



County Offices
Newland
Lincoln
LN1 1YL

1 February 2022

Audit Committee

A meeting of the Audit Committee will be held on **Wednesday, 9 February 2022** in the **Council Chamber, County Offices, Newland, Lincoln LN1 1YL** at **10.00 am** for the transaction of business set out on the attached agenda.

Yours sincerely

A handwritten signature in black ink that reads 'Debbie Barnes'.

Debbie Barnes OBE
Chief Executive

Membership of the Audit Committee

(7 Members of the Council and 2 Non-Voting Added Members)

Councillors Mrs S Rawlins (Chairman), M G Allan (Vice-Chairman), S Bunney, P E Coupland, J L King, P A Skinner and A N Stokes

Non-Voting Added Members

Mr I Haldenby, Independent Added Member
Mr A Middleton, Independent Added Member

**AUDIT COMMITTEE AGENDA
WEDNESDAY, 9 FEBRUARY 2022**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Members' Interests	
3	Minutes of the meeting held on 15 November 2021	5 - 12
4	Combined Assurance Report <i>(To receive a report which provides an insight on the assurances across all of the Council's critical services, key risks, partnerships and projects. The Chief Executive, Executive Directors and the Assistant Chief Fire Officer will be in attendance)</i>	13 - 40
5	Draft Audit Committee Annual Report 2021/22 <i>(To receive a report from Councillor Mrs S Rawlins, Chairman of the Audit Committee, which seeks approval for the Chairman to present the Audit Committee Annual Report 2021, subject to any amendments, to the meeting of the County Council in February 2022)</i>	41 - 42
6	Work Programme <i>(To receive a report by Lucy Pledge, Head of Internal Audit and Risk Management, which invites the Committee to consider its work programme for the upcoming year)</i>	43 - 48

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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.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing [Agenda for Audit Committee on Wednesday, 9th February, 2022, 10.00 am \(moderngov.co.uk\)](https://www.lincolnshire.gov.uk/council-business/search-committee-records)

All papers for council meetings are available on:
<https://www.lincolnshire.gov.uk/council-business/search-committee-records>



**AUDIT COMMITTEE
15 NOVEMBER 2021**

PRESENT: COUNCILLOR MRS S RAWLINS (CHAIRMAN)

Councillors M G Allan (Vice-Chairman), S Bunney and A N Stokes

Also in attendance: Mr I Haldenby (Independent Added Member) and Mr A Middleton (Independent Added Member)

Councillor: J L King and M A Whittington observed virtually the meeting

Officers in attendance:-

Robert Close (Democratic Services Officer), Andrew Crookham (Executive Director Resources), Michelle Grady (Assistant Director – Finance), Tony Kavanagh (Assistant Director – Human Resources and Organisational Support), Lucy Pledge (Head of Internal Audit and Risk Management) and Matthew Waller (Internal Audit Manager)

The following officers joined the meeting remotely via Teams:-

Karen Cassar (Assistant Director Highways and Smarter Working Lead), James Drury (Executive Director – Commercial), Matt Drury (Principal Investigator), Nicole Gray (Principal Auditor) and Sue Maycock (Head of Finance – Corporate)

Also in attendance via Teams:-

John Pressley (External Auditor, Mazars) Mark SurrIDGE (External Auditor, Mazars) and Cameron Waddell (External Auditor, Mazars)

30 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors P E Coupland, J L King and P A Skinner.

31 DECLARATIONS OF MEMBERS' INTERESTS

No declarations of interest were made with respect to any items on the agenda.

32 MINUTES OF THE MEETING HELD ON 27 SEPTEMBER 2021

In relation to minute number 26, Members asked if any further details could be offered surrounding Adult Social Care financing. It was advised that further examination would form part of the combined assurance status reports to be considered in February 2022. In

**AUDIT COMMITTEE
15 NOVEMBER 2021**

addition, it was noted that financiers were in communication with adult social care providers ahead of the more to gross payments to identify the levels of debt.

RESOLVED

That the minutes of the meeting held on 27 September 2021 be confirmed and signed by the Chairman as a correct record.

33 STATEMENT OF ACCOUNTS 2020/21 – LINCOLNSHIRE COUNTY COUNCIL AND LINCOLNSHIRE PENSION FUND

Consideration was given to a report presented by the Head of Finance – Corporate which updated the Committee on the changes made so far to the Statement of Accounts for 2020/21 and sought approval to delegate responsibility for the Statement of Accounts to the Executive Director – Resources, in consultation with the Chairman of the Audit Committee.

The Committee asked when the final accounts were expected to be delegated for final approval. Mark SurrIDGE, Mazars, confirmed that they felt confident that their options would likely be completed by the end of November 2021. Although there was missing information resulting from schools valuation, it was noted that this was immaterial. Any further changes would be detailed within a follow up letter prior to their opinion.

RESOLVED

1. That the changes made to the updated Statement of Accounts 2020/21 be noted.
2. That authority be delegated to the Executive Director – Resources, in consultation with the Chairman of the Audit Committee, the responsibility for considering the Audit Completion Report of the External Auditor for Lincolnshire County Council 2020/21, approving and signing the Letters of Representation on behalf of the Council to enable the Audit Opinion to be issued following the finalisation of the External Auditor's report and approving the audited Statement of Accounts for 2020/21

34 EXTERNAL AUDITOR'S ANNUAL REPORT AND AUDIT COMPLETION REPORTS 2020/21

Consideration was given to a report presented by Mazars, External Auditors, which detailed the draft Auditor's Annual Report for Lincolnshire County Council and an Audit Completion Report for Lincolnshire Pension Fund, and a draft Audit Completion Report for Lincolnshire County Council.

Mr Mark SurrIDGE, External Auditor - Mazars, delivered the update for the Lincolnshire County Council audits.

The Committee sought further detail in the determining schools' and county farms' valuations and if any lessons could be learned in the future. Mr SurrIDGE explained that one determining factor for schools' valuations were the size of the premises footprint. Upon a sample test, the figures listed in the undelaying records differed from that identified by the valuer. As a result of this, the external auditors had to understand what the impact of those differing figures were to the valuation. Moving forward the Council would have to review its records and ensure they're kept up to date. A supplementary point of clarification was made, noting that schools' funding was determined by the number of students on roll rather than the footing of the premises.

On the issue of county farms' valuations, Mr Sturridge advised one element of consideration was based on a judgment by the Council's valuer, who used special considerations when determining the long term life of the leases that supported the county farms. This resulted in a difference in the valuations but only to an insignificant extent. Dependent of the judgement of the Council's valuer, these issues may because apparent again in future audits.

In follow up comments, Members noted that they'd appreciate an overview of the practical implications of inaccurate valuations to be included as part of the Auditors' letter and further clarity from the narrative extrapolation for the unadjusted sample.

