twelve months 97.6% of services have received at least one contract visit.
- The number of high risk services has reduced by 50% in the last quarter
- The number of services rated as medium risk has reduced by 42% since July
- Business Support have assisted the Contracts Team in maintaining the CMM & Default Tracker spreadsheet.

Financial Support, IT Systems and Performance and Quality



Case Management Partnership Programme

Work is well underway to replace the current case management system with an integrated, multi-agency case management system. The system build is almost complete and data migration and user testing will begin shortly. Staff training will take place between Jan and March 2015 with the system planned to go-live at the end of March 2015.

Whilst improvements to systems/software helps, Adult Care recognises that data quality is critical in ensuring a safe and effective service. Recording practice is a key area of focus across Adult Care, with the regular use of Operational Scorecards for key service areas which include data quality analysis. This provides an opportunity for operational teams and senior managers to assess improvements to data quality and identify problem areas. A suite of reports have also been created for managers and supervisors to generate exception reports on missing or incorrect data.

Quality Assurance

The Adult Care Quality Model is based on three principles of Safe Services, Effective Services and People's Experience of care and support. The Quality Assurance team's role is to provide a strategic quality assurance function for Adult Social Care for both internal and external service delivery. Quality Practice Audits are undertaken across adult care, including safeguarding and reported on a quarterly basis to both Divisional Management Teams and to the Quality and Safeguarding Board chaired by the Director of Adult Social Services.

- The independent survey by Age UK to help us understand people's experience of the adult care assessment process has continued for the second year
- Participation in the Department of Health national pilot on people's experience of safeguarding
- Quality Assurance on the management action plan in response to a recent domestic homicide review
- Review of direct payments with a series of recommendations for improvements
- Ongoing review of people's experience of homecare services with recommendations feeding into re-procurement of services
- Review of current carers services and people's experience with recommendations feeding into re-procurement of carers service.

Care Act

The Care Act 2014 represents a significant reform of the law relating to care and support for adults and carers, updating and consolidating relevant legislation in a single statute in order to better offer improved support and wellbeing with dignity, respect, independence and choice. The Care Act promotes integration between Adult Social Care, health and housing.

Final guidance was published late October 2014, and the legislation will be implemented in two phases:

April 2015 – Duties addressed include: prevention and wellbeing, information and advice, carers, market shaping, commissioning, assessment and eligibility, independent advocacy, personal budgets, direct payments, care and support plans, safeguarding, partnerships, transition to adult care, prisons, and continuity of care.

April 2016 – Extended financial support, cap on care costs ("Dilnot cap") and care accounts. Preparations for implementation are well underway. A Care Act Programme has been established to analyse the changes and implications for LCC and to ensure a co-ordinated approach to planning and implementing the required changes.

The Programme consists of ten workstreams covering the key areas of activity. Workstream leads have analysed the legislation covering their area to evidence compliance with the Act, and where gaps remain to highlight the changes necessary. This compliance and gap analysis work is due to be completed by the end of November. Leads meet monthly and their progress is reported to the Care Act 2014 Programme Board, which also meets monthly.

There is a significant amount of activity to be undertaken between now and April 2015. This will include: staff training; the development of new guidance, action plans and changes to working practices.

Performance

Within Adult Care, a local performance framework has been developed which incorporates locally defined measures in addition to measures from the National Adult Social Care Outcomes Framework (ASCOF) and the National Health Service Outcomes Framework (NHSOF). The measures cover all of the key areas of the business and have been deemed appropriate for measuring the outcomes and effectiveness of service provision for the people of Lincolnshire.

The indicators within the framework have been aligned to nine domains consisting of;

- Prevention
- Reablement
- Personalisation
- Operational
- Organisational
- Customer Feedback
- Carers
- Interface with Health and
- Safeguarding

The Performance Framework is overseen and reported to the Adult Care Executive DMT which includes the Portfolio Holder and reported on a quarterly basis to Adult Scrutiny Committee.

Demand for services continues to grow, with 14,400 clients currently accessing services. 8,000 clients are supported with long term support either in the community with a personal budget, or in permanent residential care. The remaining 6,400 clients are receiving on-going low level support in the community. The general increase is mostly fuelled by the growth of older people requesting support, but also because of the uptake of Telecare equipment since the service has transferred to Public Health. Admissions to permanent residential care for younger adults remains low and stable, For older adults, the rate of admission is particularly low this year, with 100 fewer placements made between April and September 2014, compared to the same period last year.

The uptake of services would be much greater if the Adult Care 'front door' wasn't as effective as it is. Three quarters of contacts for new clients are offered information and advice and are being signposted appropriately instead of progressing down the funded care route.

With regard to the reablement service, which is now provided by LPFT, 50% of people accessing the intensive service have regained their independence and require no ongoing support from Adult Care. Also, the percentage of clients admitted to hospital after reablement has reduced to 16%, which further demonstrates the effectiveness of the intervention and reduces the pressure on acute care.

For people who have been in hospital, Adult Care has worked closely with health colleagues to reduce unnecessary delays. For two consecutive years, Lincolnshire has been one of the best performing authorities in respect of delayed transfers of care with an average of 8.5 delayed patients per 100,000 population, and 1.4 delayed patients per 100,000 where the delay was caused by Adult Care. In the last 6 months, the number of delays has reduced further still.

Operational efficiency continues to be very good with 88% of assessments completed within 28 days. People are receiving services more efficiently with 90% of home support packages brokered within seven days of referral, and 94% of direct payments processed within 14 days. Adult Care are on track to review 90% of people in the year, which would show a good improvement from 80% last year. Reviews ensure that people have the most appropriate support services to meet their needs and keep them safe.

The authority is also experiencing an increase in demand from carers. 6,600 carers are currently supported by the Carers Service Team or one of the Trusted Assessors for Carers, the majority of which are offered a direct payment to meet their particular needs as a carer. Carers also want reassurance that the person(s) they care for are looked after should something happen to them. The Carers Emergency Response Service (CERS) addresses this need, and 50% of carers have a CERS plan in place, which can be activated at any time, day or night.

People are generally happy with the care and support they receive, with 92% of clients responding to the 2014 Adult Care Experience Survey saying they were at least quite satisfied. 84% of people responding to the survey also said that the care and support services they received made them feel safe and secure. The number of complaints received by Adult Care has fallen consistently since 2011/12, also suggesting that the service is improving. From April to November 2014, only 30 complaints have been substantiated (compared to 66 substantiated complaints in 2013/14).

Data quality remains a key focus within adult care, particularly as data is migrated from existing systems to the new case management system. The operational scorecards used across all business areas are a key part of ensuring data quality, with monthly data quality analysis provided to managers. This provides a regular opportunity to assess improvements to data quality and is shown to be effective with an 87% reduction in data errors since Jan 2013.

5. Strategic Risks



The significance of the issues facing Adult Care is reflected in the Council's Strategic Risk Register. The risk rating reflects a natural disposition to caution given the nature of the people being served and the scale of the budget and the pressures faced. Outlined below is:

Safeguarding Adults

On 1st April 2015 Safeguarding Adults becomes a statutory responsibility along similar lines to child protection. This requires closer working and information sharing with Police, Health and a wide range of other partners. Closer links with domestic abuse, human trafficking will also be required to ensure adults are protected and where necessary we respond appropriately. Most actions arising from the Peer Review of safeguarding in November 2013 have been completed. Further actions have arisen from the review related to a domestic homicide. The process of learning will not cease.

Market Supply to Meet Eligible Needs

In essence there are two primary markets for adult care services: home support and residential care. Both are susceptible to market failure as a result of the prices currently paid by Adult Care. This is particularly evident in the home care market which has had low prices for over three years. It is a statutory requirement to provide a service to meet an eligible need and supply of service will only be assured if Adult Care can pay more. This creates a budgetary pressure for the Council. Notwithstanding this situation relationships with the provider market are good and for the last three years the residential market has been very stable. New capital investment in Extra Care services will be required in the future to help mitigate pressures within the residential care market.

Integration with Health

Lincolnshire Health and Care represents a profound agenda for change across both Health and Social Care. The effects of such change on Adult Care are already being felt as we increasingly jointly commission services and pool budgets, for example in learning disability and community equipment services.

This level of coalescence will increase as a result of both national policy and local initiative. The scale of such change generates its own risks.

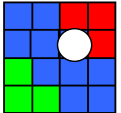
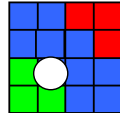
Council's highest rated Strategic Risks for this area of the business:

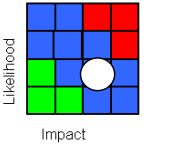
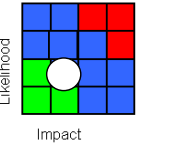
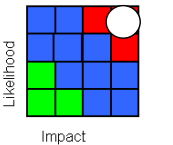
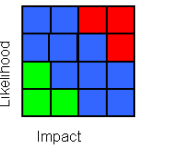
Safeguarding Adults

Market supply to meet eligible needs

Integration with Health

6. Strategic Risk Register

Risk description	Risk Appetite (How much risk are we prepared to take & the total impact of risk we are prepared to accept)	Current risk score	Target risk score	Assurance Status (Full, Substantial, Limited, No)	Direction of Travel (Improving, Static, Declining)	Actions	Notes / Comments
Safeguarding Safeguarding adults	Cautious (Regulatory standing & legal compliance - recognised may need to change the ways we do things are done but will be tightly controlled)	 <p>Likelihood</p> <p>Impact</p>	 <p>Likelihood</p> <p>Impact</p>	Limited	Improving	<p>Existing controls</p> <ul style="list-style-type: none"> • Multiagency Safeguarding Policy & local Procedures • Adults Strategic Safeguarding Board • Virtual integration between policy, practice & strategy • CQC Information Sharing Meetings • Delivery of Safeguarding training to providers as part of 'Supporting Proprietors - Leadership & Management' Programme • Appropriate checks / vetting of staff in 'regulated activity posts' • Investment in staff development agreed with Adult Safeguarding Board (ASB) of £250,000 for 2 years (each year) • Improved performance monitoring to Adult Safeguarding Board (ASB) under development for regular monitoring • Public Protection Board • New quality assurance unit • Leap professional & elite professionals • Serious case reviews • Senior Business Manager appointed to assist Safeguarding Manager and take lead on Implementing Peer Challenge Action Plan • Performance Score Card monitored at department level reported to LASAB <p>New / Developing controls</p> <ul style="list-style-type: none"> • Develop & implement suitable assurance framework for commissioned services (that considers safeguarding) • Develop & implement suitable assurance framework for Personal Budgets (that considers safeguarding) • Domestic Homicide review action plan • Implementation of Action Plan arising from Peer Challenge - due for completion by Dec '14 	

<p>Market Supply AC Adequacy of market supply to live within budget</p>	<p>Cautious (Regulatory standing & legal compliance - recognised may need to change the ways we do things are done but will be tightly controlled)</p>			<p>Substantial</p>	<p>Improving</p>	<p>Existing controls</p> <ul style="list-style-type: none"> Continued improved relationships with providers Community support framework Targeted market stimulation - geographic or service based on micro-level according to need and based on good intelligence. Capital strategy in place for next 3 years with funding level and team created Additional resources in Procurement Lincs to improve contract management - prolonged transfer Homecare rates being described and new investment assured Funding for residential care secure Contract register in place Additional investment in community based services with NHS developed <p>New / Developing controls</p> <ul style="list-style-type: none"> Develop further diversification of the market, i.e. multiple providers being able to offer multiple services Develop right mix of skills to become a commissioner of services Renegotiation of Pay & Prices - due for completion by end Dec '14 	<p>Review risk in Dec '14 following renegotiation of Pay & Prices work.</p>
<p>Integration of Health & Social Care Services Maintaining a viable, safe & sustainable health and social care infrastructure</p>	<p>Cautious (Willing to take risks but prefer to take the 'safe delivery option' - minimising the exposure with tight corporate controls over change)</p>					<ul style="list-style-type: none"> This risk is a new risk and due to the nature of the risk, we need to continue to work with the programme office to identify suitable actions to mitigate the risk. This will be completed over the coming months 	

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Combined Assurance

Status Report Information and Commissioning



Date: December 2014

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Contact: Judith Hetherington Smith
Details: Judith.HetheringtonSmith@lincolnshire.gov.uk

Introduction

This is the first combined assurance report for Information and Commissioning.

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



The new Information and Commissioning area has been created to enable and support commissioning activity across the Council, ensuring that commissioning activity is carried out in the most effective way to deliver benefits for all Council activities:

- Consistently making decisions based on evidence of needs and political priorities
- Working with partners to get the best results
- Focusing on outcomes for people and places
- Using the best means of delivering those outcomes, whether that is inside or outside the Council
- Holding all service providers to account with appropriate rigour

This new area brings together Procurement Lincolnshire, Performance & Programmes, Information Management & Technology and Strategic Communications.

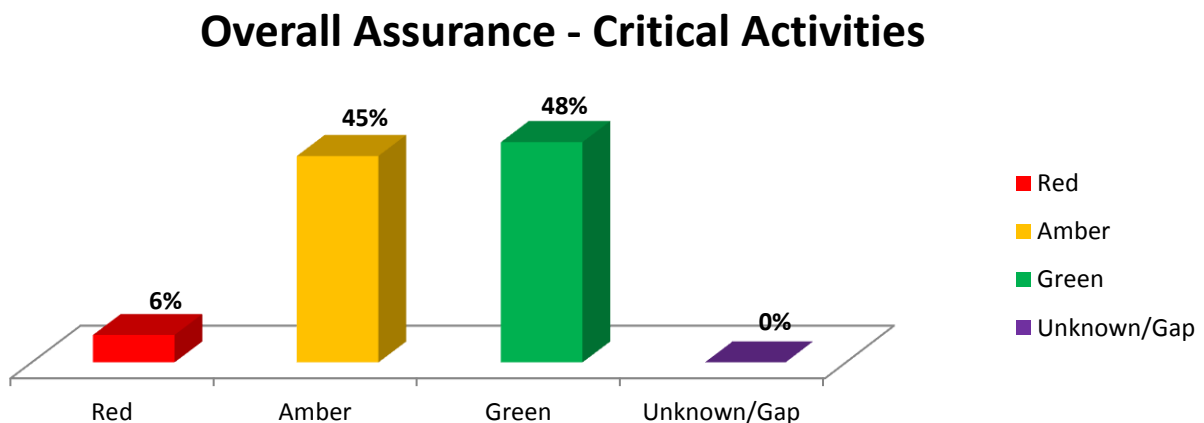
The new structure was put in place through a significant restructure during 2014 with a small amount of recruitment still to be completed.

