

# Combined Assurance

## *Status Report Communities*



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# Introduction

This is the second 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 Communities. In the main they can be described as providing the physical context in which people live: the built infrastructure and natural environment; the economy; and cultural services. There are many synergies between 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;
- Directing a large capital programme towards infrastructure that will support growth including:
  - Road maintenance;
  - New road construction;
  - waste after 50% is recycled;
  - Economic regeneration infrastructure, including a £20m castle enhancement in Lincoln.
- Managing flood risk;
- Influencing spatial development.
- Maximising GLEP National and European funding income

We handle customer enquiries on behalf of the whole council and monitor our responsiveness, the customer experience and quality of service delivered.

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.

Figure 1 – January 2014

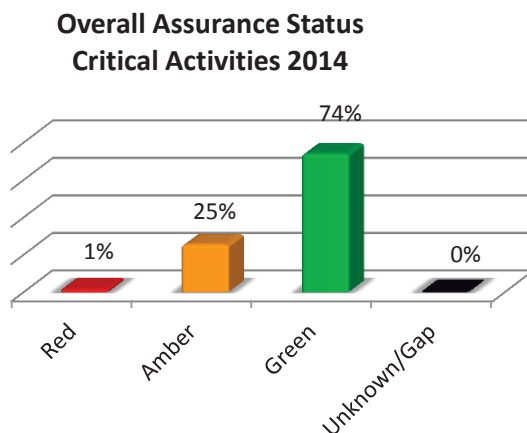
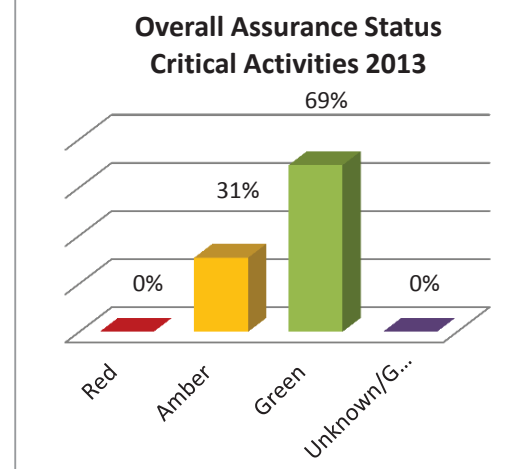


Figure 2 – January 2013



# Critical Systems



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

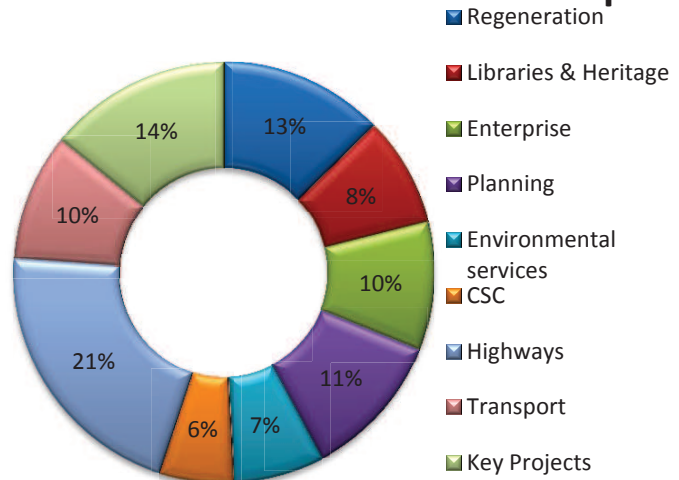
The Service works well with Internal Audit, highlighting areas for review where independent challenge and insight adds value and complements external inspection. Recommended improvements resulting from Internal Audit work are monitored and tracked through the Audit Committee.

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

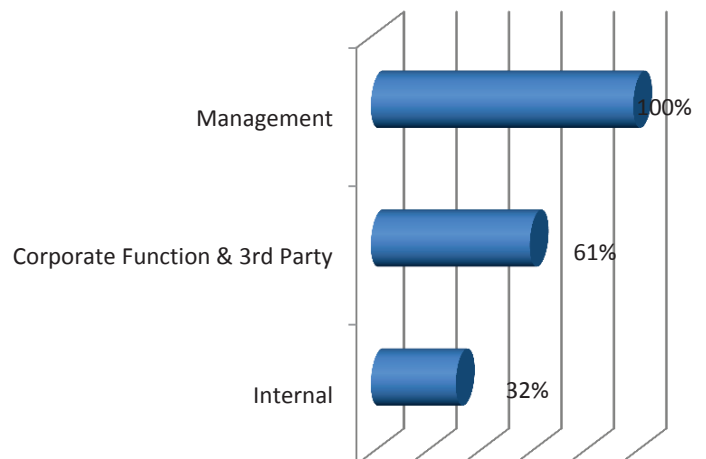
We exercise strong and responsive leadership, effective financial management and have good management processes. These result in high levels of confidence in our risk management. However, to avoid complacency we utilise the services available to us through corporate and third party assurance (e.g. peer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