Members asked if the Covid-19 grant recognition presented any unexpected issues when auditing the Council's accounts. Mr SurrIDGE noted that accounting for Covid-19 grants ultimately wasn't as difficult as initially expected.

Making reference to the comment in the report of the large variances to the invoices, Members asked for further details of the inaccuracy for the manual processes. It was advised that the manual accruals resulted from invoices due to be paid from highways contracts. There was a nominal variation in final fees which was identified by the external auditors. Officers would endeavour to address these in the future.

Mr John Pressley and Mr Cameron Waddell, External Auditors - Mazars, delivered the updates for the Lincolnshire Pension Fund audit.

Members made reference to the issue of unquoted investment valuations, seeking clarity if this issue was likely to continue into next year's account's audit and if anything could be done to mitigate the impact. It was explained that at the Executive Director – Resources had been in correspondence with the County Treasurers Network to identify how the Council could work with the scheme advisory board and pension's regulator to ensure a better outcome.

Noting the increasing life expectancy of scheme members, the Committee asked if the fund had considered if increased contributions would have to be made to cover pension expenditures. It was advised the fund was currently at 98 per cent capacity. Furthermore, the fund had recently appointed a new actuary and their first valuation was expected in

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**AUDIT COMMITTEE
15 NOVEMBER 2021**

2022. Though the Council's budget, provision had been made to cover past deficits which were modelled through medium-term planning.

Making reference to the reported deficiency in the performance of Prudential, Members asked if this was a general issue among Additional Voluntary Contributions (AVCs). It was advised this issue appeared to be limited to the Prudential, noting that funds that didn't use Prudential were unaware of service issues.

RESOLVED

That the External Auditor's Annual Report and Audit Completion reports be noted.

35 AUDITOR APPOINTMENT

Consideration was given to a report presented by the Assistant Director – Finance which summarised the options available for procuring the next external auditor contract.

Seeking assurance, Members asked if officers felt confident that opting into the Public Sector Audit Appointments (PSAA) would result in more stable and reliable service. It was advised that officers felt confident that audit service delivery would improve through opting into PSAA; however, it was reminded to Members that this wouldn't take place until 2023. In addition, PSAA would be able to ensure all bodies were allocated an auditor. In a supplementary question, Members asked if more realistic estimates for audit fees could be identified moving forwards. It was advised that the current arrangement for fees was required through PSAA and would continue in this manner.

Members noted their apprehension surrounding the potential financial impact of making a standalone auditor appointment, particularly when taking into account the price pressures of staff.

RECOMMENDATION TO COUNCIL

That the Council opt into the national sector-led procurement and appointment of external auditors for the contract period of 1 April 2023 to 31 March 2028 as detailed within option three of the report.

36 COUNTER FRAUD PROGRESS REPORT 2021/2022

Consideration was given to a report presented by the Principal Investigator which summarised the overall effectiveness of the Council's arrangements to counter fraud and corruption and reviewed the delivery of the 2021/22 counter fraud work plan during the year to date.

Members asked if smarter working arrangements contributed to the recent reduction of fraud investigations. It was explained that there was the potential for smarter working to

have played a factor in the reduction of fraud investigations through the decreased opportunities for observational based whistleblowing. It was stressed all usual whistleblowing methods were still available and had been throughout the pandemic.

Appreciating the necessity for innovation that resulted from the Covid-19 pandemic, Members asked if they could be provided with a summary of the changes in processes undertaken to tackle fraud. It was noted that financial assessments were now included within the audit plan to ensure the internal control environments. Further details of changes could be provided outside of the meeting.

Members asked if small scale individual frauds, such as continued claims on deceased pensions and single occupant discounts, were investigated by the fraud team or by the relevant department. It was advised that smaller scale investigations were still undertaken by the fraud team although district councils, as the billing authority, still had a responsibility to ensure investigations were undertaken. Further details would be provided outside of the meeting on the sources of information used to confirm occupancies.

Referencing the move to gross payments for adult social care, Members asked to see how counter fraud preventative measures were fed into the process modelling. Particular consideration should be given to change in behaviour of potential fraud criminals and the opportunity to for criminal networks sharing strategies. It was advised that a long term plan for adult social care had been considered and a detailed update would be brought back to the Committee.

Members asked for an overview of any fraudulent claims for the Covid-19 business recovery grants. It was advised that of the 503 applications made, 15 of those were stopped as they raised indicators of fraud for matters such a bank account and Companies House discrepancies.

RESOLVED

That the Counter Fraud Progress report be noted.

37 REVISED AUDIT PLAN

Consideration was given to a report presented by the Principal Auditor on behalf of the Head of Internal Audit and Risk Management. which provided details of the revised audit plan for 2021/22.

Members stressed their endorsement for the revisions made to the audit plan. Observing the size of the contract management audit plan, Members noted that it was important that positive assurance was sought, and stakeholders were aware of what was in scope.

RESOLVED

That the revised audit plan be approved.

38 SMARTER WORKING POLICY

Consideration was given to a report presented by the Assistant Director - HR and Organisational Support and the Assistant Director - Highways and Smarter Working lead which updated the implementation of the smarter working policy.

Appreciating the potential benefits through reduced premises and traveling savings, Members asked if service users and residents could also expect to see a benefit. It was advised that customer satisfaction Key Performance Indicators (KPIs) were well met as reported to the Overview and Scrutiny Management Board through the Corporate Plan. In addition, while complaints had risen for some services, these were not considered to be a result of working from home arrangements. Furthermore, it was noted within the external auditors' value for money report, that the Council managed well throughout the Covid-19 pandemic. Moreover, the scrutiny committees of the Council allowed for scrutinisation of KPIs and, if a situation presented itself where a service was under performing due to smarter working, then arrangements for that service could be reconsidered.

Noting the suggestion of a focus on resource and outcomes within the report, Members asked if any prior performance monitoring was used as a benchmark to assess smarter working arrangements. It was advised that, because of the unexpected working from home mandate as a result of the Covid-19 pandemic, only limited benchmarking was currently available. Highways Services had been used an example of improved service as a result of smarter working arrangements and the technical improvements through the Power BI facility, particularly increasing response times to public enquires and improved KPIs. In addition, more generally, sickness in staff saw a decrease.

Members took the opportunity to stress that not all roles suited working from home arrangements and particular consideration needed to be given to the supervisory skills required to effectively manage a remote member of staff, particularly for those younger employees and apprentices. It was advised that regular checks with staff were carried out through surveys. The annual staff survey was active and due to close in December 2021. It had been observed that monthly supervisions were starting to take place in the office rather than virtually. It was felt that this should be encouraged throughout different directorates. The opportunity to consider workforce metrics as an indicator of smarter working's practicality was not yet available as the Council was still working within Covid-19 working from home parameters albeit with some return to office.