The current key challenges include:

- completing the FDSS programme, transitioning services from Mouchel to the new arrangements including Serco, VinciMouchel, West Yorkshire Council and insourcing to LCC
- completing the implementation of major new systems including Agresso, Mosaic and new customer service systems
- establish new contract management arrangements
- undertaking significant commissioning activity particularly for adult services
- improving the Council’s records management

I am satisfied that the assurance assessment is fair and accurate based on both internal and external assessments and the work described above will improve the assurance of the critical activities over the coming year.

Figure 1



Next Steps

The next six months are a particular challenge as the Agresso, Mosaic and new customer service systems are implemented and the delivery of services including the staff involved are transferred from Mouchel and the Council to new suppliers.

The 1 April is a key date during that period with a significant number of changes to be made on that date. The work needed to successfully achieve the transfer is significant and represents a significant risk to the Council at this time. The progress is being closely managed and the challenges that inevitably arise in such a complex undertaking are being escalated rapidly to enable solutions to be found as quickly as possible.

The next couple of years will see further significant changes enabled through the implementation of Agresso, Mosaic and other systems and technologies that Serco will be delivering with us. This will enable many areas of the Council to improve efficiency.

The commissioning activity of the council continues to develop and the support for this is being enhanced through the new teams that have been in place from 1 January 2015. The support for Adults commissioning is key at this time due to the significant changes needed over the next two years. It will be important to continue to ensure that commissioning across the Council is appropriately joined up to maximise the benefits delivered through the new commissioning strategies.

The coming year will see much activity across the Council and successfully managing communications will be challenging, The team are well set for success in achieving this.

Critical Systems



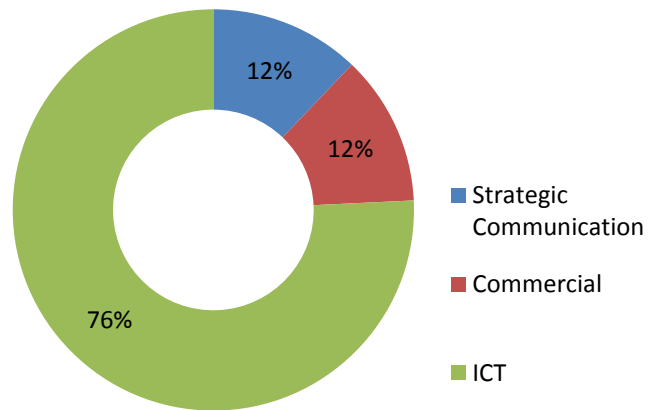
Figure 2

Assurance around the critical activities and systems identified for Information and Commissioning are generally strong. The vast majority of assurance gained by managers from the services they are responsible for is classified either as 'green' or 'amber'. The areas identified as 'red' are currently being addressed. Please refer to Figure 1 included on Page 4 of this report.

The critical activities are supported by corporate assurances provided by regular reports to Scrutiny Committee. Third Party assurance is provided in many of the ICT related areas through compliance with the annual PSN submission. This process is due to take place again in May 2015.

Several areas (mainly ICT) have been the subject of internal audit reviews and these are reflected on the Assurance Map for Information and Commissioning. These reviews provide independent oversight and added value through recommendations made for improvement. Agreed actions are monitored to ensure implementation with progress reported to the Audit Committee.

Assurance Areas - Information & Commissioning



Who Provides Your Assurance

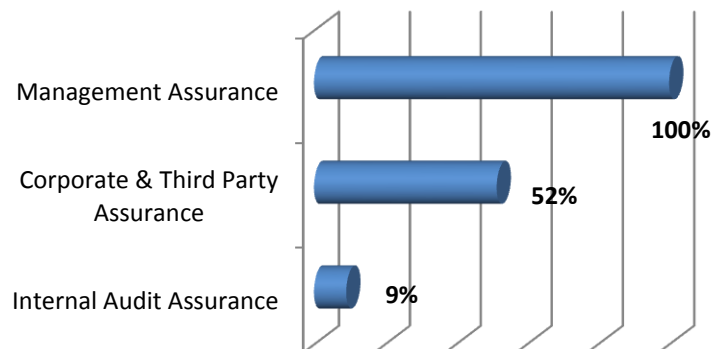


Figure 3

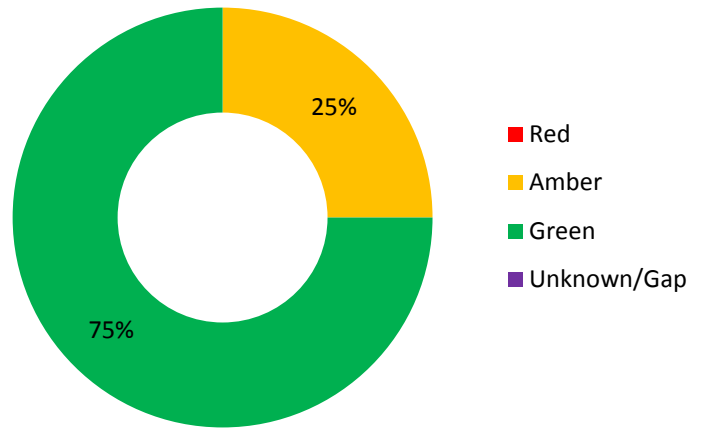
Strategic Communications

Figure 4

Strategic Communications

The Strategic Communications team have just been through a structural review as part of the overall review into Information & Commissioning. This review reduced the size of the team by one.

The team are currently operating with reduced staffing due to an unusually high number of resignations in the latter part of 2014 and two key members of staff being on maternity leave.

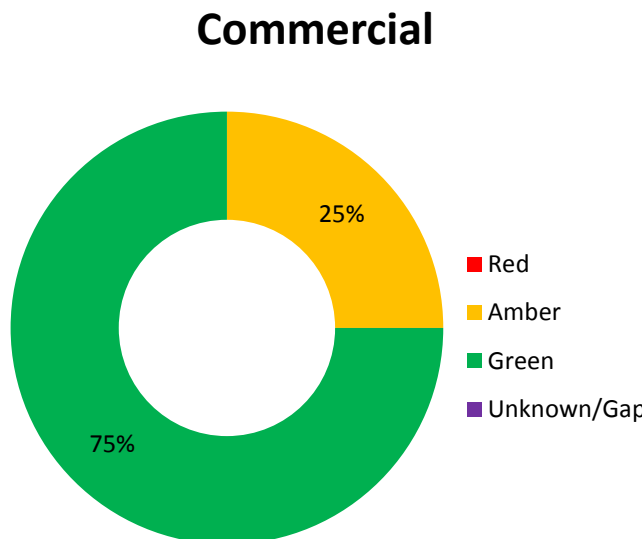


The agreement to recruit two additional grade 7's on one and two year fixed term contracts to cover communications work on key priority projects, (the greater Lincoln area major infrastructure projects and Business Lincolnshire Growth Hub Marketing Activity) will help to alleviate the loss of staff, but there will still be some pressures on service delivery, particularly whilst recruitment takes place.

Plans are in place to cover all areas and maintain service delivery; however the new team will not be at full capacity until the return of the two members of staff currently on maternity in the summer. Additional resource is being sought through business support including through the modern apprentice scheme.

There is still a gap in communications delivery of a 24/7 out of hours service; new arrangements are being put in place to enable this to be delivered more robustly.

Figure 5



Commercial Team

As part of the Council's senior management review the senior management of the new Information and Commissioning area was established. As part of this new area a new Commercial Team has been established bringing together the skills across Procurement Lincolnshire, Performance & Programmes and LRO to create a single team to support all aspects of the commissioning cycle. This will ensure that we are best equipped to provide appropriate support to the changing wider organisation in our role as an enabling service.

The new Commercial Team will deliver the activities previously delivered by Procurement Lincolnshire and Performance and Programmes Service and new roles have been created (disestablishing all the old posts) in four new teams to focus skills and resources on meeting the Council's changing challenges through providing expert support to commissioning.

Two Strategic Commissioning teams.

Two new Strategic Commissioning teams have been created; People Services and Infrastructure.

The creation of a People Services team ensures that there is sufficient capacity and expertise to manage the very substantial forthcoming work load in Adult Care, and to provide some support to Public Health and Children's service areas. New key roles within the People Service team are the (two) Commissioning and Procurement Managers.

The Infrastructure team manages all other activity; including continued Procurement Lincolnshire shared services activity (with districts). New key roles within the Infrastructure Team include the Serco Contract Manager, a dedicated full time resource to manage and co-ordinate all aspects of the contract working with Finance, People Management and IMT service leads; and the CSC Client Lead, to work with the wider council to ensure Serco's development of the CSC continues to meet the changing needs of the council and managing the CSC element of the contract.

Having two distinct Strategic Commissioning Teams will mean that County Council demand in the areas of Adult Care, Children's and Public Health can be met without adversely impacting the shared service and support to the rest of the business.

Commercial Projects and Performance Team

This new team, as part of the Commercial Team, will deal with some of the activity previously delivered through the Performance and Programmes Service and focuses on providing support to commissioning projects, building on the excellent project and change management skills that have successfully supported many previous council projects.

The approach will be to deliver and manage projects working alongside commissioning colleagues in the service areas across the Council, working on projects where the team can add most value and to provide assurance at the request of the relevant service area.

This team will also support the creation of the Council's Business Plan for 2015/16 and the associated performance reporting.

The existing Performance Management system will be replaced in 2015 and therefore the reporting of the Council Priority Activities (CPA), in its current, form will cease and be replaced by a new form of performance reporting on the Council Business Plan and the commissioning strategies. Reporting of the CPA will continue in its current form to the year end (March 2015).

Enterprise Data Warehouse Team

The fourth team is the new Enterprise Data Warehouse team which brings together the skills and experience from the Lincolnshire Research Observatory (LRO) and Procurement Lincolnshire (PL) reporting teams. Bringing the range of technical skills into one team provides the opportunity to add capacity and strengthen the analyst and reporting resource to support the development of Commissioning Strategies across the Council and commissioning activity carried out by the Partner authorities.

The new ICT Service Provider contract provides a new Enterprise Data Warehouse (EDW) platform for the provision of corporate data sets and a new Business Intelligence (BI) platform for the consumption of these data sets. The new team has been designed to ensure the disciplines of data provision and report/analysis creation are kept separate, reflecting the specialist skills required in each.

It is envisioned that the provision of data within along with the management and maintenance of the EDW (including access) will be constrained to the data analysis roles within the Enterprise Data Warehouse Team. This approach ensures a 'single version of the truth' and meets Information Security best practice.

Data specialists within the council's service areas will be able to continue to use their legacy data repositories, and link into the EDW. Over time, a migration plan for key corporate data sets from line of business (LOB) systems and other data repositories (including third party) will be developed to maximise the use of information across the council, subject to appropriate security.

Examples of work undertaken by the Commercial Team includes: -

- The work with Serco to deliver service transformation ready for April 2015; including Agresso and customer services systems build and people and service transition
- Project management support to the Property Service, West Yorkshire Pension Service re-provision, the in-sourcing of Accountancy, Health and Safety and the Property client service and procurement of the new catering contract to the secure unit
- Excellent data analysis and reporting provided by the LRO guiding and shaping commissioning activity across the Council and partners
- Commercial and procurement activity delivered against a very challenging timescale to a complex programme of vital and high value People Services activity including joint procurements with Health and working with multiple commissioners across the Council
- Procurement Lincolnshire continues to deliver significant savings calculated from when the shared service started in 2008 to date, total in the region of £26 million with a forecast of £6.6million for 2014/15
- The LCAT tool project (used to identify and analyse supplier expenditure), has now been licensed to eight Authorities and a further 9 are enquiring about using it.
- EU Procurement Regulation and TIPPS (training in public sector procurement) training has been delivered to appreciative audiences
- The Commercial Team leads on the development of the new look Council Business Plan and underpinning performance management reporting. The new arrangements will reflect the Council's re-focus as a commissioning organisation whilst making the Business Plan more colourful and user friendly way so that it engages citizens.

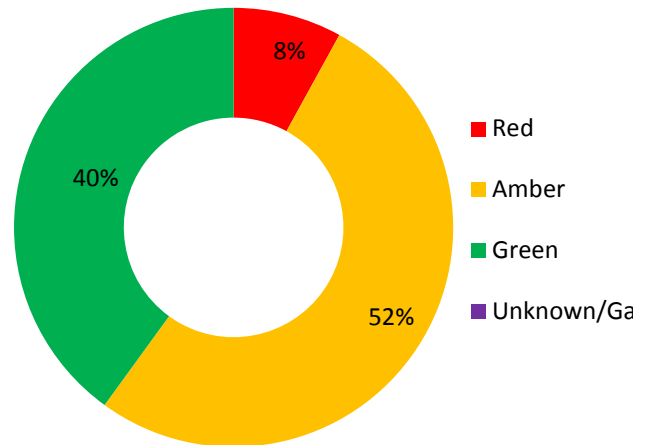
This work has been delivered at pace and has challenged us to think differently and to manage risk and change at a time of enormous change within our own part of the organisation.

IMT

IMT is going through a major transition at the Council as we change service provider, implement major new applications, and work to provide an IMT infrastructure that meets the changing needs of the business.

This is providing a major challenge for the IMT Service, however having established a number of new posts and implemented new policies and procedures we are in a good position to meet the challenge.

IMT



Over the last couple of years we have considerably improved the management of IMT at the Council. An IMT strategy is in place and service delivery and projects are robustly managed. There are still improvements to make, many of which are being addresses as part of the transition to the new service provider, including:

- service catalogue management
- capacity management
- business continuity management and disaster recovery

One issue for us is that some IMT assets are managed outside of IMT. Service areas can undertake actions without reference to IMT and about half of IMT expenditure is not controlled by IMT. We are proposing the establishment of a new IMT Governance Board to improve this area.

Another issue is records management. Historically the records management approach adopted by LCC has been weak resulting in the requirement for a corrective action plan on a large scale. We have established a new security manager post and put an Information Governance framework in place. Things are improving but there is further work to be done.