## Who Provides Your Assurance

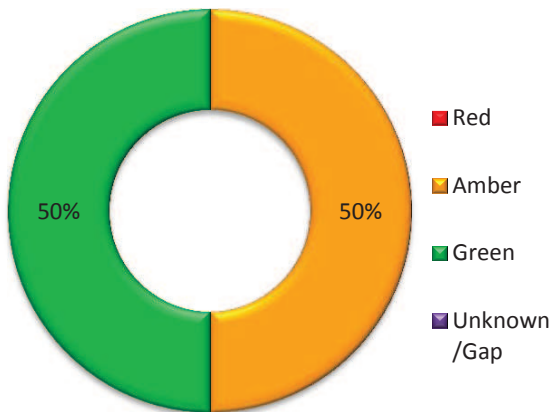
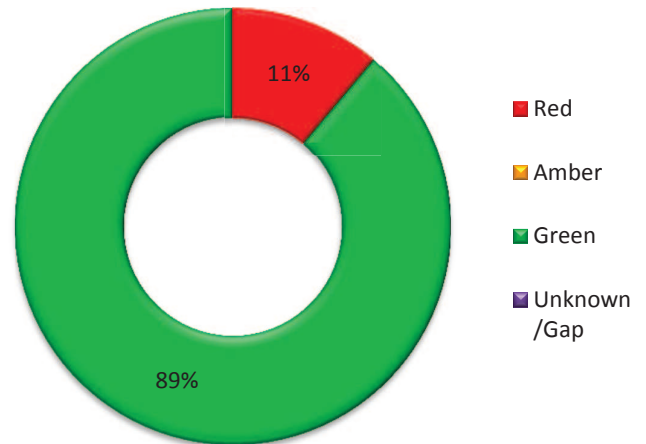




## Regeneration

All service areas of Economy and Culture are affected by the much reduced capacity and resources to deliver the critical activities described. If affected by further budget reductions this will become a red risk, but as it is planned to undertake a zero based budgeting exercise next year, We would recommend that they are assessed as part of that process.

Waterways, particularly Sutton Bridge Marina, is highlight as a red risk as this project has complex land ownership and legal issues that are outside of LCC's control.

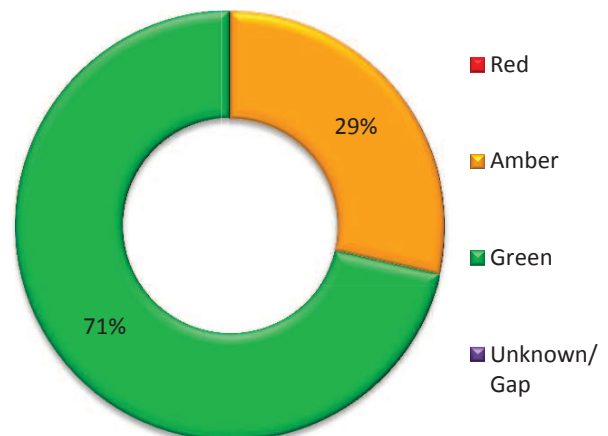


## Libraries and Heritage

The Library service currently has the highest impact upon Economy and Culture This service is now moving into a detailed and complex programme of change, with a Transitional period of changes being introduced to Tier 3 libraries (Community Hubs) from May 2014 to March 2015. The changes to the service rely upon Communities delivering robust business cases and new support is being provided to facilitate this. Detailed analysis and planning, supported by legal advice on major risk elements are in place, so this area is assessed as Amber

## Enterprise

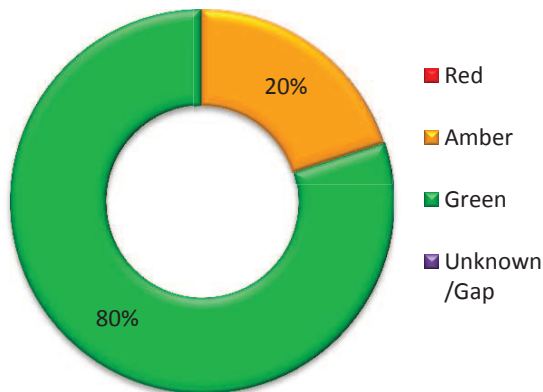
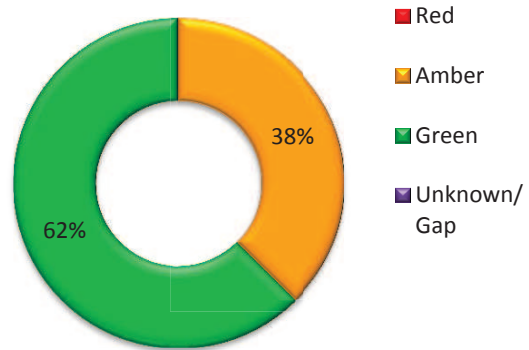
We would welcome a review of Adult learning, identified as Amber. The learning board involves senior elected members and staff members have specific quality assessment and support roles. The focus is on quality of learning and meeting Ofsted's reporting requirements, which is inspected and the recent inspection was good, but there is less information to enable management assurance of the £1.8m budget