Members asked if employees' contracts of employment had to be revisited as a result of smarter working arrangements. It was advised that formal negotiations to conditions hadn't taken place, however the introduction of the smarter working policy, after consultation with

trade unions, had been accepted within employees' terms and conditions. However, it was made clear that employees' homes would not be made their primary workplaces to avoid costs of travelling and other auxiliary costs.

Appreciating that employees would have capacity to chose whether they'd like to come to the office or not, Members asked where the balance of control lay if managers requested an office presence. It was explained that, contractually, employers had capacity to asked for a complete return to the office, however it was considered that, if employees and managers were supported to agree the most mutually advantageous working arrangement, the greatest service delivery could be achieved.

RESOLVED

That the smarter working update be noted.

39 WORK PROGRAMME

The Head of Internal Audit and Risk Management introduced the Work Programme which provided the Committee with core assurance activities currently scheduled for the 2021 work programme.

It was noted that the Audit Committee Annual Report had been moved to the 7 February 2022 meeting of the Audit Committee to ensure the final external audit report was included to complete the Audit Committee's terms of reference cycle.

Members asked when they could expect to have the opportunity to examine the relevant officers regarding social care assessments. It was advised that the opportunity would be available during the combined assurance report on 7 February 2022 meeting.

RESOLVED

That the work programme as amended above be approved.

The meeting closed at 12.19 pm

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	09 February 2022
Subject:	Combined Assurance

Summary:

Provide the Audit Committee with insight on the assurances across all the Council's critical services, key risks, partnerships, and projects.

The Chief Executive, Executive Directors and the Assistant Chief Fire Officer will be present to respond to any questions the Committee may have on the assurance framework.

Recommendation(s):

That the Committee review the Combined Assurance Status Report 2021/22 seeking assurance over the adequacy of the Council's governance, risk, and control environment; and makes recommendations on any further scrutiny requirements or actions.

Background

1. The Council has produced its annual Combined Assurance Status Report with each Executive Director assessing information across:
 - critical service delivery activities
 - key risks
 - key projects
 - key partnerships, providing an overall assurance level.
2. Internal Audit have co-ordinated the overall assurance 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 the senior management's views that has 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 – giving a realistic and honest assessment, being open and transparent
 - encourage accountability with those responsible for managing the service and associated risks

- provide some independent challenge / oversight where it matters most.
3. The Covid-19 pandemic has continued to bring challenges to all aspects of life and this report rightly recognises the additional risks the pandemic places on the delivery of our services.

Overall Assurance Level 2021/22

4. Overall, there continues to be a good level of positive assurances in place, with increased Green and reduced Amber Assurances. There has been a slight increase in the Red assurance - as shown below: -

Overall assurance rating	Changes since 2020/21	
Red Assurance	↑	Up from 2% to 3%
Amber Assurance	↓	Down from 43% to 38%
Green Assurance	↑	Up from 55% to 59%

Transformation programme, Commercial, Place and Fire & Rescue have all shown reduced assurance level in comparison with the 2020/21 outcomes. Red assurance ratings have increased in all areas with Amber rating also increasing in all areas except Place directorate.

There is improved assurance rating in Adult Care and Community Wellbeing, Children's Services, Resources and Corporate services - with static and reducing Red assurances and reduced Amber assurance ratings.

5. There are several areas with lower levels of assurance shown on critical activities - these relate to:

Directorates	High critical activities
Transformation programme	<ul style="list-style-type: none"> • Business World redesign
Place	<ul style="list-style-type: none"> • Civil parking enforcement
Commercial	<ul style="list-style-type: none"> • Business World redesign and governance • ICT PSN Compliance • ICT Payment card industry data security standard (PCIDSS)
Fire and Rescue	<ul style="list-style-type: none"> • Prevention

Management action and / or appropriate governance oversight processes are in place to monitor improvements actions.

Conclusion

6. The report confirms that all key areas and risks have been subject to assurance procedures. Overall, there continues to be a good level of assurance, with increased areas of high assurance areas than 2020/21.
7. There are 'no surprises' and the assurance framework remains strong demonstrating appropriate management oversight and monitoring.

8. The combined assurance report provides the Committee with a good level of understanding about the level of assurances in place – supporting its ‘watchdog’ role and remit. In reviewing the Combined Assurance Status Report the Committee may wish to consider:
 - whether the assurances given are reliable and adequately evidenced
 - seeking direct assurance from the Corporate Leadership Team on how they consider the results of the assurances given
 - if any specific issue / risk should be referred to the Governance Group for consideration in the Council's annual governance statement
 - whether the reports 'realistically' reflect the Audit Committee's knowledge and understanding of the Council's governance, risk and assurance arrangements.
9. The information obtained from the combined assurance model will:
 - Inform the Internal Annual Audit Plan 2022/23 by identifying where more independent assurance is required based on significance and risk.
 - Help inform the Head of Audit annual audit opinion 2021/22.
 - Help inform the development of the Council's Annual Governance Statement

Consultation

a) Risks and Impact Analysis

None

Appendices

These are listed below and attached at the back of the report	
Appendix A	Internal Audit Combined Assurance Status Report 2021/22 – February 2022

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, Head of Audit and Risk Management, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

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Combined Assurance Status Report 2021/22



**Lincolnshire County Council
February 2022**

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Adult Care & Community Wellbeing
Children's Services
Resources
Commercial
Place
Fire, Rescue & Business Continuity
Corporate