The key project for IMT is currently the transition to SERCO. This is being heavily managed, and whilst there have been some difficulties, as might be expected; confidence is high for a successful transition.

We have two significant emerging risks. The first is the risk of council service areas not sourcing IMT services from IMT if we are not able to react quickly enough to their requirements, this leads to possible security issues and inappropriate investment. We are putting new processes in place to try and ensure this is less likely to happen. The second is the risk of sharing data with 3rd parties as a result of the council developing new ways of service delivery; this will be managed by the ongoing improvements in records management.

Strategic Risks



Commissioning

The Council is still developing its commissioning strategies and with the amount of change that has happened and continues through restructures and budget challenges it is important to maintain a focus on completing these. The new Council Business Plan will provide a focus for this and means of clearly reporting progress.

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

Commissioning

Strategic Contracts

The management of strategic contracts will be better supported with new structure. Recent internal audit reports place have given good assurance about the management of Adult Services contracts and new arrangements for the Serco and VinciMouchel contracts are being put in.

Strategic Contracts

Strategic Risk Register – Assurance Map as at June 2014

Strategic Risks - Assurance Map as at 30 June 2014	OWNER	RISK APPETITE	 CURRENT RISK SCORE	 TARGET RISK SCORE	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS	
Commissioning strategy - How do we do our business											
Commissioning Commissioning for Lincolnshire doesn't deliver the priorities and benefits	Pete Moore	<u>Open & Aware</u>			→	Unknown	Unknown	Unknown	unknown	Further work required to understand the risk assurances against each commissioning strategy. It is too early in the process as the commissioning strategies and fundamental budget review are in progress. Revisit it by December 2014	
Commissioning strategy - Enablers and support to the Council's outcomes											
Strategic Contracts Ensuring contracts are fit for purpose in the Commissioning Agenda	Judith Hetherington-Smith	<u>Open & aware</u> (Finance & money - No Surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking)	<u>Open & aware/ cautious</u> (Partnerships - Recognised that we work differently with different contractors / partners)				unknown	unknown	unknown	unknown	Further work is required to identify key contracts and obtain appropriate assurances around governance, performance & delivery e.g. FDSS, Highways Alliance, Property.

● = On track

Key Projects in Information & Commissioning



Programme			
	Dec 2013	Dec 2014	
FDDSP transition	●	●	<p>The Council's current contract with Mouchel to deliver Information Management & Technology (IMT), Finance, People Management, Property, Management Consultancy and Catering services comes to an end in March 2015. The FDSS programme was set up in May 2012 to explore the options for the Council in the delivery of these key support functions and to then implement the preferred solution for each service.</p> <p>Overall, the programme is currently on plan.</p> <ul style="list-style-type: none"> • The Council continues to work with Serco on the transformation of services within IMT, People Management, Finance and the Customer Service Centre ahead of Serco taking over delivery of these services from April 2015. There is a challenging timetable to complete everything for April and some resource and technical issues have increased the pressure, particularly in the implementation of Agresso. • The VinciMouchel contract is nearing completion and resources have been mobilised and trained, and transition planning is progressing well. • The Agreement has been signed with West Yorkshire Pension Service for the new shared pension service. The bulk of the work is transferring pensions and payroll data and this is progressing well with the first tranche of data transferred and validated, Mouchel are now making the necessary corrections before the next transfer. Accommodation has

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	Dec 2013	Dec 2014	
			<ul style="list-style-type: none"> • Evaluation of the catering tenders for the secure unit was completed in December and the contract has been awarded to Mouchel. • The insourcing of the Health and Safety service is progressing on plan. • Governance and reporting structures in place and operating effectively • Clear direction, leadership and involvement from the Programme Sponsor • Monthly programme reporting to CMB with quarterly reporting to VfM Scrutiny Committee (as part of CPA reporting) • Dedicated resource deployed from the Commercial Team leading the People and Service transition from Mouchel to the new providers identifying and dealing with training needs, staff and business transfer including electronic and physical assets and data and information transfer Engagement of a dedicated TUPE expert • Programme subject to external review by KPMG

Project			
	Dec 2013	Dec 2014	
Council Business Plan (CBP) and Performance Reporting	●	●	<p>The Council Business Plan is being prepared for approval by Full Council in Feb 2015. At the same time a new corporate performance management framework is being developed. Both will reflect the move to a commissioning Council.</p> <p>Current reporting system (Performance Plus) to be replaced in 2015/16 A requirements specification is drafted and a system will be commissioned once reporting measures have been agreed.</p> <p>A draft Council Business Plan will go to Overview and Scrutiny Management Committee and Executive in early February.</p>
Contract Management	●	●	<p>Contract management is a key component within the Commissioning for Lincolnshire cycle:</p> <p>Guidance within the commissioning toolkit provides generic actions that should be undertaken / completed when managing provider(s), regardless of whether the service is delivered internally, externally or through a partnership.</p> <p>The 'Undertake Provider Management Activities – Key Activity Checklists' contain additional tasks and considerations that are specific to each delivery type.</p> <p>Commissioning training has been provided to over 400 key individuals during 2013/14.</p> <p>Within the Commercial Team a number of contract management positions have been established primarily in respect of managing the Serco contract but also to develop and disseminate good practice.</p>

<p>Refreshed procurement strategy 2015-2018</p>	<p>●</p>	<p>●</p>	<p>The National Procurement Strategy was published in August/September 2014 which will be used to inform the Council's refreshed procurement strategy</p> <p>Work is ongoing with the initial draft being developed by January for consideration and approval by the Strategic Procurement Board and member authorities.</p>
<p>Case Management (CMPP)</p>			<p>The delivery of the new case management system (Mosaic) is progressing well but with significant challenges in its final 3 months. A number of aspects are behind schedule but good progress is being made to catch up. The 4 week Ofsted inspection caused some delay to the build of the Children's part of the system and the complexity of the data migration remains challenging. The risks with the data migration will be clearer in early March once the test migration has been undertaken. The target for go live is 30 March 2015.</p>

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director for Finance and Public Protection

Report to:	Audit Committee
Date:	26 January 2015
Subject:	Internal Audit Progress Report to 31 December 2014

Summary:

This report provides an update on progress made against the Audit Plan 2014/15 and provides summaries of all audits completed within the period September to December 2014.

Recommendation(s):

That the Committee notes the outcomes of Internal Audit work and identifies any actions it requires.

Background

This report provides summaries of all audit reports completed within the period September and December 2014. It also provides an update on the progress made against the current years Audit Plan 2014/15. Details can be found in Appendix A, including:

- Key messages on Internal Audit work completed or in progress
- Other significant pieces of work undertaken
- Summaries of audits with Effective or Some Improvement Needed
- Performance Information
- Full report on audits rated as Inadequate or Major Improvement Needed
- Other matters of interest
- Outstanding recommendations

Conclusion

This progress report outlines the key findings from each audit and offers more information on those areas which received an audit rating of inadequate or major improvement needed.

We have made good progress since our last report and during the period September to December we have completed 11 County audits, 4 to final report and

7 to draft report stage, and 10 schools audits. We have also completed the assurance mapping for all directorate areas and the resulting Combined Assurance Status Reports will be reported under a separate agenda item. Overall we have completed 56.5% of the 2014/15 audit plan.

We still have two auditors advising / supporting the Agresso implementation project – this is a significant part of our work and a detailed up to date progress report on this is covered in a separate agenda item.

In addition to planned work we have also completed work on the organisational learning arising out of the Libraries Project and Information Governance – the full outcome report is also to be considered under a separate agenda item.

The Committee should note the outcomes of the audit work undertaken and identify any action required, seeking assurance that they:

- understand the level of assurances being given as a result of audit work and the impact on the Council's governance, risk and control environment
- ensure management action has or is being taken to improve controls / manage risks identified
- confirm appropriate progress being made on the delivery of the audit plan and performance targets

Consultation

a) Policy Proofing Actions Required

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Progress Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522-553692 or lucy.pledge@lincolnshire.gov.uk.

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Public Sector Auditing.... Private Sector Thinking

Internal Audit Progress Report



Date: January 2015

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Introduction

1. The purpose of this report is to:
 - Provide details of the audit work during the period September to December 2014
 - Advise of progress being made with the Audit Plan 2014/15
 - Raise any other matters that may be relevant to the Audit Committee role

Key Messages

2. During the period September to December 2014 we have completed 11 County audits, 4 to final report and 7 to draft report stage, 10 schools audits and 2 periods of our key control testing. Overall we have completed **25%** of the plan.
3. We have two auditors advising / supporting the Agresso implementation project. Our input to the Agresso project is a significant part of work over this year – representing 10% of the audit plan. Highlight reports have been presented periodically to the S151 Officer and Project Board and we have included an update in this report at point **X below**.
4. There are 12 audits in progress and we are also working on issues identified with ongoing projects relating to the Fire & Rescue Control Centre. We have also completed 27 Academy visits to date in accordance with their agreements.
5. A number of alterations have been made to the 2014/15 Audit Plan, since September 2014, in agreement with directors and in response to changing priorities:
 - People Management – focus now on the application of the Sickness Management Policy across the Council
 - Mouchel Contract – management request to review the charging for SAP licencing
 - Director request to cancel 3 audits within Adult Services: workforce Development, Reablement Service and Contract Management
 - Following on from our review of Coroners, management have now requested an audit of the Coroner's Officers
6. We have recently been notified that Lincolnshire County Council and the 7 Districts have been successful in a joint bid for counter fraud funding. This will mean £200k additional funding phased over the remainder of this year and 2015/16. Please see "Other Matters of Interest" for more detail.

Internal Audit work completed in the period September to December 2014

7. The following audit work has been completed and a final report issued:

Effective	Some Improvement Required	Major Improvement Required	Inadequate
<ul style="list-style-type: none"> ■ Carbon Reduction Commitment ■ Key Control Testing ■ Contract Management – Traffic Signals 	<ul style="list-style-type: none"> ■ Contract Management – Home to School Transport 	<ul style="list-style-type: none"> ■ Substance Misuse ■ Contract Management – Provision of Wheeled Loading Shovels 	<ul style="list-style-type: none"> ■

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.

- 8. Since our last progress report we are reporting 2 audits with an opinion of 'Major Improvement Required' – more detail can be found at Appendix 2. The audit of contract management within Environment and Economy has resulted in a three way assurance split. We split assurances where we feel it provides a more accurate position on the control environment and/or level of compliance, for example, centralised controls or the control framework within a service area may be adequate but the concerns may be with the level of user compliance.
- 9. Progress with the implementation of agreed management action can be found at Appendix 3.
- 10. Below is a summary of the areas where we gave the audit opinion of 'Some Improvement Required':

Carbon Reduction Commitment – *Some Improvement Required*

Our review confirmed that the 2013/14 data return has been prepared by a skilled officer in line with up to date Environment Agency guidance. We verified that:

- a sample of properties taken from the LCC full property database could be traced to either the CRC return or the exclusions list and were correctly allocated

- our account representatives from finance purchased the correct number of allowances within the set time window
- the allowances were subsequently surrendered within the September time frame

Our sample testing of the return identified an issue with data potentially affecting approximately 100 properties where direct comparisons had been used in the absence of actual consumption data. The TEAM energy module had not updated the data once actuals had been received. This resulted in some significant variance for some properties; although overall, once corrected, the difference was minor.

We also identified a property which had an incorrect benchmark calculation due to the wrong floor space being used to calculate the data.

Both these issues were corrected prior to finalising the return ensuring an accurate data submission.

Contract Management – Environment and Economy

Three contracts were selected from this area which has resulted in a split assurance:

Audits in Progress

11. The following audits are currently in progress:

Audits at draft report stage:

- Non-Attendance at School
- Information Governance
- Lincs Community Assistance Scheme
- Corporate Landlord
- Health Protection
- Contract Management – Mental Health and Learning Disabilities
- Budget Management

Fieldwork in progress

- Key control testing
- Joint Policy Working/Joint Local Plan (partial completion, highlight report issued)
- Families Working Together Q3 claim completed
- Safeguarding

- Transformation Programme
- Sexual Health Services
- ICT audits
- Ethnic Minority and Traveller Education
- Children's Adolescent Mental Health Services
- Organisational Learning
- Capital Contracts
- Mouchel Delivery – SAP Support & Maintenance Charges
- People Management – Application of the Sickness Management Policy

Other Work

12. Agresso Implementation

LCC is working with partners SERCO and Unit4 to implement the Agresso ERP¹ platform across the organisation. The software delivers a wide range of services including finance, HR, payroll, recruitment, invoice processing and income management. The planned go-live date for new systems and processes is 1 April 2015.

In the late summer the project entered the 'build and test' phase whereby Unit4 consultants, workstream leads and subject matter experts from LCC, Serco and Mouchel worked jointly to build the system to the specification set out in the agreed Solution Design Documents. Alignment with the Agresso public sector standard has been maintained with only minimal change required.

Initial component (Unit) testing was completed to validate the system built during early October 2014. This involved entering sample data into the separate elements of the system to confirm individual processes worked correctly. Testing arrangements were controlled through an agreed Test Strategy and detailed Test Plans for each workstream. Progress was tracked **effectively** by recording test scripts and issues for resolution **centrally**. The testing was largely successful and outcomes / progress were **accurately** reported to the Project Board. As previously reported, there was slippage with the build of the payroll solution due to limited resource and the availability of local payroll expertise, which sits in Mouchel. Consequently, little payroll testing was completed at this stage. **Risk?**

Most of the system build was completed for the first phase of Integrated System Testing, carried out in December. This type of testing is intended to confirm the different elements of the system work together effectively. In addition, Integrated System Testing also involves:

¹ ERP - Enterprise Resource Planning – business management software, usually a suite of integrated applications

- Loading actual data extracted from the SAP system to test 'real' data within Agresso
- Extracting test data files from corporate systems that will interface into Agresso (such as Confirm, Seats, Mosaic and Barclays Bank) and loading these into the new system to check the data processes accurately and completely.

Given the time left for the testing phases, the outstanding technical issues and the resource pressures (particularly around delivery of payroll) the risk to a successful and timely implementation of Agresso is now significant. This is recognised by project managers and the Board and their project RAG rating is currently red. In our opinion, the current top three risk issues are: system performance, payroll and interfaces.