## Planning

The recruitment of a Head of Service has allowed for a review of the service priorities. Whilst there still remains a number of amber rated risks these are areas that will be managed more directly through the Head of Service to ensure assurance. At a national level the monitoring of the Development Management performance is under review from DCLG and the outcome of that review will be closely watched for any implications on LCC.

A review of vacant posts is taking place to align resources to priorities and changing work loads.



## Environmental Services

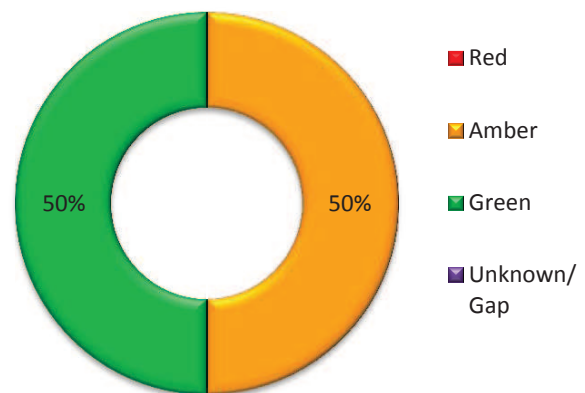
The service has actively addressed the outstanding Carbon Reduction Commitment issues as identified last year, with full assurance accomplished.

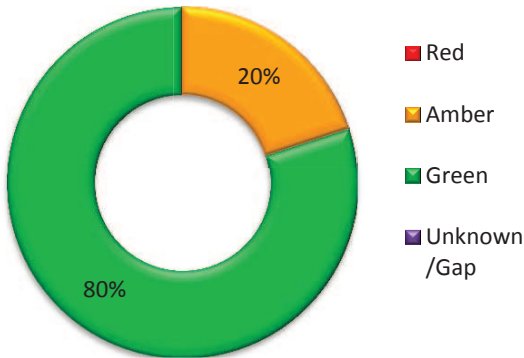
All of the core activities within the service except waste management have achieved a full assurance; the new joint Waste Strategy will aim to give this assurance. As the service evolves through a commissioning council, the challenge is to maintain this level of assurance whilst developing natural environment and district heating.

## Customer Services

The future of the CSC is still to be determined but whether included or not within the FDSS contract there will be considerable change. The risks attached to this are unknown at this stage but following a decision in March 2014 work will need to be programmed to manage this.

In terms of the current risks, the new corporate complaints system will help capture customers' concerns with the next steps being to see what lessons can be learned. Contact handling measurement is changing to a more qualitative approach which will feed into the refreshed KPIs



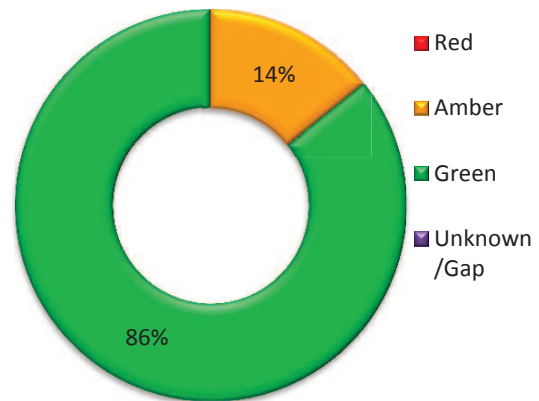


### Highways

Most areas are green. There is some concern for Fleet Management over disruption to systems caused by the recent Kier takeover of May Gurney. Although we have redirected and focused some resource to respond to Floods and Water Act responsibilities we are still awaiting further enactment of legislation in this area. Continuing uncertainty surrounds the Road Safety Partnership due to the impact of the property review.

### Transport

While most areas are green the channelling of major scheme funding through the LEP (Lincolnshire Enterprise Partnership) as well as half of the Integrated Transport block allocation brings uncertainty to programme management and processes. Budget uncertainty remains a concern for Floods and Water management and response and the anticipated transfer of responsibility for the administration of Bus Service Operator Grant (BSOG) brings further uncertainty to budget management.