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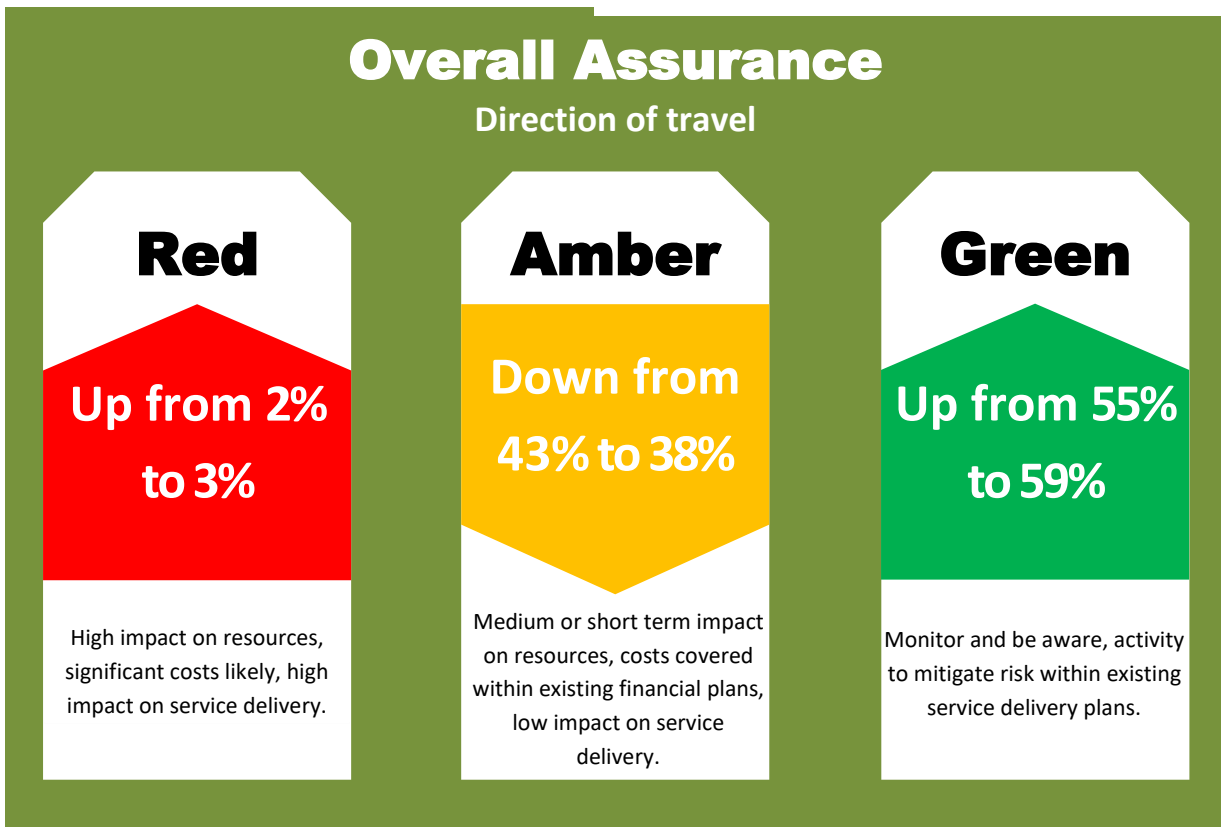
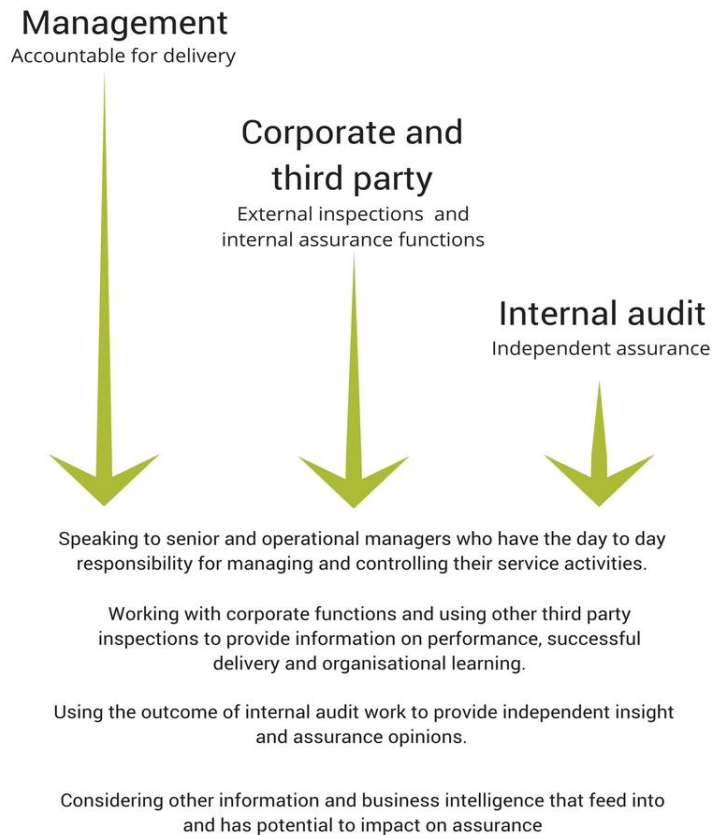
Overview of Assurance

Combined assurance is a structured means of identifying and mapping the main sources and types of assurance in the council and coordinating them to best effect.

It enhances risk management by providing an effective and efficient framework of sufficient, regular and reliable evidence of assurance on organisational stewardship and management of major risks to the Council's success.

We do this using the 3 lines of defence model.

How do we assure ourselves about how the council is run?



Chief Executive's Summary

2021/22 has continued to be a demanding year in light of the continued challenges of the global pandemic, labour shortages and increased costs in some areas of the Council's business activities. Despite this, I am pleased to report that the Council's critical service delivery activities; key risks; projects and partnerships have continued to receive **substantial assurance** with those risks rated as red only increasing by 1% to 3 % of all our strategic risks and an increase in those rated as green up from 55% to 59%. This confirms that the Council's governance, risk and control framework is robust and that controls are in place to mitigate risks.

This report rightly recognises the hard work and dedication of the Council's Members and its workforce to respond to the challenges our communities, business and visitors have faced. There is no doubt that the pandemic, labour shortages and increasing costs of some business activity has tested the resilience and capacity of our staff. This has been mitigated to some extent by additional short-term grants from central government which has been welcomed, but I also believe that the Council has, with our partners, taken swift action to mitigate any emerging risks whilst continuing to meet and respond to the needs of our communities.

Over the past year we have worked closely with our partners to achieve the Council's aspirations and respond to Covid-19 as not all the identified risks are within our control. With the support of our partners, especially our district councils and health colleagues, working in strong collaboration, we have continued to deliver strong services and respond to the needs of our communities. The Local Resilience Forum has continued to bring partners together so that we have had a system wide approach to addressing the Covid challenges and I would like to highlight the collaborative work in rolling out the vaccination programme which has seen very high uptake rates across the County.

The Council has continued to work towards achieving the aspirations of the ten-year Corporate Plan. The transformation programme has been reviewed this year and progress towards achieving the ambitions of the plan is starting to be realised. We are starting to see benefit realisations of the transformation programme especially in our work to manage demand across Special Educational Needs services, placements for looked after children and in introducing strength-based practice across adult social care. The programme next year needs to see the benefits of Smarter Working realised as well as the development of a digital route map to enable us to be more customer focused.

The combined assurance report outlines the Executive Directors' assurance opinions on the critical service delivery activities, key risks, projects and partnerships impacting on their service areas. Internal Audit have co-ordinated the overall assurance information and applied some constructive challenge on the assurance opinions. However, it is the senior management's views that have determined the overall assurance status which is in line with a control environment that promotes a culture of trust and accountability for those responsible for managing the service and associated risks. The framework remains fit for purpose and as leaders become more familiar with the approach, we are achieving greater consistency across how activities are risk rated.