The key issues / risks identified include:

- Technical problems are causing the Agresso system to run slowly – this has been the case since October 2014 and has, amongst other things, affected the completion of the test scripts. One solution to resolve system speed is to move the Council's Citrix system to the same location as Agresso (the Sunguard Data Centre). Until a solution is implemented and tested there is no certainty that system performance will improve – there are now 11 weeks to go-live.
- The current system performance presents a significant risk to the success of the Agresso implementation and must be resolved prior to User Acceptance Testing. Poor performance during User Acceptance Testing may damage user confidence – after Go-Live the performance may create reliability issues and may not be able to cope with the number of users and/or the volume of transactions.
- The start of the payroll Integrated System Testing (IST) was delayed initially by slippage around the payroll build solution, then further delay was caused by SAP data extraction and configuration issues. The payroll project team has developed a comprehensive testing matrix, but the delays in beginning testing and the limited resource have limited the volume of test scripts completed to date. The testing so far on Payroll is minimal and does not provide the requisite assurances.
- Payroll Integrated System Testing is to be followed by parallel running of the 3 Council payrolls through 3 pay cycles to validate the accuracy and completeness of calculation and processing. It is essential that additional resources, with the appropriate expertise in payroll, are secured to complete the required level and detail of checking. This resourcing gap currently presents a significant risk.
- System performance also affected the migration of SAP data into Agresso, along with the mapping and format of SAP data – it was slow and in some cases, the data load failed for the first phase of Integrated System Testing.

Progress has been made in this area and all data types have now been loaded and made available for Phase 2 of the Integrated System Testing. There was, however, limited reconciliation / checking over data migrated to the Agresso system during Phase 1, but additional work is being completed by the data migration and workstream teams to reconcile and check the data load for Phase 2.

- We will also complete independent checks around the data migration process and integrity of data loaded. For Agresso to operate effectively on go-live, it is essential that the project has a robust and well controlled process to migrate the SAP data and confirm the transfer is accurate and complete. Further work and assurances are required in this area.
- The Phase 1 testing of Agresso interfaces was not completely successful and did not include all systems that will link to Agresso. There is now additional focus on this area to resolve the data issues which have delayed progress. Interface testing is unlikely to be completed during Phase 2 and may continue in parallel with User Acceptance Testing. significance?
- The majority of Lincolnshire's maintained schools have signed up to use Agresso from 1 April 2015. At present schools do not have the connectivity required to access the system. Whilst a solution has been identified it is yet to be implemented and may not be available for the planned start of User Acceptance Testing at the beginning of February. The issue of connectivity needs to be resolved promptly in order to facilitate adequate User Acceptance Testing at school locations across the county.
- Inadequate control around changes made in the 3 system environments (Test / Development / Production) resulted in inconsistent functionality between systems. Unit 4 partners have now completed an audit of the 3 environments and action has been taken to address the differences. SERCO has developed a procedure for managing changes to the environments (including the introduction of a team responsible for system administration) and this has been communicated to Unit 4 consultants and project workstream leads. This should strengthen change control.

Project managers are taking steps to address the issues that have been identified by the Integrated System Testing. Actions required are being logged and monitored by the project team. The Testing Manager is working with the Council's ICT Test Team Leader to introduce a 3rd phase² of Integrated System Testing prior to the User Acceptance Testing.

The Project Board and Project Sponsors are being kept informed by project managers of progress and issues / risks. There are clear and agreed criteria to be met before Integrated System Testing is signed off and User Acceptance Testing can begin.

² Phase 3 – simple end to end tests to check systems/ interfaces work as expected prior to User Acceptance Tests

Given the time left for the testing phases, the outstanding technical issues and the resource pressures (particularly around delivery of payroll) the risk to a successful and timely implementation of Agresso is now significant. This is recognised by project managers and the Board and their project RAG rating is currently red. In our opinion, the current top three risk issues are: system performance, payroll and interfaces.

13. Internal Review – Libraries Project

Our outcome report is to be considered by the Committee under a separate Agenda Item.

14. Schools and Academies

We have completed audit reviews on the financial control environment for 19 schools in total, 10 of those being since the last progress report.

We undertake internal audit work for 10 Academies, which covers 15 schools. To date in 2014/15 we have visited each Academy/school 2 to 3 times in accordance with the agreements we have with those Academies making 27 visits in total.

15. Fire & Rescue Control Centre

Lincolnshire Fire and Rescue has entered into a partnership agreement with Humberside Fire and Fire and Rescue, Hertfordshire Fire and Rescue and Norfolk Fire and Rescue to create a shared, integrated and resilient virtualised mobilising control centre infrastructure. The arrangement is known as the East Coast and Hertfordshire Control Room Consortium (ECHCRC).

As part of mobilisation but unrelated to ECHCRC, Lincolnshire Fire and Rescue has replaced officers' Blackberry mobile phones with Android based Samsung Galaxy mobile phones.

We were informed that the projects referred to above may not have progressed in accordance with the Council's IT Governance Framework. Specific concerns have been raised that these projects may represent a risk to the Council's security compliance and that arrangements, including the acquisition of IT assets, have taken place without following the Council's IT procurement policy. We have been commissioned to investigate these concerns – this work is currently ongoing.

Performance Information

16. Our performance against targets for 2014/15 is shown in the analysis below:

Performance Indicator	Target	Actual
Percentage of plan completed (based on revised plan)	100%	25%
Percentage of recommendations agreed	100%	100%
Percentage of recommendations implemented	100% or escalated	Measured at year end
Timescales	Final report issued within 5 working days of closure meeting / receipt of management responses.	100%
Client Feedback on Audit (average)	Good to excellent	Measured at year end

We propose to review the audit plan in October 2014 to re-assess our priorities and the key risks facing the Council. Our current audit plan and schedule can be found in Appendix 4.

Other Matters of Interest

17. Counter Fraud Funding Bid Success - £200k

Bid – Lincolnshire Fraud Partnership

This bid recognised DCLG's desire for Local Authorities to working jointly in the fight against fraud. We are pleased to report we were one of We aim to create a Lincolnshire Fraud Partnership comprising counter fraud specialists and subject area experts from Lincolnshire County Council and seven district councils with the aim of:

- delivering joint fraud proactive exercises across Lincolnshire
- developing and delivering an effective co-ordinated fraud awareness programme
- sharing intelligence, investigative resource, expertise and best practice

Accountable to the Chief Finance Officers, the group would ensure a strong, effective and sustained response to the threat of fraud within Lincolnshire local authorities.

18. Councils whose bids are successful are expected to be notified in November – the funding expectations are such that a proportion of the funding must be spent in 2014/15 with the remainder in 2015/16 (one third / two thirds respectively). It is unlikely that similar funding will be available to councils in the future. We believe we have submitted two strong, viable proposals and are hopeful of some success with one or both bids.

Appendix 1 - Assurance Definitions³

<p>Effective</p>	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p>Some improvement needed</p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low. A few specific control or risk issues identified.</p> <p>As a guide there are low to medium risk / priority actions arising from the review.</p>
<p>Major improvement needed</p>	<p>Our critical review or assessment on the activity identified numerous concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.</p> <p>As a guide there are numerous medium and a few high risk / priority actions arising from the review.</p> <p>Our work did not identify system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements
<p>Inadequate</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>Our work identified system failures that could result in any of the following:</p> <ul style="list-style-type: none"> - damage to the Council's reputation - material financial loss - adverse impact on members of the public - failure to comply with legal requirements <p>There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.</p>

³ These definitions are used as a means of measuring or judging the results and impact of matters identified in the audit. The assurance opinion is based on information and evidence which came to our attention during the audit. Our work cannot provide absolute assurance that material errors, loss or fraud do not exist.

	As a guide there are a large number of high risks / priority actions arising from the review.
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Appendix 2 – Audits where assurance is assessed as ‘No’ or ‘Limited’

Children's Services – Domestic Abuse

Introduction and Scope

Reducing domestic abuse is one of the strategic priorities for the Lincolnshire Community Safety Partnership. It is managed through a multi-agency approach which includes the Lincolnshire Domestic Abuse Strategic Management Board, Domestic Abuse Delivery Group and Multi Agency Risk Assessment Conferences (MARAC).

MARAC meetings are held every two weeks to discuss high risk domestic abuse cases, enable effective data sharing and find solutions to reducing the risk of domestic abuse occurring. Children's Services representatives attend each meeting to refer cases, capture information and input to the risk assessment process.

Children's Services are informed of domestic abuse incidences by various different agencies but the majority of cases are reported by Lincolnshire Police. A protocol is currently in place between Lincolnshire Police and Children's Services which sets out the procedure for notifying incidents to the authority and distinguishes between high, medium and low risk cases.

The purpose of our audit is to provide management with assurances that Children's Services have effective arrangements in place to:

- receive, assess and take appropriate action in response to domestic abuse referrals
- participate in the multi-agency response to domestic abuse within the County

Executive Summary

Referrals – Substantial Assurance

We found that the process for dealing with domestic abuse notifications is operating effectively. Review of a sample of domestic abuse referrals identified that they are being appropriately actioned in line with local procedures, dealt with on a timely basis and recorded appropriately within ICS.

Although we found that appropriate actions are being taken promptly to deal with domestic abuse notifications, enhancements to the current arrangements are still required. This includes ensuring all staff have regular training on domestic abuse and finalising the domestic abuse policy, which is currently still in draft format.

Participation at MARAC – Limited Assurance

We identified two significant areas for improvement in relation to the authority's participation in the multi-agency response to domestic abuse. As a result we can only give limited assurance at this time that arrangements are operating effectively. We found that actions arising from MARAC meetings are not always being dealt with within the 5 day period specified in the MARAC operating protocol and that over half of all MARAC meetings within the last six months did not have full attendance by children's services representatives.

Direction of Travel



Improving

Discussions with staff during the review identified that provision for staff training is planned for later this year and the timescales for completion of actions from MARAC have been improving over the last few months due to the implementation of new processes.

A sample of 25 medium/low risk domestic abuse notifications and 10 high risk calls received by the Customer Service Centre (CSC) were reviewed during the audit. As a result, the following points of good practice were identified during the review:

- ✓ Action is taken by locality teams on high risk cases within 24 hours of the referral being received. This is usually on the same day.
- ✓ A log is maintained of all high risk calls received by the Customer Service Centre (CSC) and these are checked and signed off by the Team Leader as confirmation that an appropriate referral has been made within ICS and to the relevant locality team
- ✓ Medium and low risk cases are actioned in line with timescales set out in the domestic abuse operating protocol
- ✓ For a sample of cases reviewed, decisions made and actions taken at each stage of the notification process were appropriate and proportional to the level of risk

Details of the areas where processes could be strengthened are as follows:

- Ensuring that actions arising from MARAC meetings are dealt with within the 5 day period specified in the MARAC operating protocol. Although this has improved over recent months there were still 23 outstanding actions at the time of the audit
- Improving Children's Services' attendance at MARAC meetings. At the time of the audit there had been 24 MARAC meetings in the previous 6 months and 14 of these meetings did not have full attendance by children's services reps.
- Ensuring that the draft domestic abuse policy is finalised, approved by management and circulated within Children's Services to ensure that all staff are aware of their roles and responsibilities when dealing with domestic abuse cases

- Developing a regular training programme for practitioners on domestic abuse, the role of the authority in the multi-agency approach and including domestic abuse as part of the induction process for new staff.
- Providing domestic abuse training to call advisors within the CSC
- Ensuring that supervision records are maintained adequately within ICS

Management Response

I am pleased that substantial assurance was found with regard to the processes for domestic abuse notifications. Further work and robust monitoring mechanisms have been put in place to ensure both effective participation at MACAC and actions being completed within 5 days. Liaison has taken place with training to ensure all staff have access to dedicated domestic abuse training.

Management Actions	No	All to be completed by:
High Priority	2	31/05/2014
Medium Priority	4	31/08/2014

Coroners

Introduction and Scope

1.1 Our review of the arrangements for delivering the Coroner's service has focussed on:

- expenditure and financial management
- service delivery arrangements
- the body removal contract
- income

We also reviewed the previous audit findings (July 2013) to confirm they have been addressed.

1.2 Our main focus was on the central controls established by Registration and Celebratory Services to manage the service. We covered high level arrangements operating within both our Coroners' offices.

Background

1.3 Coroners inquire into deaths reported to them, which appear to be violent or of sudden or unknown causes. They seek to establish the cause of death if necessary by post mortem and if the cause remains in doubt an inquest is held. There are specific requirements to investigate deaths in certain circumstances, for example, the death of a person in custody.

1.4 There are three agencies that form the Coroners' Service in Lincolnshire:

- **Senior Coroners** - who are independent judicial officers
- **Lincolnshire Police** – Coroners Officers perform the initial investigation and report to the Senior Coroner.
- **Lincolnshire County Council** - who fund the majority of the Coroner's service and provide the administrative support for the service.

1.5 In Lincolnshire, there are two part-time Senior Coroners covering two areas/jurisdictions - Central and South Lincolnshire. Coroners are not employees of the Authority and no Council officer has line management responsibility for them – they are line-managed by the Chief Coroner or Lord Chief Justice.

1.6 An Assistant Coroner stands in when the Coroner is absent on holiday or through ill health. Each Coroner uses a number of Assistant Coroners to assist with caseloads. The Coroner personally or through a Deputy/Assistant, must be available at all times for their area/jurisdiction.

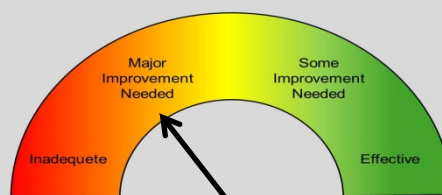
- 1.7 Our analysis shows the service dealt with 3242 referrals in 2013 - there was no material change in the overall number of referrals in 2013 compared to 2012. Key changes in activity levels are:
- a 45.2% increase (2011 to 2013) in post mortem volumes in the South Lincolnshire area - the current level of post mortems to referrals (55.3%) is above the national average (42%).
 - a 12% increase in the number of inquests being handled by the Central coroner (2013 to 2012).
- 1.8 Over the past 3 years the level of spending on the Coroners Service has increased by 29% with actual spend in 2013/14 of £1.4m.
- 1.9 The service has been overspending against its budget - £339k in 2013/14; £165k 2012/13 and £43k 2011/12.