#### Suggested next steps.....

- Support and facilitate Communities in delivering robust business cases for the future of Libraries in Lincolnshire.
- Initiate a project to develop Crown House in Lincoln to be the new home of the Lincolnshire Archives.
- Manage the changes to the Customer Service Centre based on the outcome of the FDSS contract decision.
- Continue to monitor developing legislation in relation to LCC’s Flood Risk responsibilities to ensure the authority can meet its duties.
- Transport funding for major schemes is now expected to be channelled through the single growth fund directed by the LEP in line with the SEP (Strategic Economic Plan).



# Strategic Risks



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

### Delivery of our responsibilities as a local lead flood authority

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

- Operational Action Plan supporting the Flood Risk Management Strategy
- Implement Flood Risk Management schemes, i.e. Horncastle / Louth
- Lead in influencing other people and agencies to direct resources to Lincolnshire
- Development of a Flood Risk Management Strategy 2025
- Collaboration with flood risk & drainage framework partnership
- Flood Risk Emergency Plan (with links to Emergency Planning)

Overall we feel this risk is being managed effectively with substantial assurance being given.

### Flooding

### Infrastructure

### Our infrastructure is required to support delivery of our services & economic growth in Lincolnshire

A number of key projects aim to strengthen our infrastructure. For Communities these include:

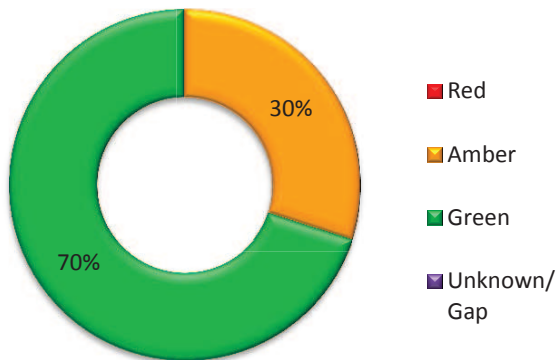
- Major Highways Schemes
- Lincoln Castle Revealed

These are monitored through our normal programme and project arrangements.

Strategic Risks - Assurance Map as at 31st October 2013	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
Promoting Community Wellbeing & Resilience										
Delivery of our responsibilities as a local lead flood authority	Richard Wills	<b>Hungry</b> (projects & major change - Need to be innovative and take higher risks for greater reward - higher levels of devolved authority)			←	G	G		G	Considered 'Substantial' for the duties we have at the moment. Review assurance status when SUDS duties come on-line. <i>Sources of information - Environment Scourity Committee &amp; Flood Drainage Sub Committee (September 13)</i>
		<b>Open &amp; aware/cautious</b> (partnerships - Recognised that we work differently with different partners)			↑					
Our infrastructure is required to support delivery of our services & economic growth in Lincs	Richard Wills	<b>Hungry</b> (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)			↑	G	G		G	Projects being managed and everything is being done so amended to show substantial
					↑	G	G		G	Project remains on track.
					↑	G	G		G	New project to SRR. All going fine at present



# Key Projects in Communities



### **Lincoln East West Link Road – Green**

This project is on track with planning permission having been granted.

### **Spalding Western Relief Road – Green**

Work to identify the route for phase 2 and 3 of the road is underway and the phase 1 developer is being supported through the planning process.

### **Grantham East West Relief Road – Green**

After objection delays this scheme is now back on track for planning approval late 2013, after which it will be handed to LCC highways to manage. This will give the service greater control over delivery.

### **Lincoln Eastern Bypass – Green**

This project is on track with planning permission having been granted.

### **Lead Local Flood Authority Responsibilities – Amber**

Progress is good with a joint local flood risk management strategy written; however as LCC's legal responsibilities are still not fully defined and there are potential funding pressures the project still carries strategic risk.

### What Managers are doing:

- Monitoring emerging legislation to fully understand and react to LCC Flood Risk Management Responsibilities.
- Introducing a detailed and complex period of transformation to the library service.
- Monitoring the Castle Revealed project through the project board whilst new project management arrangements are embedded.

### **Energy from Waste – Green**

The project is now in the 'Hot Commissioning' stage and is largely on time and under budget.

### **Library Needs Assessment – Red**

Decisions on changes to the library service have been made and the project now moves into the transitional period. It is still possible that the Executive decision and library model may be challenged by Unison or by a Judicial Review. There are also significant staff changes to bring into effect. Also there are changes required to separate out ICT networks and Mouchel's capacity to deliver this to time is a risk.

### **Lincoln Castle Revealed - Amber**

Project well into delivery stages and Governance structures are strong. New Project Management arrangements have strengthened capacity and resilience, but roles and contract responsibilities are being embedded. There are also important interdependencies affecting the project on transport and movement in Lincoln.