Chief Executive's Summary

The majority of assurance opinions are high to medium with minimal areas rated to have low assurance. Where these exist and where it is possible, leaders have robust controls to mitigate risk through direct control or through exerting influence on others. However, due to the Covid-19 pandemic, labour shortages and increasing costs in some areas the council has experienced some change in the critical areas of risk. These can be summarised as:

- **Safeguarding Children and Adults** – As the restrictions on home visiting and the increased visibility of children who have now returned to face to face education, as well as staff being able to return to the offices, this risk has reduced although it continues to be subject to continual monitoring due to the changing nature of the covid restrictions
- **Business Continuity and Resilience** – The last year has seen office-based staff continuing to work predominately from home. The locality offices have continued to be open with front line staff accessing the offices for supervision and closer contact with colleagues and managers to mitigate safeguarding risks. The planned return to the offices strategy was delayed due to Plan B restrictions, but we hope that early in the new year, staff will be able to start to return to the offices, working in line with "Smarter Working". I am pleased to report that our business continuity plans have been successful and we can demonstrate many good examples of how we have, through our LRF partnership, responded to the pandemic including the vaccination rollout, supporting hospital discharges, provision of business advice and grants etc.
- **Market Supply** - Adequacy of market supply to meet eligible needs across several directorates within the Council remains a risk especially across children, domiciliary care for adults and transport services. We have strong relationships with providers, robust contract management arrangements and have been able to mitigate some risks through the provision of a workforce grant to many of our providers. However, this funding is short term, so we need to continue to work with the most challenged sectors to address the many challenges we are experiencing in market management. We are undertaking a review of transport as part of the transformation programme and building more in house provision for children's homes.
- **Projects** - The Corporate Plan sets out the goals and ambitions the Council wishes to achieve for its residents over the coming year. Effective delivery of the Plan is supported by the Transformation Programme – a dedicated programme to monitor, expedite and ensure that transformational change is implemented effectively and realises intended benefits. The Transformation Programme has brought together some of our most high-profile projects together to give far greater visibility, corporate oversight and accountability of key activity, assurance of funding being spent on Council priorities and confidence that benefits are being realised. We are now starting to see benefit realisation in our work to manage demand across adults, children with special educational needs and placements for looked after children to ensure more timely, responsive solutions to need. Next year will start to see transformation of our home to school contracts.
- **Budgets** – The pandemic has placed extra strain on our budgets due to additional activity and lost income, however, we have maintained strong financial management across the council. We have received additional income from government to respond to

Chief Executive's Summary

the pandemic, which has enabled us to support our communities. However, this funding is short term and we await to see if labour shortages and increased supply costs are a short term or long-term challenge. There are also considerable changes in the adult care sector proposed so it is important that the longer-term position on fairer funding and funding for adult social care is confirmed to enable us to plan effectively.

- **Recruitment / Staffing** - Our ability to recruit and retain staff in high-risk areas has seen greater challenge this year with significant labour shortages especially across transport, health and social care, legal services to name a few areas. We are working with partners to seek innovative solutions and our workforce strategy sets out a clear plan to mitigate risks, but I believe this remains our most significant and challenging risk area.
- **Cyber and IMT and Information Governance** - Improvements have been made within IMT over the past year as we move to cloud-based services and the assurance level has continued this year to be rated as substantial. Our current risk areas focus on switching off old, unsupported systems which can be challenging due to the reliance that we have on them and therefore often new or existing systems need to be available for business-as-usual activity to safely continue. However cyber security is also high risk, not least due to the ever-changing nature of cyber-attacks and the need for vigilance at an individual level. The risk is an improved position, but the main outstanding control means that assurance is still limited.

This report has identified and confirmed our areas of strength and areas for improvement. The Covid-19 pandemic has brought unprecedented challenges to all aspects of life and this year, these challenges have been compounded by labour shortages and increased costs across many of our services. However, I am pleased that we have maintained momentum across all our services which confirms that the Council's governance, risk and control framework is robust and that controls are in place to mitigate risks.

Strategic Risks

Good risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This put us in a stronger position to deliver our goals and provide excellent services.

Overall the strategic risks continue to be managed pro-actively. A review of the effectiveness of the control actions has been undertaken – focusing on those that can be measured such as KPIs, external sources etc. This will help to measure their impact in managing the risk.

There is a high level of awareness of current and emerging risks that could impact services. Quarterly reports to CLT ensure that key red risks and issues arising from the pandemic continue to be identified and managed.

In addition to the red risks and issues, our Strategic Risk Register is regularly reviewed by risk owners, and our risks are being effectively managed.

Note: The Strategic Risk Register is currently being reviewed (January / February 2022) and therefore risk ratings may change.

Risk	Mitigating actions	Risk rating	Level of assurance	DoT
Safeguarding children	Improving – systems and processes adapted in response to Covid 19. Experiencing recruitment and retention challenge, as nationally.	Amber	Limited	↑
Safeguarding adults	Remains substantial assurance, however it is a watching brief as the full impact and implications of the last 18 months is still unclear.	Amber	Substantial	↑
Resilience (Business continuity) - Capacity and resilience to respond 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.	There is no change in the assurance level since March 2021	Amber	Substantial	=
Market Supply – Adequacy of Social Care market supply to meet eligible needs as defined in the Care Act	Remains at limited assurance due to the difficulties around capacity /workforce in Lincolnshire to pick up demand for health & social care. This is the same across the Country.	Amber	Limited	=
Projects - Ability to deliver our Transformation programme	Review of the transformation programme is complete. Project delivery is being refined to shape our target operating model. Four key projects (40%) have limited assurance and 1 (10%) around delivery.	Amber	Limited	=

Strategic Risks

Risk	Mitigating actions	Risk rating	Level of assurance	DoT
Budget LCC - Funding and maintaining financial resilience	There is no change in the assurance level since March 2021.	Amber	Substantial	=
Recruitment / Staffing - Ability to recruit and retain staff in high risk areas	Risks to delivery are arising given the current professional and vocational employment market – both in commissioned services and directly employed staff. This risk will be reviewed in light of this data but current risk & issues intelligence on critical services indicates limited assurance. An attraction and retention strategy has been developed and was approved in January 2022.	Amber	Limited	↓
Strategic contracts - Ensuring contracts and markets (other than adult care) are fit for purpose & are managed effectively	There is no change in the assurance level since March 2021.	Amber	Limited	=
Cyber - The risk of a successful cyber-attack against the council with significant / critical impact	There is no change in the assurance level since March 2021.	Red	Limited	↑
IT Infrastructure – the ability to implement transformational aspirations and deliver business as usual	There is no change in the assurance level since March 2021.	Amber	Substantial	↑