Executive Summary

Assurance Opinion

Major improvement needed

Coroners - Use of Resources / Financial Management



Coroners have traditionally worked autonomously in order to fulfil their judicial functions – this has, in our opinion, created barriers to collaborative working within Lincolnshire. We found limited routine management information on the Coroners service, particularly around financial commitments, projections, workloads and performance – this reduces confidence on the use of resources and value for money.

The Council requires both Coroners to comply with the Council's financial control framework to ensure effective management of its finances and best value. Due to the previous management structure, the budget holder had limited direct input and oversight of the Coroners' expenditure and ways of working. This has now changed and the financial management is beginning to improve.

Both Coroners operate their own systems which do not ensure the same levels of transparency, consistency and financial control as other service areas. Budget preparation and monitoring have been problematic due to compliance issues associated with the Council's procurement and financial procedures. The County Services Manager (CSM) is currently developing written procedures which should help define systems, expectations and improve overall financial control.

Assurances are limited in areas of significant spend (expert and professional

witnesses and long inquest payments to Coroners) due to poor audit trails, inconsistencies and inadequate validation. Another increasing area of spend involves the body removal contract – this is partly due to increased activity but there are also wide provider cost variations resulting in value for money uncertainty. This contract was let to improve service quality and maximise cost efficiencies – the contract monitoring arrangements are evolving and are not currently providing the requisite assurances.

With the 2014 fundamental budget review the Council has the opportunity to explore further cost efficiencies within the coroner service, tying in with the recent Chief Coroner guidance on the merger of coroner areas. We believe there is scope for savings on: salaries, premises, administrative support and equipment which may, in turn, encourage closer working, improved cost certainty, information sharing and greater compliance with the Council's financial control framework.

The findings within this report (particularly around transparency, financial accountability, financial control, engagement, communications and collaborative working) highlight a need to improve the governance within this service area and ensure it contributes to the Council's assurance arrangements.

Direction of Travel



Improving

There is very strong commitment to address the budgetary, control and cultural issues to ensure the Council has the requisite assurances over this area of spend. The County Services Manager already has a greater understanding of the budget, is better placed to challenge expenditure in the future and is working on a comprehensive action plan of changes. Recent guidance from the Chief Coroner will also support the programme of change.

2.1 Detailed findings are included in section 4 of our report and the attached Action Plan includes a number of recommendations that seek to establish processes and strengthen arrangements operating within the service. The key financial management findings relate to the need for:

- improved budget setting and monitoring
- better cost projections / inquest estimates and cost revisions
- commitment accounting
- improved accounting practice, especially around year end
- effective Coroner / Council liaison to discuss budget position and contribute to cost
- saving initiatives and realistic year end projections
- compliance with the Council's financial control framework (financial procedures and procurement rules)

- a mechanism to properly validate long inquest payments
- written procedures covering payments to expert and professional witnesses, Assistant Coroners, jurors, witnesses and self employed individuals

We have identified scope to review the service delivery arrangements to maximise use of resources and reduce costs, where possible, whilst recognising the need to maintain the quality of the Coroner Service. We advise the Service focusses on:

- the viability of merging the coroner areas in Lincolnshire
- caseload allocation
- use of the Coroner support (Assistant Coroners, Coroner's Officers and administrative staff)
- premises
- governance arrangements (including communications and performance)
- Council / Coroner engagement and collaborative working
- maximising the use of IRIS case management system

2.2 The CSM is already taking many positive steps to address the issues included within this report – procedures are being developed, budgets have been reviewed and monitored, contract monitoring is improving and senior management have liaised with the Chief Coroner to obtain clarity on a range of matters around legislation, coroner expenditure and ways of working.

2.3 We would also take this opportunity to thank the CSM, Coroners and administrative staff for their help and assistance throughout this audit.

Management Response

This audit was originally commissioned by the CSM who recognised the need for a fundamental review of historic working practices which were preventing the move to a more modern and customer centric service, and also recognising the need for greater transparent and auditable processes to meet key Council requirements.

The revisions in the Coroners and Justice Act 2009 are helping to facilitate these changes and enable improved services for bereaved families. The Chief Coroner's appointment in September 2012 supports standardised processes, and legislative changes in July 2013 further defined this.

We welcome this report and acknowledge and appreciate the complex nature of the audit recognising the depth of detail, sensitivity of the subject area and the work in progress.

Significant work has already been completed to improve not only the budget process, but other standard operating practices, building on good practices and staff commitment. Procurement opportunities (working with Procurement Lincolnshire) have provided a basis for seeking quality and value for money from services, however a historic lack of management information and varying levels of service provision have added to the complexity of the tender process. As new contracts are

arranged, contract monitoring and improved management information will help to ensure that new tender specifications reflect service requirements accurately and deliver best value. In addition, further coronial development work will follow as national guidance is issued by the Chief Coroner and the Ministry of Justice. Staffing changes have also allowed some of the long planned for initiatives to be realised and implemented and this will improve the package of support to Coroners and the general public.

We look forward to working with the Coroners to deliver these changes as their support is fundamental to the success of these initiatives. We recognise this is a unique service and the legislative framework within which it operates. We also acknowledge the vital contribution and commitment to bereaved families provided by all of those involved in the service.

Management Actions	No	All to be completed by:
High Priority	21	1 September 2014 (majority)
Medium Priority	18	31 December 2014

Risk Management

Introduction and Scope

We have completed an Internal Audit review of Risk Management. This is part of the agreed plan of work for 2013/14.

The purpose of this audit was to provide assurance that there are effective arrangements in place to manage risks to support successful delivery of the Council's services and business plan priorities.

Risk management is a key element of the Council's governance framework and should take place at every level within the council. A revised risk management framework is in place and there is no longer a formal process for Directorates to follow in respect of operational risks.

The Strategic Risk Management Team supports management across the Council to help them take measured risks and create an environment of 'no surprises'. The Team aims to drive forward the embedding of risk management throughout the organisation.

Our review focused on the following areas:

- Strategic risk function and the support provided by the Strategic Risk Management Team.
- Risks associated with recent key decisions – understanding the Council's risk appetite and making informed decisions.
- Directorate management of operational risks - we have taken a health check approach, meeting with the Risk Lead for each Directorate, to gain some assurance on the arrangements in place following the introduction of a different approach for the management of operational risks.

Executive Summary

Assurance Opinion:

Management of strategic and operational risks - Substantial

There is a good framework in place for the council to manage the key risks facing services and successful delivery of business plan priorities. We found clearly assigned ownership and accountability for risk management and defined roles for each party.

Strategic risks are identified, evaluated and documented, with regular monitoring and oversight by the Corporate Risk and Safety Group and the Audit Committee. There are processes in place to identify and assess emerging strategic risks e.g. combined assurance mapping, Directorate Risk and Safety Groups, Directorate Risk & Safety Dashboards.

We have gained some assurance that operational risks are being managed within directorates following removal of the formal process. There are forums available within directorates for discussing, escalating and reporting on current and emerging risks.

It is important in times of change that risks are continually assessed and managed at operational level, even if they are not specifically recorded. Our assurance on management of operational risks was gained primarily from discussion with directorate Risk Leads and review of relevant meeting minutes. In depth assurance obtained at service level would give the Corporate Risk and Safety Group further confidence that risks are effectively managed at this level.

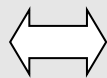
Risks associated with key decisions - Limited

We can only provide limited assurance that decision makers are fully informed of the risks associated with key decisions. Reports to the Executive do not necessarily clearly articulate the risks associated with the recommendation/proposal; actions and controls to manage risks were rarely included.

Decisions may therefore be made without full knowledge and understanding of the risks involved and how these will be managed; decision makers are not in a position to effectively consider the level of risk they are prepared to take.

To ensure informed decisions are made, it is important that the risks associated with any proposed actions and decisions are clearly identified, evaluated and articulated to the decision makers, along with mitigating actions/controls. The decision makers can then think about the level of risk they are prepared to take – whether or not they are prepared to accept the risks associated with the proposals. This is increasingly important in times of commissioning and innovation/changes in service delivery.

**Direction
of Travel**



Strategic risks and associated actions have continued to be effectively identified, evaluated and reported on a regular basis. A full refresh of the strategic risk register is currently ongoing, taking into account current structures, commissioning strategies and emerging risks.

Directorates have recently identified and assessed their top 5 'tactical' risks to provide an overall picture to the Corporate Risk and Safety Group of how they are managing their biggest risks.

There is less confidence around articulation of risks associated with key decisions and consideration of the level of risk the Council is prepared to accept. Improvements are required to ensure decision makers are fully informed.

Reports to the Executive in respect of key decisions set out the benefits of the recommendation and the risks of not agreeing it, but not necessarily the risks associated with the proposed option. It is not clear from the reports and minutes that there is consideration of the level of risk the Council is prepared to take.

Well informed decision making is vital in times of transformational change. Risk Leads and the Strategic Risk Management Team need to ensure that the importance of identifying and evaluating the risks associated with key decisions in reports is communicated. Reports should also include how the risks will be managed. Revision of report templates may be required to prompt inclusion of important information around risks.

Fully informing the decision makers of the risks and mitigating actions/controls will enable them to consider the level of risk they are prepared to accept - for example, a higher level of risk accepted to support innovation; a lower, more cautious risk appetite in areas such as safeguarding.

Using a health check approach, this review has given an oversight of how operational risks are being managed within the directorates since the introduction of a different approach e.g. Directorate Risk & Safety Dashboards. We advise that the Corporate Risk and Safety Group seek further assurance from the Directorate Risk and Safety Groups that operational risks are being effectively managed at service level.

The Financial Procedure relating to Risk Management requires updating; it was last updated in June 2005 and does not reflect the current Risk Management Strategy or the requirements of a commissioning council. If the financial procedures do not reflect current expectations, roles and responsibilities, officers may not be clear about what is required of them; duties and responsibilities may become confused and/or not carried out. Updating the Financial Procedure in line with the revised Risk Management Strategy will clarify mandatory requirements, current best practice and guidance.

A Health Check of risk management in key projects was carried out by the Strategic Risk Management Team in May 2013, to help inform where training and guidance would be of most use and potentially to improve the guidance available. The Health Check found wide variances in the identification, monitoring and management of risks in priority projects. We acknowledge the time elapsed since this review and the changes within the council since its completion. The review did, however, give an indication that risks may not be fully captured and monitored.

It is important that the risks and issues relating to the council's key projects and programmes are identified, monitored and managed effectively to allow successful delivery of the council's priorities. Revisiting the Health Check and working with Risk Leads would enable the Strategic Risk Management Team to provide assurance that risks associated with key projects and programmes are being managed.

We found areas of good practice in the Council's risk management activities, including:

- inclusion of risk as an integral part of Commissioning for Lincolnshire
- the level of risk the Council is prepared to accept, its risk appetite, has been agreed (creative and risk aware)
- delivery of workshops regarding risk appetite to senior managers and members
- review of Corporate Risk and Safety Group arrangements and revision of terms of reference
- regular meetings of the Strategic Risk Management Team with strategic risk owners and/or other officers with responsibility for actions and controls
- assurance on management of risks and effectiveness of actions/controls is sought from management, third parties and Internal Audit as part of the Council's combined assurance model.

Detailed findings, recommendations and agreed actions are shown in the attached Action Plan which once implemented will strengthen current arrangements within the service.

Management Response

Assistant Director - Finance & Resources

The Council is entering a major period of change as it adopts the commissioning council model whilst also undertaking a fundamental review of its service priorities and related budgets in direct response to continued public spending constraints. It is important that the Council has in place, and operates, effective risk management in all its decision making and operations. This report has highlighted that appropriate processes are in place but some improvement is necessary in a number of areas, particularly relating to the role of risk management in decision making. These findings are welcome and the conclusions accepted and a robust action plan is agreed to resolve the issues raised by the end of the calendar year.

Head of Audit and Risk Management

The Council has been and will continue to undergo significant change. The way it operates and deliver services – either directly, with or through other organisations will

provide challenges for managing risk, ensuring transparency and demonstrating accountability. The importance of having effective risk management arrangements in place has never been greater. The audit has provided some good assurance over our risk management strategy and the way we manage our risks. It also identified opportunities to improve and the high priority actions around decision making and the level of risk the Council is prepared to accept across its business units and associated with decision will be completed by December 2014. The key actions are:

- Review and agree a minimum the level of risk information presented to decision makers.
- The Council needs to work through its Commissioning Strategies and Fundamental Budget Review - we will work with Directorate leads via the Corporate Risk & Safety Steering Group, to explore what's an acceptable level of risk for each strategy / business unit. Once established this will be clearly articulated to decision makers.

Management Actions	No	All to be completed by:
High Priority	1	December 2014
Medium Priority	3	March 2015

MIMS Insurance Management System

Introduction and Scope

We have completed an audit of the MIMS insurance management system which is operated by the Insurance Team and holds details of insurance claims made against the Council. The audit was undertaken at the request of the Head of Audit & Risk Management following concerns as to the integrity of the data held in the system.

The purpose of the audit was to provide assurance on the following areas:

- Administrative arrangements
- Systems documentation
- User policies and procedures
- Access controls
- Controls over data input and processing
- Controls over data output
- User training and guidance
- Back-up and recovery

We also tested a sample of claims for accuracy to assess the integrity of the data in the system and ensure that the information input to the system is correct for estimating the potential financial exposure of the Council to insurance claims.

Executive Summary

Assurance Opinion - No Assurance

The MIMS system acts as a database of information on insurance claims made against the Council. It is important that the information held in MIMS, and reports produced by MIMS, are accurate.

Our sample test of claims identified a high level of errors, although we were not fully able to determine the significance of all the errors. We also found that reports have not always produced the expected information due to issues with the use of, and understanding of, the system.

There is a risk that the data in the system is inaccurate and as a result any analytical data produced by system may also be inaccurate, such as:

- Analyses of claims at a particular location
- Directorate premiums
- Information for tendering

It is important that the staff receive appropriate training in the use of the system and comprehensive guidance is developed. Interim arrangements have been put in place to ensure reports contain the correct data and a permanent solution will have to be found. It is possible that a lack of understanding of the underlying configuration of the system, which was undertaken when the system was originally

implemented and was not documented, is a contributory factor to the issues with the reports and so this needs to be addressed.