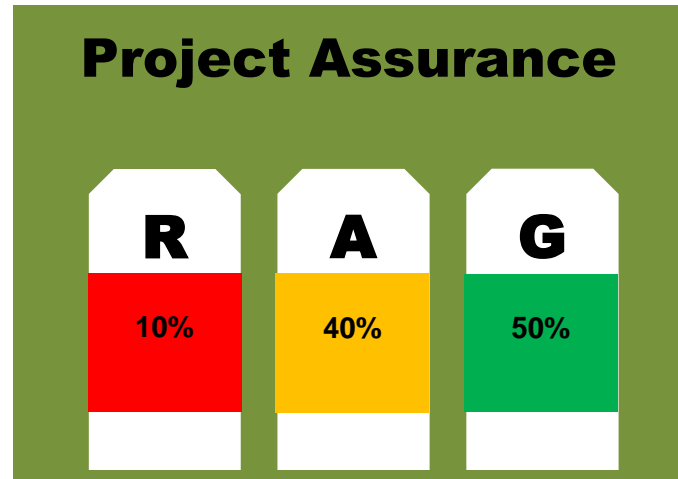
Key	Risk	Assurance
Red	High impact on resources, significant costs likely, high impact on service delivery	Low level of confidence over the design and operation of controls, performance or management of risk
Amber	Medium or short term impact on resources, cost covered within existing financial plans, low impact on service delivery	Medium level of confidence over the design and operation of controls, performance or management of risk
Green	Monitor and be aware , activity to mitigate the risk within existing service delivery plans / management arrangements	High level of confidence over the design and operation of controls, performance or management of risk

Direction of Travel (DoT)	
Improving	↑
Static	=
Declining	↓

Note: The Strategic Risk Register is currently being reviewed (January / February 2022) and therefore risk ratings may change.

Transformation Programme

Overall Assurance - Amber	
Programme Governance Assurance	Green
Programme Delivery Assurance	Amber



Red	Amber	Green
Business World redesign	Educational Travel	People Strategy, policy and procedures
	Children in care transformation	Corporate Support Services Review
	Smarter working programme	SEND High Needs
	Business Analytics and Visualisation	Adult improvement and development
		Business Support Review

The Corporate Plan sets out the goals and ambitions the Council wishes to achieve for its residents over the coming year. Effective delivery of the Plan is supported by the Transformation Programme – a dedicated programme to monitor, expedite and ensure that transformational change is implemented effectively and realises intended benefits. The Transformation Programme provides LCC with the opportunity to promote learning from each

other and work collaboratively to identify new and improved ways to support wider council objectives. We have for many years been excellent at service led transformation; enabling us to become a strong Council with nationally recognised services. We now want to build on this success for all parts of the Council.

The Transformation Programme brings some of our most high-profile projects together to give far greater visibility, corporate oversight and accountability of key activity, assurance of funding being spent on Council priorities and confidence that benefits are being realised. A number of projects within the Transformation Programme have now been stood up with costs, benefits, timescales and outcomes being refined as we start to shape our future target operating model.

Following the last 18 months, recent work has been undertaken with our Corporate Leadership Team to review the Transformation Programme focus, model for delivery, and projects, along with other major projects and programmes across the council. This was to take account of the impact of Covid19, and to ensure our priorities are right now, and in the future, working towards meeting the needs of our communities, workforce, and Members.

In reviewing the Transformation Programme, the following has been agreed as our focus:

- To deliver council policy and corporate priorities: delivering better outcomes for residents and visitors through a One Council approach.
- To contribute to the sustainability of the organisation: drive financial savings, maximise independence and resilience to minimise demand and cost rises where possible, help protect frontline services through delivering good value, consider the environmental benefits and demonstrate a return on investment.
- To include high complexity and high-risk projects requiring a different approach: cross-cutting programme of change which require a new way of working and the development of a

Transformation Programme

different skillset.

The following projects are to be stood up in the new year: Digital Strategy Implementation, Customer Strategy Implementation, Business Intelligence Strategy Implementation (this will incorporate Business Analytics & Visualisation), Corporate Support Optimisation (this will incorporate Business Support, Business World and Corporate Support Services)

Regular updates are in place to ensure staff are kept up to date with developments, with specific targeted communication in place based on individual project requirements. To assist with the implementation and realisation of the changes that the programme will bring, a network of change influencers has been set up to provide local assistance and guidance with technical developments and to support approaches to new ways of working.

Project Assurance

To ensure there is the appropriate oversight and governance in place, a member of the Corporate Leadership Team (CLT) has been identified as Executive Director sponsor for each project and the following reporting and governance arrangements are in place:

- Regular project progress updates to the project lead and CLT sponsor.
- Weekly project manager meetings to share information on each project, lessons learnt, progress etc. and to identify interdependencies.
- Regular project boards (minimum monthly) to drive the delivery of each project.
- Monthly Transformation Programme steering group which brings together leads for our corporate functions such as HR, Finance, Audit and Business Support to ensure the overall direction of the programme is maintained
- Monthly CLT performance board meetings to report on progress, address issues, agree future projects to come into the programme and to provide strategic decision making.
- Political reporting into required committees for

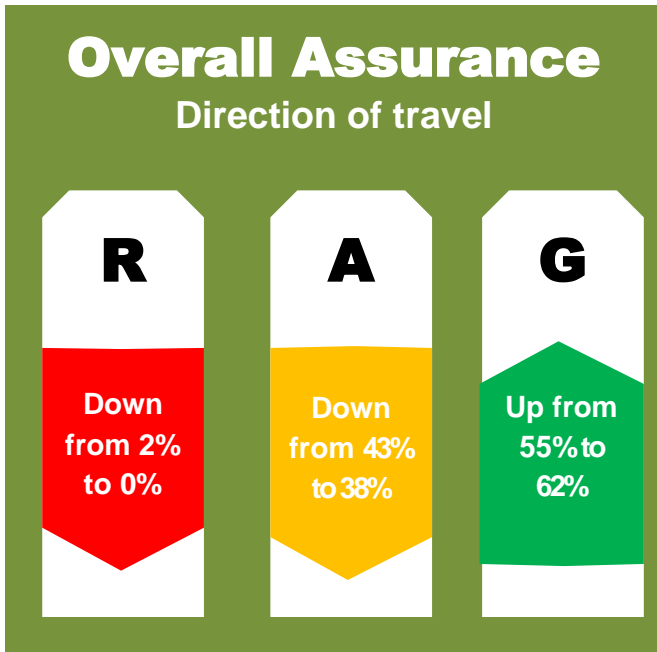
progress monitoring, engagement and decision making as required.

Red Status

Business World: The project is running behind plan and a go live date is yet to be confirmed. The most significant delays are due to the resourcing and complexity of Payroll Parallel Run (PPR) testing, data cleansing of HR and Payroll data sets, and part 2 of User Acceptance Testing (UAT), specifically with schools. The additional governance in place for both PPR and UAT 2.0 continues to ensure the appropriate rigour is being applied to both planning and execution. Concerns remain in relation to the large amount of work required to prepare for data migration and the need to ensure adequate controls and processes are in place as part of service business as usual activity to provide appropriate ongoing assurance.

Director's Key Messages

Adult Care and Community Wellbeing



Red Risks

No red risks identified at this time

Covid has been a singular feature across the UK for almost 2 years and in Lincolnshire, notably health and social care the impact has been profound. The accumulative effect of a global pandemic for such a protracted period is being seen in capacity shortfalls (both in clinical and care grades), higher levels of complexity and acuity of need and increasing levels of mental ill health, safeguarding concerns and inequalities. The weaknesses in health and social care that existed before Covid have been exaggerated during this period and considerable change is a necessary consequence that we are beginning to see in the form of a series of legislative reform proposals commencing with the Health and Social Care Bill. In the Autumn, the growing concerns about the ability of health and social care – here and elsewhere – to manage during the Winter months were growing. Some describe the current pressures in some systems as a crisis.

Notwithstanding these very evident challenges the Directorate remains very focused on meeting need in the best possible way it can though in some circumstances this has not been to a level one might wish. There are, for example significant shortages in home care and in community supported living which has meant a number of people are in short term residential care awaiting a home care package. We may be fragile but not at crisis. We can also expect that activity and performance data for both 20/21 and 21/22 will not be a reliable guide to what the future holds for two reasons – covid has changed what services are accessed in both publicly funded and private social care markets, for example there appears to be a long term recalibration of the residential market downwards by about 8-12%. The second reason is that by 2023 the government reform program for health, social care and charging will lead to significant change.

Critical Activities	
Red	Amber
None	Specialist Adult Services: Directly provided services
	Hospitals
	Specialist Adult Services: Mental Health 18-64
	Adult Frailty and Long Term Conditions
	Safeguarding Adults Board and Safeguarding Adults Team
	Deprivation of Liberty Team
	Emergency Duty Team
	Adult Care Finance (Serco)
	Budget and Financial Management
	Sexual Health Services
	Mental Health including Suicide Prevention
	Digital Roadmap including Connect to Support Lincolnshire

Director's Key Messages

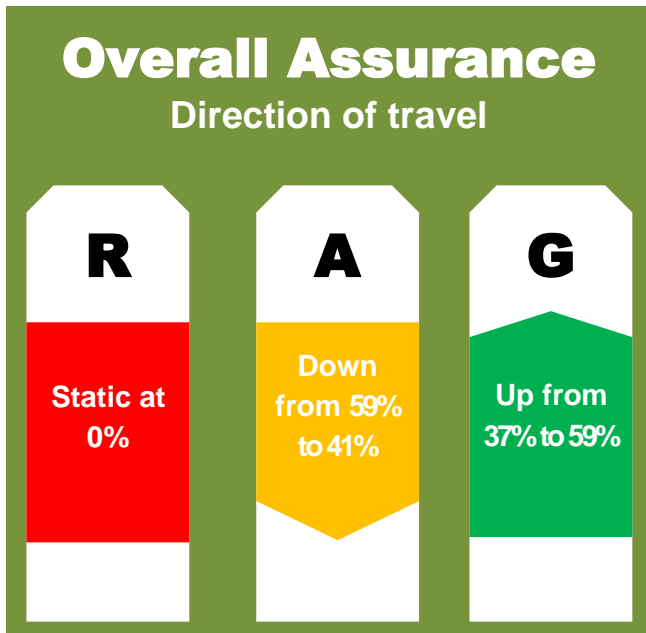
It is remarkable then that the level of perceived risk across a number of areas has diminished slightly with no 'red' rated risks being recorded. In part this is down to the level of support available – albeit temporary – from a multitude of government grants, the latest of which are two tranches of Workforce Grant plus, the highly skilled public health offer most evident in the Infection Control Unit and, generally, the level of communication and collaboration with providers and partners which is a long standing and highly valued feature of service in Lincolnshire. The ability of the Directorate to progress a number of priority areas is a testament to the tenacity and ability of colleagues: we have made considerable progress in our housing program, Financial Assessments and Debt collection, the Falls program and the 'One You' Lincolnshire initiative. In procurement, preventative services, digital innovation and in charging reform, our improvement program focused on front-line practice is also showing benefits – notably in helping people maintain or regain independence. All provide a basis for being well prepared for legislative reform but also in managing the challenges of covid as well as possible.

Once again, I am able to report to the Audit Committee that the Directorate will balance its budget in 21/22 – a tenth successive year.

Director's Key Messages

Children's Services

The Children's Services directorate brings together our children's social care, education, and health provision to deliver integrated services for the benefit of Children and Families across Lincolnshire.



Critical Activities	
Red	Amber
None	Safeguarding Regulated
	Safeguarding Locality
	Early Years
	Early Help Locality
	Education of Looked After Children
	Home to school Transport
	Youth Offending
	Futures4Me
	Public Health Nursing
	Monitoring Performance of Schools and Academies
	Occupational Therapy Team
	Closing the Attainment Gap

Red Risks

No red risks identified at this time

Lincolnshire's Children's Services is judged Outstanding by Ofsted and a strong and stable leadership team is in place.

We are a Sector Led Improvement Partner with the Department for Education (DfE) which has meant we have been able to develop new innovative services for Lincolnshire and support other local authorities on their improvement journey.

The Covid 19 pandemic has continued to impact of the delivery of our services and the experiences of the families we support and this report rightly recognises these additional risks and pressures.

Monitoring performance of schools and academies - National school assessments have not been conducted in the usual way for a second year, which has meant we do not have access to our usual datasets as an indicator, which has impacted on monitoring of the performance of schools and academies. We are managing risk by using other local intelligence and discussion with schools. In addition to this, school and council activities around closing the attainment gap for pupil's eligible for free school meals have been further impacted by the extended school closure to most pupils. The pandemic and the economic impact have meant the number of children considered within this group has increased. We continue to support schools and academies to implement the government funded catch up programmes to mitigate concerns in this area.

Home to School Transport - The Council has a statutory duty to identify transport needs and to provide services where these would not otherwise be met. There are a number of factors contributing to a challenging local picture for the delivery of home to school transport in Lincolnshire. Whilst the Service has continued to achieve continuity of

Director's Key Messages

its essential public services during the recent period of disruption as a result of Covid-19, we are now looking to the future to mitigate and address these factors to ensure sustainable, cost-effective and modern services. The challenges include emerging National Transport Policy and new legislation. Lincolnshire is a large rural county, logistically complex and with a limited and increasingly fragile transport market. We are undertaking a home to school transformation programme to ensure that services in Lincolnshire are as efficient as possible and fit for the future.

Education of Looked After Children – Our Virtual School team has worked tirelessly with schools, social workers and carers to support children and young people's learning virtually. However, we do not yet fully understand the impact on this vulnerable cohort of schools being closed to most pupils for an extended period and the on-going disruption to their education as a result of the pandemic.