MIMS is an important system but is not critical. It is not a main financial system and although there are issues with its use, the risks are low in comparison to other financial systems. Management have already put in place interim arrangements to manage the risks of input errors and are working with individuals to reduce error rates, and to ensure the accuracy of reports.

The MIMS system has a small number of users and is hosted remotely by the supplier. Access is by the creation of a virtual private network which in turn requires an LCC email account. We consider access to the system to be secure, however passwords changes are not prompted, there are no minimum password requirements and there is no lock out for repeated failed access attempts.

There are no defined administrative arrangements. With a system of this size and user base this is often not a major issue, however given the issues that we have identified we consider it that it would be helpful to formally establish an administrator role with a written role and responsibilities around the administration of the system such as system access and update, and user training and guidance.

We found that the understanding of the system by the primary users and owners of the system is not sufficient to ensure the system is operated effectively. There has not been sufficient training of users and there is a lack of guidance. The supplier has provided some guidance but it is not complete and does not take account of the way the system has been configured by LCC. Unfortunately this configuration is not documented, although this could most probably be remedied.

A test of 50 claims showed 48% to contain at least one error. A lack of insurance knowledge on our part meant that we were unable to fully assess the significance of the errors. The Head of Audit & Risk Management has analysed the errors and is satisfied that of the 50 claims tested 26% had a significant error. The error rate reflects the lack of training and guidance and could have been mitigated by checks on input which are infrequent and not recorded.

Reports have not always produced the output that is expected. Management are satisfied that this is largely down to incorrect use of the system and inadequate checking of reports. It is possible that the lack of understanding of the underlying configuration of the system is also contributing to this. We noted for example that what was referred to as an 'unwritten rule' for the formatting of locational information does not have to be as strictly applied as we were informed. Management have introduced interim arrangements for the checking of data in reports to ensure it is accurate, and working with the supplier to develop standard reports.

We also found a number of other issues that need to be considered or addressed as follows:

- Standing data is not checked to ensure it is correctly input
- Data is archived however it is not known how the archive function works.

- Although there are regular formal meetings with Legal Services they may not be fully effective as comments were made by Legal Services staff that they were not fully kept up to date on changes made to the system.

Management Response

Assistant Director of Resources - Finance & Resources

This review was commissioned by management in the light of a range of service quality issues that emerged during 2013. The MIMS system is not a key financial one but does provide an important range of management information as it is, in effect, an insurance claims database. It is important for tracking historic claims experience and for answering requests for information such as Freedom of Information enquiries. The report recommendations are accepted and will be implemented as part of a wider service improvement plan that is now underway. In the longer term consideration will be given as to whether the present system continues to meet service needs going forward.

Head of Audit & Risk Management

During 2013 we have identified a number of service quality issues that need to be addressed to ensure that the insurance team provide an effective and efficient service and that the Council's Insurance Fund remains solvent and sustainable. An improvement plan is in place which includes the MIMS system. High Priority actions

Include:

- Working with the supplier to see if there are ways to improve input controls and data integrity checking on the system
- Establishing the system admin. role and remit.
- Working with the supplier to develop standard reports / extract routines.
- Develop procedure notes and ensure all the team are sufficiently trained to enable them to perform their roles and are clear about data quality standards – minimising the risk of data entry errors.

Management Actions	No.	All to be completed by:
High Priority	4	31 st August (3) and 31 st December 2014 (1)
Medium Priority	2	31 st December 2014

Appendix 3 - Outstanding recommendations as at 31st August 2014 audits with No, Limited, Inadequate or Major Improvement assurance

Audit Area	Date	Assurance	Recs	Implemented	Overdue		Not Due
					H	M	
Coroners	June 2014	Limited/ Substantial	39	7	15	11	6
Debtors	April 2014	Limited	11	4	2	2	3
Domestic Abuse	June 2014	Limited/ Substantial	6	2		4	
MIMS System	June 2014	No	6	1	2	1	2

Appendix 4 – Internal Audit Plan 2014/15

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Critical Service Areas:						
- Those areas identified by senior management as having the most impact on the successful delivery of Council priorities or whose failure could result in significant damage to reputation, financial loss, impact on people (risks)						
Executive Director – Pete Moore						
Corporate property						
Property Management	Review the effectiveness and delivery of the Property Strategy and utilisation of its property assets.		Dec 2014			
Capital Contracts	Review of award and management of contracts		Oct 2104			
Fire and Rescue						
Trading Company	Assurance over the governance, risk and control environment arrangements set up for the Company.		Dec 2104			
Sub Total		50				
Executive Director – Richard Wills						
Environment & Planning						
Carbon Reduction Commitment	Review of the arrangements in place to comply with the Environment Agency's requirements under the CRC, including sign off of the LCC		July 2014	July 2014		Draft Report

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
	Evidence Pack.					
Joint Policy working / Joint Local Plan	<p>Review of joint policy working arrangements to ensure that LCC is clear of its role and responsibilities and is an active partner in managing the risks (link to JPU and Wind farm policies).</p> <p>Provide assurance on the revised delivery arrangements for the central Lincolnshire joint local plan and provide support and advice at key stages through gateway review.</p>		June 2014	June 2014		Fieldwork
Joint waste management strategy	Review to provide assurance on arrangements and progress for the district waste strategy. To include assessment of financial benefits and district engagement.		Dec 2014			
Highways & Transport						
Social Care Transport	To provide assurance that effective arrangements are in place for the operational management of transport services – including Safeguarding arrangements.		May 2014	May 2014	August 2014	Final Report Some Improvement Needed

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Economic Development						
Adult Learning	Review of the financial arrangement in to confirm adequate financial control and sustainability		Oct 2014			
Sub Total		70				
Director of Children Services – Debbie Barnes						
Commissioning						
Joint Commissioning Board	Review of Joint Commissioning Governance and decision making processes. (Co-ordinate audit with Director of Adult Services & Director of Public Health)		July 2014			Audit postponed until October 2014 to allow for a joint audit with PWC (CCG Internal Auditors)
Home to School / College Transport	To provide assurance that effective arrangements are in place for the financial and operational management of Home to School / College transport services – including VfM and Safeguarding arrangements.		May 2014	May 2014	August 2014	Final Report Some Improvement Needed
Regulated Services						
Children's Adolescent Mental Health Services	To provide assurance around the commissioning of Children's Adolescent Mental Health		August 2014			Scoping

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
	Service. LCC are lead commissioner for funds allocated by NHS England.					
School Administration Services						
Non-attendance at school	To provide independent assurance that the authority has robust policies and procedures in place to enable them to meet their legal duty to identify children missing education and get them back into education.		June 2014	July 2014		Client Brief
Performance Assurance						
CfBT contract	Audit of the financial arrangements covering the four funding streams – open book accounting approach		November 2014			
Educational Performance – Moderation	To review the moderation arrangements of pupil attainment across all Key Stages, including Early Years and pupils with special educational needs.		November 2014			
Safeguarding – Organisational Learning	Assurance over organisational learning following the outcome of serious case reviews. Co-		August 2014			Scoped – awaiting approval by LSCB

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
	ordinating the audit engagement through the Lincolnshire Children Safeguarding Board.					
Human Resources						
People Management	Review the effectiveness, quality and compliance of the People Strategy launched in 2012 and the strands underpinning delivery of the Council's people management arrangements. Areas not previously reviewed in 2013/14: <ul style="list-style-type: none"> • Resource & Talent Management • Capability and Disciplinary • Managing Employee Performance & Development 		Oct 2014			
Sub Total		150				
Schools	Periodic audits of maintained schools.	150	April 2014	April 2014		9 schools completed
Sub Total		300				
Director of Adult Services – Glen Garrod						
Safeguarding	To provide assurance around the Governance and decision making arrangements of the new mandatory Safeguarding Board.		July 2014	July 2014		Fieldwork

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
	The audit will also review and assess progress and implementation of recommendations arising from the Lincolnshire Adult Social Care Peer Challenge and Domestic Homicide Reviews.					
Joint Commissioning Board	Review of Joint Commissioning Governance and decision making processes. (Co-ordinate audit with Director of Children Services & Director of Public Health)		July 2014			Audit postponed until October 2014 to allow for a joint audit with PWC (CCG Internal Auditors)
Information Governance	A review to assess the controls in place for preventing Data Security Breaches.		July 2014	July 2014		Fieldwork
Workforce Development	A review of training planning and delivery arrangements.					Director has requested cancellation
Reablement Service	Review to gain assurance around the new arrangements.		October 2014			
Contract Management	Assurance around the contract governance, monitoring and reporting procedures.					Director has requested cancellation

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Sub Total		100				
Director of Public Health – Tony Hill						
Joint Commissioning Board	Review of Joint Commissioning Governance and decision making processes. (Co-ordinate audit with Director of Adult Services & Director of Children Services)		July 2014			Audit postponed until October 2014 to allow for a joint audit with PWC (CCG Internal Auditors)
Sexual Health Services	Review of the Governance and decision making arrangements for commissioning mandated Sexual Health Services.		December 2014			
Health Protection	A review of the Assurance Framework for protecting the Health of the Local Population, including screening, infection control and immunisation.		July 2014	Aug 2014		Fieldwork
Lincolnshire Community Assistance Scheme	To provide assurance around the application, payment, monitoring and reporting procedures and controls for this new scheme.		June 2014			Delayed
Substance Misuse	Review of the Governance and decision making arrangements for commissioning services.		May 2014	May 2014		Draft Report

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Wellbeing Service	Review of the Governance and decision making arrangements for the implementation of the Wellbeing Service.		November 2014			
Contract Management	To provide assurance around the transfer of Public Health/ NHS contracts to the Authority. Assurance around the contract governance, monitoring and reporting procedures.		Jan 2015			
Sub Total		100				
Corporate Functions - Due Diligence						
- Those systems that support the running of the Council and ensure compliance with key policies						
Executive Director – Pete Moore						
Finance						
Key financial systems – transaction testing	Throughout the year test key controls and transactions feeding into the Council’s accounts to ensure financial control environment remains effective throughout the final year		May 2014			Ongoing throughout 2014/15
Mouchel Contract	Assurance over handover arrangements and delivery to the		Sept 2014			Scoped

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
	end of the contract.					
Pensions Fund / Administration	Provide assurances over the arrangements to transfer responsibilities to new provider (9 month process from June 2014)		Oct 2014			
Budget Management	On cyclical plan for 2014/15 – although high confidence in this area – analytical review plus deeper dive into service area budgets	150	July 2014	August 2014		Client brief
Procurement Lincolnshire						
Contract Management	Review the effectiveness of contract management model enterprise wide.		Through 2014/15			Ongoing
EU procurement changes	Review of the procurement regulations to ensure that the necessary changes have been implemented.	15	Nov 2014			
Other						
Corporate Governance	To review the effectiveness of the Council's governance arrangements, including compliance with new standards regime		Through 2014/15			Ongoing
Member Support	Review the arrangements for member support in view of the risks identified from the changing political make up of the council	20	Sept 2014			Scoped

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Information governance / records management	To review organisation wide information governance arrangements to provide assurance that data related risks are sufficiently managed whilst ensuring the right data is available at the right time.	15	Dec 2014			
Emergency Planning and Business Continuity	Review the Council's arrangements and resilience to respond and recover to a major event / incident.	15	TBA			
Sub Total		215				
ICT						
ICT Infrastructure and service delivery	Work is underway to finalise ICT assurance map and status report – this will inform the choice of audits in this section of the plan. Scheduling of individual ICT audits will be agreed when the assurance map is finalised.		Sept 2014			ICT audit plan has recently been agreed
IT Application	Social Care Case Management System		Sept 2014			
Sub Total		130				
Key Projects						
Executive Director – Pete Moore						

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
New Finance System	Support and advise the Implementation Group on the key workstreams re. transfer to the Finance System	205	April 2014	April 2014		In progress
Broadband in Lincolnshire	To provide assurance on delivery and compliance with the grant conditions.		Feb 2015			
Corporate landlord	To provide a consultative and supportive role for the 'corporate landlord' project as it progresses along its implementation plan during 2014/15		Dec 2014			
Executive Director – Richard Wills						
Library needs assessment	Review to confirm that proposals for the future of the Library Service will deliver reported savings.	15		July 2014		Review of organisational learning re Libraries Judicial Review
Director of Children Services – Debbie Barnes						
New HR System	Support and advise the Implementation Group on key HR workstreams	35	April 2014	April 2014		Ongoing alongside work on New Finance System
Families Working Together	To review and audit claims for Troubled Families Grant. Days allocated on the basis of a quarterly claim.		Quarterly claim			Quarters 1 and 2 complete

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Raising the Participation Age (project) / Tracking the Status of 16 – 18 year olds in education, employment or training (critical activity)	<p>From September 2013, all 17 year olds had a duty to participate in education, employment or training. This extends to 18 year olds from September 2014.</p> <p>To review the arrangements in place that ensure young people are aware of their duty to participate and that there will be sufficient provision available. This could include how the LA are identifying young people that are not in education or training, including data sharing arrangements with Educational Institutions.</p>	20	November 2014			
Director of Adult Services – Glen Garrod						
Transformation Programme	Review, advice and guidance around the transformation programmes within Social Care, including the Case Management System and Lincolnshire Sustainability Review - considering the design and application of the governance structure.		July 2014	July 2014		On-going work throughout the year

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
	To provide proactive advice and support on governance, managing key risks and effective internal control.	30				
Sub Total		305				
Emerging risk & Contingency						
Emerging risk – delivery of transformation	Assurance arrangements around commissioning (in line with the commissioning strategies & the fundamental budget reviews).					
Emerging risk contingency	To audit any significant emerging risks arising in the year – <ul style="list-style-type: none"> • Responding to legislation eg Care Bill / Dilnot 					
Sub Total		115				
Other relevant Areas						
Combined Assurance	Co-ordinating and updating assurances on the Council’s assurance map with service managers. Co-ordinating the annual status report.	Sept 2014	Sept 2014			Meeting arranged to agree approach and timetable
Sub Total		50				
Non-Audit						
Advice & Liaison		44				
Annual Report		1				

Area	Indicative Scope	Planned Days	Planned Start Date	Actual Start Date	Final Report Issued	Status/Assurance Level Given
Audit Committee		20				
Sub Total		65				
Grand Total 2014/15		1500				

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Regulatory and Other Committee

Open Report on behalf of Richard Wills, Executive Director responsible for Democratic Services

Report to:	Audit Committee
Date:	26 January 2015
Subject:	Future working between Overview and Scrutiny and Audit

Summary:

This report provides the Committee with the opportunity to consider the role of Overview and Scrutiny at Lincolnshire County Council and how the Audit Committee and the Overview and Scrutiny function might work together in the future.

Recommendation(s):

1. To consider the role of Overview and Scrutiny at Lincolnshire County Council.
2. To consider how the Audit Committee and the Overview and Scrutiny function might co-operate in the future.

Background

Overview and scrutiny committees were established in English and Welsh local authorities by the Local Government Act 2000. The Act required local authorities to adopt a political management system with a separate executive and at least one overview and scrutiny committee to scrutinise the work of the executive. The Localism Act 2011 retained the Executive / Scrutiny model but also introduced an option for all English councils to adopt a system that was previously only available to district councils in England and Wales i.e. a 'fourth option' of a streamlined committee system. This option still requires councils who adopt this approach to retain at least one overview and scrutiny committee to scrutinise decision-making.

Overview and Scrutiny at Lincolnshire County Council

Lincolnshire County Council currently has ten scrutiny committees that are mostly aligned to the key service areas for which the Council is responsible. Appendix A contains an organisational chart which explains this structure in more detail. The Overview and Scrutiny Management Committee co-ordinates the activity of the service area committees and also the Health Scrutiny Committee for Lincolnshire

and the Flood and Drainage Management Scrutiny Committee which works on a partnership footing to address flooding issues in the County.

All scrutiny committees have a Work Programme containing anticipated items of business for future meetings. These Work Programmes are managed at the committee meetings and also at agenda setting meetings for each committee which take place in the weeks leading up to each meeting. These agenda setting meetings are attended by the chairman and vice-chairman of the committee along with relevant lead officers and officers from Democratic Services

Scrutiny committees are focussed on the successful planning and delivery of services to the people of Lincolnshire. At the core of this work is the quarterly monitoring of the Council's performance against key targets, major programmes and project and customer satisfaction.

Another key activity for scrutiny committees is performing the role of pre-decision scrutiny i.e. to review a proposal to be put before the Council's Executive or Executive Councillor immediately prior to decision and to determine if the Committee supports the proposal and if it has any additional comments to make to assist with the decision-makers deliberations.

Scrutiny committees regularly receive reports on services that fall within their remit. Scrutiny committees also have the opportunity to establish working groups to investigate a matter in more detail outside of normal committee meetings and this work will usually be done in conjunction with senior service-area officers. Scrutiny committees may also propose topics for Task and Finish Group review and these proposals are then considered by the Overview and Scrutiny Management Committee. These reviews can take up to six months and culminate in a final report and recommendations that are submitted to the Council's Executive for consideration and response.

Overview and Scrutiny and Audit at Lincolnshire County Council

In performing their respective roles it is likely that the work of Overview and Scrutiny and Audit may at times complement each other and at other times overlap. In previous years the Value for Money Scrutiny Committee has had the opportunity to comment on the Corporate Risk Register and the former Chairman and Vice-Chairman of the Committee attended a workshop with colleagues from Audit to help develop the current approach to the Risk Register. Combined Assurance Reports have been mentioned from time to time as having a relevance to the work of scrutiny as well as Audit and it may be that it could be beneficial for scrutiny committees to have formal sight of these reports in the future.

Closer co-operation and increased communication may strengthen the roles of both Audit and Overview and Scrutiny and raise the overall level of assurance regarding the Council's governance and performance. There are a number of ways in which closer co-operation and communication could be achieved. These may include;

- Exchange of Work Programmes for Audit and Overview and Scrutiny Management Committee
- Regular liaison meetings between lead officers and / or chairmen / vice-chairmen for Audit and Overview and Scrutiny Management Committee
- A periodic item at both Audit and Overview and Scrutiny Management Committee updating each other on current and planned activity.
- Ad hoc reports as required when a specific issue arises.

Members of the Audit Committee may wish to consider these options and any other methods for closer working. Should any ways forward be recommended then these could initially be relayed to the next scheduled meeting of the Overview and Scrutiny Management Committee on 29 January with the potential for a further item to formally agree an approach if this is required.

Conclusion

The Audit Committee is invited to consider the role of Overview and Scrutiny at Lincolnshire County Council, to reflect on the merits of closer working between Audit and Overview and Scrutiny in the future and, if deemed desirable, ways for this closer working to be achieved

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	Overview and Scrutiny Structure Chart

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by David Hair, who can be contacted on 01522 552080 or davidr.hair@lincolnshire.gov.uk

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OVERVIEW AND SCRUTINY COMMITTEE STRUCTURE

Value for Money Scrutiny Committee

11 County Councillors

David Hair (X52080)

- Capital Programme
- Customer Satisfaction
- Performance & Governance
- Resource Management
- Value for Money Overview

Adults Scrutiny Committee

11 County Councillors

Simon Evans (X 53607)

- Adult Social Care
- Services for Vulnerable Adults

Children and Young People Scrutiny Committee

18 County Councillors + 5 Added Members

Tracy Johnson (X 52164)

- Education and Schools
- Children's Services

Highways and Transport Scrutiny Committee

11 County Councillors

Louise Tyers (X 52102)

- Highways
- Local Transport Policy
- Public Transport
- Road Safety

Overview and Scrutiny Management Committee

18 County Councillors + 5 Added Members

David Hair (X52080)

- Management of Overview and Scrutiny
- Call In and Councillor Call for Action Procedures

Community and Public Safety Scrutiny Committee

11 County Councillors

Louise Tyers (X 52102)

- Community Cohesion
- Community Safety
- Emergency Planning
- Fire & Rescue
- Libraries and Heritage
- Public Health
- Trading Standards
- Youth Offending

(Also serves as the Crime and Disorder Committee)

Health Scrutiny Committee for Lincolnshire

8 County Councillors and 7 District Councillors and 1 Healthwatch Lincolnshire Representative

Simon Evans (X 53607)

- NHS Healthcare
- Health and Wellbeing Board

Environmental Scrutiny Committee

11 County Councillors

Louise Tyers (X52102)

- Strategic Planning
- Climate Change / Carbon Management
- Waste
- Natural Environment

(Also serves as the Flood and Drainage Management Scrutiny Committee with 7 District Councillors)

Economic Scrutiny Committee

11 County Councillors

Tracy Johnson (X 52164)

- Economic Regeneration
- Lifelong Learning
- Relationships with Higher Education

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Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Audit Committee
Date:	26 January 2015
Subject:	External Audit Progress Report

Summary:

Report from KPMG, the County Council's External Auditors, giving an update on the 2014/15 Audit deliverables.

Recommendation(s):

The Committee considers the progress report and identify any further information/actions that might be required.

Background

Appendix A is KPMG's report providing an update. This includes

- Audit Plan 2014/15
- Audit Fee update
- Other work
- Schedule re deliverables

Conclusion

The report provides assurance over the progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report	
Appendix A	External Audit Progress Report

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Tony Crawley, who can be contacted on 0116 256 6070 or tony.crawley@kpmg.co.uk.



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External audit progress report

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Lincolnshire County Council

January 2015

This report provides the Audit Committee with an overview on progress in delivering our responsibilities as your external auditors.

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PROGRESS REPORT	
Progress Report	3
APPENDIX	
Audit Deliverables 2014/15	5



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Progress report

This document provides the Audit Committee with a high level overview on our external audit planning.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverables is provided in Appendix 1 of this report.

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Audit Plan 2014/15

We are updating our risk assessments and completing our detailed planning to determine our audit plans for the Authority and the Pension Fund.

In line with auditing standards, we will present our detailed annual plan to the Audit Committee in March 2015. This will highlight the key risks to our audit at the planning stage. A significant area of focus will continue to be the work required to give the audit opinion on the accounts for the Authority and Pension Fund. Our plan will include our response to any issues identified through our risk assessment regarding:

- the accounting requirements for 2014/15, including relevant changes to the CIPFA guidance;
- the closure of accounts process generally and our working paper requirements, including information required from the SAP system; and
- your plans for managing the changes to your pensions administration arrangements.

We will also carry out our VFM conclusion risk assessment and use the updated guidance issued by the Audit Commission in October 2014. The scope of the assessment is consistent with that in previous years and will focus on your arrangements for securing financial resilience and ensuring economy, efficiency and effectiveness in your use of resources. This will include your arrangements for:

- managing the risks around the changes to your corporate support services and the implementation of the Agresso financial systems; and
- concluding your fundamental budget review and shaping your medium term financial strategy.

We will discuss any specific significant risks to the VFM conclusion with Managers and highlight our planned response and any additional work required.

We will continue to liaise with Internal Audit, and consider your assurance frameworks and your response to issues you identify throughout the year. We review your 2014/15 Annual Governance Statement for consistency with our understanding of your arrangements and issues identified.

There are no audit concerns that we need to raise with the Audit Committee in relation to the audit of the accounts or the VFM conclusion from the work we have carried out to date.

Audit fee update

At this stage the proposed audit fee remains the same as that notified to the Authority in April 2014, that is £143,100 for the Council's audit and £24,350 for the Pension Fund. We will update the Audit Committee in March 2015 and confirm the proposed fee in our Audit Plan.

Other work

In December 2014 we issued our Independent Accountant's 'Reasonableness Assurance Report' in relation to the Teachers' Pensions 2013/14 return. This work was agreed as a separate audit as the return no longer falls within the Audit Commission's Grant Certification regime. The fee for this work was £3,000.



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Appendix

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2014	Issued April 2014
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	February 2015 (for March 2015 Audit Committee)	TBC
Interim			
Interim progress report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	April 2015	TBC
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2015	TBC
Completion			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2015	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2015	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2015	TBC



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Audit Committee - External audit technical update information paper

Lincolnshire County Council

January 2015

This report highlights for the Audit Committee's attention the latest update on the some of the main technical issues which are currently having an impact in local government and specifically affect Lincolnshire County Council.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

Summary			
<p>CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets</p> <p>(Page 3)</p>	●	<p>VFM profiles updated for the 2014/15 data sourced from DCLG</p> <p>(Page 8)</p>	●
<p>Audit commission consultation for the 2015/16 proposed work programme and scale fees</p> <p>(Page 4)</p>	●	<p>NAO published a report examining the progress to date on the implementation of the Better Care Fund (BCF)</p> <p>(Page 9)</p>	●
<p>Transfer of Audit Commission responsibilities from 1 April 2015</p> <p>(Page 5)</p>	●	<p>NAO have published two complimentary reports examining local authority finances:</p> <ul style="list-style-type: none"> The financial Sustainability of local authorities 2014 and; The impact of funding reductions in local authorities <p>(Page 10)</p>	●
<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work</p> <p>(Page 6)</p>	●	<p>Audit Commission published an update on Council tax and business rates collection.</p> <p>(Page 11)</p>	●
<p>The Audit Commission published the Protecting the Public Purse 2014 (PPP 2014) report.</p> <p>(Page 7)</p>	●		●



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Technical update

Area	Level of Impact	Comments	KPMG perspective
<p>CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets</p>	<p style="text-align: center;">● High</p>	<p>The Healthcare Financial Management Association (HFMA), in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA), has released for finance professionals as part of plans to implement the Better Care Fund.</p> <p>The guidance looks at:</p> <ul style="list-style-type: none"> ■ the legislation and regulations that underpin the operation of a pooled budget; ■ the finance, governance and operational arrangements that clinical CCGs and local authorities need to be discussing and putting in place now in order to be ready for 'go live' on 1 April 2015; and ■ the accounting standards that will apply and need to be considered in advance of preparing the signed agreement that will underpin the pooled budget. <p>Whilst the guidance has been prepared by the HFMA and is primarily targeted at NHS bodies, it also covers local authorities and so may be of interest of local government bodies.</p> <p>For further information see the HFMA guidance at http://www.hfma.org.uk/NR/rdonlyres/7BF426D9-4CDE-4D4A-B6F9-16CDD17E5F9D/0/BCFguidance.pdf</p>	<p><i>The committee may wish to seek assurances these costs are being accounted for appropriately and that where errors have been made, there are plans to address them.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Audit commission consultation for the 2015/16 proposed work programme and scale fees.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 237</p>	<p style="text-align: center;">● Low</p>	<p>On the 13th October 2014 The Audit Commission published for consultation the 2015/16 proposed work programme and scales of fees.</p> <p>Separate documents cover the Commission’s work programme at local government and police bodies, and at health bodies. The consultation sets out the work that auditors will undertake at principal audited bodies for 2015/16, with the associated scales of fees. The Department for Communities and Local Government (DCLG) has asked the Audit Commission to set fees for 2015/16 before the Commission’s closure on 31 March 2015.</p> <p>They are proposing to reduce scale fees by a further 25 per cent from 2015/16. They do not plan to make changes to the overall work programme. The fee reduction will apply to all principal bodies, with the exception of 15 local government bodies whose scale audit fees are already below £20,000, and of the fees for pension fund audits at local authorities.</p> <p>The 25 per cent fee reduction has been achieved as a result of the recent procurement exercise to retender the work undertaken under the older contracts with audit firms, and is in addition to the 40 per cent cut in fees made by the Commission in 2012. These savings are part of the legacy the Commission will leave behind after March 2015, with the lowest total audit fees for 25 years.</p> <p>The Commission is also making further rebates in respect of audit fees to audited bodies, returning another £6 million to most principal bodies, excluding CCGs.</p> <p>The rebates will be paid by cheque directly to audited bodies in October 2014. The rebates result from the efficient management of the Commission’s closure. The Commission’s Board will consider in March 2015 the amount of any final rebate on audit fees.</p> <p>The consultation closed on Friday 9 January 2015. The Commission will publish the final work programme and scales of fees for 2015/16 in March 2015.</p> <p>The consultation documents, and the lists of individual scale fees, are available on the Audit Commission website: http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Transfer of Audit Commission responsibilities from 1 April 2015</p>	<p>● Low</p>	<p>The work that auditors will carry out on 2015/16 accounts will be completed under the new Code of Audit Practice that the National Audit Office (NAO) is developing. Under the Local Audit and Accountability Act 2014 the Commission's responsibility to prepare and publish a Code transfers to the NAO.</p> <p>From 1 April 2015, Public Sector Audit Appointments (PSAA), set up by the Local Government Association as an independent company, will oversee the Audit Commission's audit contracts until they end in 2017, or 2020 if extended by DCLG. PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to PSAA.</p> <p>The Commission's other functions will also transfer to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice transferring to the National Audit Office, the National Fraud Initiative to the Cabinet Office, and the counter-fraud functions to Chartered Institute of Public Finance and Accounting (CIPFA).</p> <p>The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commission's functions and where to find details on specific questions.</p>	<p><i>The committee may wish to enquire of officers whether they have received any such communications from the Audit Commission and the details of any response.</i></p>

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Area	Level of Impact	Comments
<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 239</p>	<p style="text-align: center;">● For information</p>	<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work. The guidance supports auditors' work on arrangements to secure VFM at the following types of audited body:</p> <ul style="list-style-type: none"> ■ NHS trusts; ■ clinical commissioning groups (CCGs); ■ single-tier, county and district councils; ■ fire and rescue authorities; ■ the Greater London Authority, the London Legacy Development Corporation and Transport for London; ■ police bodies; and ■ other local government bodies. <p>The key principles underpinning the Commission's approach on the conclusion on arrangements to secure VFM continue to be that it:</p> <ul style="list-style-type: none"> ■ enables auditors to fulfil their responsibility under the Audit Commission Act 1998, relating to an audited body's arrangements to secure economy, efficiency and effectiveness; and ■ is applied proportionately to reflect the size, capacity and performance of different types of audited body and, as far as possible, consistently across all sectors of the Commission's regime. <p>The main changes in the update for 2013/14 are set out in section 1.1 of the guidance. These are:</p> <ul style="list-style-type: none"> ■ sections 1 and 2 updated to reflect changes relating to the Commission's closure in March 2015; ■ sector context and risk indicators updated for sections 3 to 6; ■ section 4 on Clinical Commissioning Groups (CCGs) updated to apply the specified reporting criteria, recognising that 2014/15 represents CCGs' second full year of operations; and ■ section 8 on reporting updated to emphasise further the type of conclusions that can be issued at different bodies, and when these may or may not be appropriate. <p>The updated guidance is now available on the Audit Commission's website: http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/value-for-money-conclusion/</p>

Area	Level of Impact	Comments
<p>The Audit Commission publish the Protecting the Public Purse 2014 (PPP 2014) report.</p>	<p>● For information</p>	<p>On 23 October 2014 the Audit Commission published the <i>Protecting the Public Purse 2014</i> (PPP 2014) report. PPP 2014 is for those responsible for governance in local government. PPP 2014 includes:</p> <ul style="list-style-type: none"> ■ the scale and value of fraud detected by local government bodies in 2013/14; ■ longer term trends in fraud detection, including tenancy fraud; ■ trends and threats in other significant fraud types; and ■ national developments impacting on local government counter-fraud. <p>In addition, PPP 2014:</p> <ul style="list-style-type: none"> ■ gives details of detected frauds and losses by region; ■ updates our checklist for those responsible for governance; and ■ highlights the second year of a programme of individual fraud briefings for councils. <p>The Audit Commission have issued fraud briefings to auditors in November 2014 for individual county councils, district councils, London boroughs, metropolitan district and unitary councils.</p>

Area	Level of Impact	Comments
<p>VFM profiles updated for the 2014/15 data sourced from DCLG</p>	<p>● For information</p>	<p>The Audit Commission VFM profiles planned budget section now contains the 2014/15 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2014.</p> <p>Other sections of the VFM profiles have also been updated with the latest data values for the following data sources:</p> <ul style="list-style-type: none"> ■ Mid-year population estimates ■ Planning applications ■ Fuel poverty ■ Climate change statistics ■ Active people survey ■ NHS delayed transfers of care ■ Finance and general statistics ■ Provision for children under five years of age in England ■ Young people from low income backgrounds progressing to higher education ■ Collection rates for council tax and non-domestic rates ■ Housing benefit speed of processing ■ Housing benefit recoveries and fraud data ■ Housing benefit caseload statistics ■ Child and working tax credit statistics ■ Children in low-income families local measure ■ Special educational needs in England ■ Homelessness statistical release (P1E) ■ Fire statistics monitor ■ Fire and rescue authorities operational statistics bulletin ■ Fire and rescue service statistics <p>The VFM profiles can be seen on the Audit Commission website: http://www.audit-commission.gov.uk/information-and-analysis/</p>

Area	Level of Impact	Comments
<p>NAO published a report examining the progress to date on the implementation of the Better Care Fund (BCF)</p>	<p>● For information</p>	<p>The National Audit Office (NAO) has recently published a report examining the progress to date on the implementation of the Better Care Fund (BCF). Whilst the programme is recognised as being an innovative idea, the NAO highlights issues with the quality of early preparation and planning. It also finds that initial plans, submitted by all 151 local health and wellbeing boards in April 2014, did not generate the level of savings the Government anticipated and all plans had to be resubmitted.</p> <p>Planning for the Fund paused between April and July 2014 while the Government reviewed and revised the Fund's scope and how the £1 billion pay-for-performance part of the Fund would work. Independent assurance of the revised Fund plans found them to be stronger and better supported. Almost two-thirds of plans were either approved by Ministers or approved with support and only 5 plans were not approved. The biggest risk area identified is to the protection of social care services with 21 local areas assessed as having significant risks.</p> <p>The report can be found on the NAO website: http://www.nao.org.uk/report/planning-better-care-fund-2/</p>

Area	Level of Impact	Comments
<p>NAO have published two complimentary reports examining local authority finances:</p> <ul style="list-style-type: none"> The financial Sustainability of local authorities 2014 and; The impact of funding reductions in local authorities 	<p style="text-align: center;">●</p> <p style="text-align: center;">For information</p>	<p>The National Audit Office (NAO) has recently published two complimentary reports examining local authority finances: Financial sustainability of local authorities 2014 and The impact of funding reduction of local authorities. The reports include findings based on surveys of Commission appointed auditors carried out since 2001 by the Commission. The NAO were provided with anonymised analysis of the survey findings by the Commission in order to support this work.</p> <p>The NAO finds that local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. Over a quarter of single tier and county councils (those authorities responsible for social care and education) had to make unplanned reductions in service spend to deliver their 2013/14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52 per cent of single tier and county councils not being well-placed to deliver their medium-term financial plans.</p> <p>The NAO also found that there is significant variation in the way that authorities have responded to the funding reductions. Authorities that have had larger cuts in government funding have not been able to protect funding of adults' and children's social care to the same extent as those with lower cuts. The report also shows that certain sub-services have experienced very substantial cuts in spending. Spending on the Supporting People programme, housing support and advice for vulnerable people fell by 45 per cent. Between 2010/11 and 2013/14, budgeted real terms spending on services for young people fell by 34 per cent.</p> <p>The reports can be found on the NAO website</p> <ul style="list-style-type: none"> ■ Financial sustainability of local authorities 2014: http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/ ■ The impact of funding reductions on local authorities: http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/

Area	Level of Impact	Comments
<p>Audit Commission publish: an update on Council tax and business rates collection.</p>	<p>● For information</p>	<p>The Audit Commission has published an update to the Council tax and business rates collection VFM briefing, the last in its series of VFM data briefings analysing data in the VFM Profiles. The briefing looks at the amount of council tax and business rates councils collected and their collection rates in 2013/14 – the first year of new localised council tax support schemes and business rate retention arrangements.</p> <p>By the end of 2013/14 councils had collected £46.05 billion of the £47.26 billion due to be paid that year, leaving £1.21 billion uncollected. Council tax collection rates were 0.4 per cent lower than in 2012/13 but business rates collection rates were 0.2 per cent higher. Council tax debt from 2013/14 and previous years increased by 6 per cent. The proportion of debt from previous years that councils collected ranged from 2 per cent to 76 per cent and the proportion of debt written off ranged from 1 per cent to 32 per cent.</p> <p>Nearly four fifths of councils collected more business rates in 2013/14 than they did in 2012/13 in real terms and so were likely to benefit from the new business rates retention arrangements.</p> <p>The update can be found on the Audit Commission website: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</p>



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Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Audit Committee
Date:	26 January 2015
Subject:	Work Plan

Summary:

This report provides the Committee with information relevant to the core assurance activities currently scheduled for the 2014/15 work plan.

Recommendation(s):

1. Review and amend the Audit Committee's work plan ensuring it contains the assurances necessary to approve the Annual Governance Statement 2015.

Background

- 1 The work plan has been pulled together based on the core assurance activities of the Committee as set out in its terms of reference and best practice (see Appendix A).

Conclusion

1. The work plan helps the Committee ensure that the Committee effectively delivers its terms of reference and keep track of areas where it requires further work and/or assurance.
2. Look at Appendix B Audit Committee Action Plan

Consultation

a) Policy Proofing Actions Required

n/a

Appendices

These are listed below and attached at the back of the report

Appendix A	Work Plan to March 2015
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Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Lucy Pledge, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

Audit Committee Work Plan – 2014/15		
26th January 2015	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		
<ul style="list-style-type: none"> Internal Audit Progress Report 	<p>Understand the level of assurances being given as a result of audit work and their impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified</p> <p>encouraging ownership of the internal control framework by appropriate managers</p> <p>Encouraging ownership of the internal control framework by appropriate managers</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets</p>	<p>To consider reports dealing with the management and performance of internal audit</p> <p>To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale</p>
<ul style="list-style-type: none"> External Audit Progress Report and Plan 	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p>	<p>To comment on the scope and depth of external audit work and to ensure it gives value for money</p>
Other Assurance		

Audit Committee Work Plan – 2014/15		
30th March 2015	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core Business		
<ul style="list-style-type: none"> Draft Internal Audit Plan 2015/16 	<p>That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Head of Audit opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.</p> <p>Ensure that the Internal Audit Resource has sufficiently capacity and capability to deliver the plan.</p> <p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p>	To consider reports dealing with the management and performance of internal audit
<ul style="list-style-type: none"> Draft Counter Fraud Plan 2015/16 	<p>Gain assurance that the Council has effective arrangements in place to fight fraud locally.</p> <p>Ensure that counter fraud resources are targeted to the Council's key fraud risks.</p>	To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process.
<ul style="list-style-type: none"> International Audit Standards on the risks associated with the impact of potential fraud and error on the Financial Statements 	<p>Seek assurance that the statements made against the standard accurately reflect the Council's counter fraud arrangements.</p>	To monitor Council policies on confidential reporting code, anti-fraud and anti-corruption policy and the Council's complaints process.
<ul style="list-style-type: none"> Risk Management Progress Report 	<p>Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.</p> <p>That there has been on big surprises for the Council where it suffered significant financial loss or reputational damage.</p>	To monitor the effective development and operation of risk management and corporate governance in the Council

Audit Committee Work Plan – 2014/15		
<ul style="list-style-type: none"> External Audit Grant Certification Report 	<p>Seek assurances that claims and returns have been managed appropriately and that there are no significant errors that would result in loss of funding.</p>	
<ul style="list-style-type: none"> External Audit Progress Report 	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>Note: Further assurance needed around impact / risks associated with early close down.</p>	<p>To comment on the scope and depth of external audit work and to ensure it gives value for money</p>
<ul style="list-style-type: none"> Update on action re Annual Governance Statement 2014 	<p>Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement.</p>	<p>To oversee the production of the Council's Annual Governance Statement and to recommend its adoption</p> <p>To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice</p>
<ul style="list-style-type: none"> Review of Accounting Policies 	<p>Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.</p>	<p>To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</p>
Other Assurance		

Audit Committee Action Plan – 2014/15

Action	Terms of Reference Outcome	Key Delivery Activities	Who by and When
Understanding the role and remit of the VfM Scrutiny Committee and being clear about what and how the Audit Committee will seek assurance from it.	Provides insight and assurance which will support the development of the Annual Governance statement and review of the Council’s governance arrangements. Confirm that Audit Committee has all the assurance it needs from the Scrutiny function – from whom and in what form the assurance will be. That it’s working well.	Establish joint working protocol between scrutiny and audit committees. Update Audit Report to Committee on 26.01.15	Audit & Risk Manager December 2014 Completed
Clarify who should attend the Audit Committee and expectations on the information being presented.	Ensure that relevant and focussed reports are presented. Provides more certainty that assurance is relevant & reliable Promote constructive challenge during meetings Strengthen accountability arrangements and the effectiveness of the Audit Committee	Reporting protocol developed	Audit and Risk Manager January 2015 Revised date March 2015
Undertake a skills and knowledge survey to review and establish any training and development needs as a whole Committee.	Enhance the effectiveness of the Audit Committee	Development of skills and knowledge survey	Audit and Risk Manager / KPMG February 2015

Action	Terms of Reference Outcome	Key Delivery Activities	Who by and When
Reviewing and encouraging transparency in partnership decision making. Understand and seek assurance over the governance and risks associated with our key partners.	Promoting Good Governance	Agree with Chairman when and how to include this on the agenda	Audit & Risk Manager 2015/16 Work Plan
Facilitate risk management training and awareness for members and staff. To clarify the understanding of the level of risk the Council is prepared to accept across its key activities / business units.	Confidence that the risks management arrangements for the Council are operating effectively	Deliver risk management awareness session to the Audit Committee Deliver risk management training and awareness: <ul style="list-style-type: none"> • Thinking about Risk – risk culture and strategy • A practical guide to risk management 	Audit & Risk Manager January 2015 Audit & Risk Manager January 2015 Scheduled for March 2015
Ensure that the 'independent' member is provided with same information as elected members	n/a	Confirm that independent member has: ~ access to GEORGE (intranet) ~ is included on Councillor circulation lists ~ is included on an Councillor briefing events	Audit & Risk Management November 2014 Completed follow up March 2015
How the Committee meets its terms of reference re: <ul style="list-style-type: none"> • Overview of the constitution • Monitoring the Council's complaint process 	Enhance governance arrangements	Agree with Chairman when and how to include these agenda items Revised date March 2015	Audit & Risk Manager November 2014
Review of the Committee's Terms of Reference in light of revised CIPFA guidance	n/a	Agree with Chairman when and how to include this agenda item. To be included in Work Plan 2015/16	Audit & Risk Manager November 2014

Other areas that the Committee may wish to consider including within its work plan are:

Audit Committee – Work Plan

- Compliance with the transparency code
- Outcome of whistleblowing commission