Safeguarding (Locality and Regulated), Futures 4 Me, Quality and standards and Early Help – Our teams across all of these vital services have adapted admirably to the impact of Covid 19 on the way in which they are able to work. They have been innovative and dedicated in finding new approaches to support children and families. However, the pandemic continues and there is still medium and long term uncertainty with regard to any impact on staff capacity, future funding pressures and placement provision for children in care. We are also experiencing recruitment and retention challenges, as seen nationally.

Early Years – Our new Early Childhood Strategy in place following extensive consultation with stakeholders. Children's centres are now fully open again and face to face meetings have resumed. There is still a concern around the impact of lockdown and lack of interactions during that time on young children. It is unclear at present what effect this will have from a social, emotional, and educational point of view.

Occupational Therapy – Our Occupational Therapy team had improved the timeliness of

assessment for children and young people significantly following an increase in capacity. However, the national lockdown meant that face to face assessments could not be undertaken which has led to increased waiting times. The team are now working to address this and robust monitoring is in place. There are also challenges around the acquisition of specialist equipment which has been impacted by supply chain disruption.

Children's Public Health Nursing – Our Health Visiting team worked throughout the pandemic within the modified government guidance, and we are achieving the targets for a reduced cohort of children. We are not however delivering the whole Healthy Child Programme, and this will be addressed as government guidance changes.

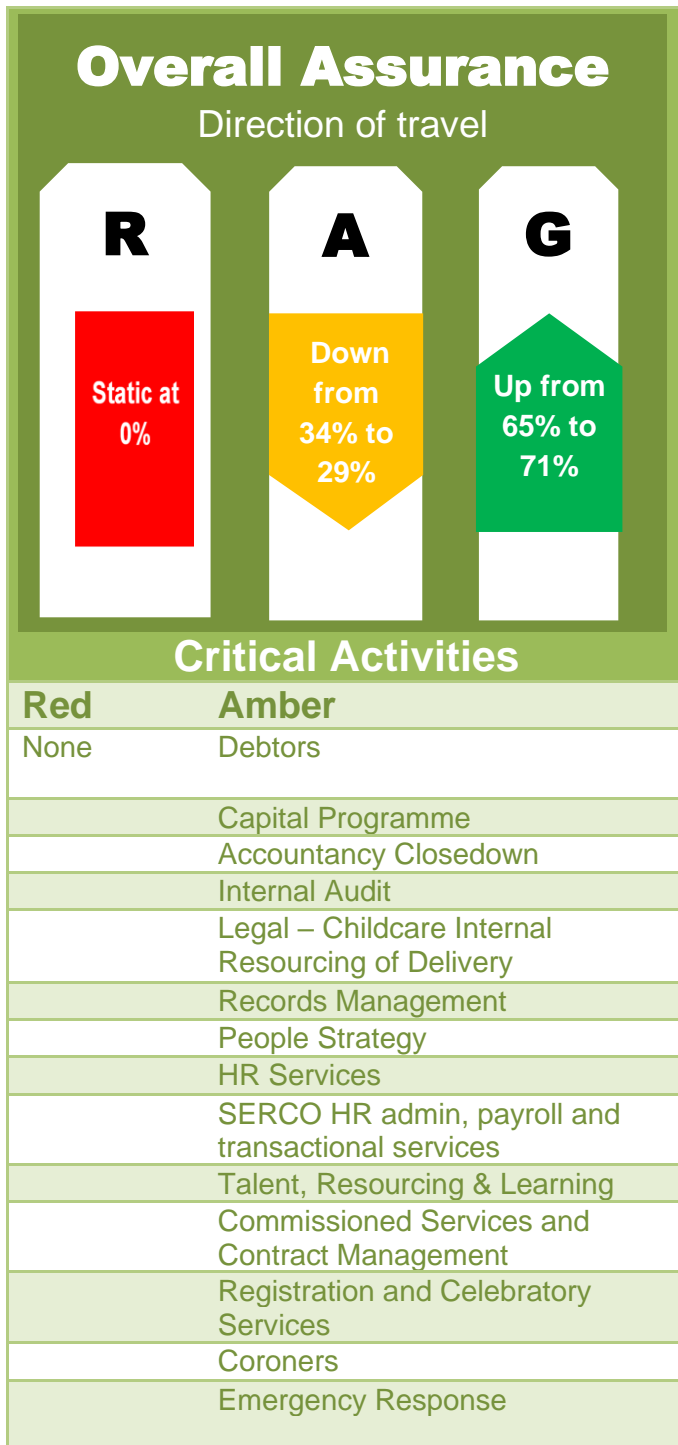
As this report emphasises, we have additional pressures placed on many of our critical activity, however teams across Children's Services have responded with compassion and dedication to ensure we have maintained a strong performance across all of our key indicators. Our services have put children and young people at the heart of decision making and this has mitigated adverse service delivery whenever possible.

We have continued to innovate and transform services whilst responding to the challenges of the pandemic and this will place us in a strong position moving forward.

Director's Key Messages

Resources

The Resources directorate brings together our money, governance and people support functions, and since November 2020, our Public Protection activities. The Emergency Planning team joined Public Protection in autumn 2021.



Red Risks		
Risk identified	Risk Rating	Assurance Level
Finance, workloads and staffing	Red	Limited
Apprenticeship Levy	Red	Limited

In a continuation of the themes set out in the 2020/21 statement, the past year has continued to see our work impacted by the pandemic, albeit key initiatives have progressed at good pace.

In People Services, we've started to implement our People Strategy which has key outcomes such as attracting and retaining the best talent by being an employer of choice.

In our Finance related activities, we've continued to see pressure on resources from the Government reporting regime around covid grants but also seen the team support the various transformation activities across the council. The audit function has continued to experience recruitment challenges but at the same time is seen as a market leader locally in being requested to support other councils.

In the Governance field, we continue to be a well-run council and the current pandemic challenges show how fleet of foot our democratic services function is in keeping the machinery running.

Public Protection has had a year of significant developments including the definition of new priorities for the Safer Lincolnshire Partnership, implementing new Domestic Abuse legislation and the transformation and development of the Registrars function.

Critical Activities

- Debtors – significant work undertaken over the last year to refine the debt management process and reduce overall outstanding levels.
- Capital Programme – the last year has seen an improvement around corporate oversight,

Director's Key Messages

however overall programme delivery risks remain related to supply and inflationary issues.

- Internal Audit – the committee have received regular updates from the HIA around resourcing and capacity challenges.
- Legal Childcare: Resourcing of Delivery – this is an annual challenge around staffing. Whilst we have been successful with some recent recruitments, historic concern remains around retention.
- Records Management – the Smarter Working programme has required a change in emphasis and acceleration in rectifying historic records management issues.
- People Strategy – new strategy in its early stages and will require full cross council support to be fully successful over its three year implementation period.
- HR Services – new working practices and policies have been introduced to increase the effectiveness of the function. Will require review to ensure this has been achieved.
- Domestic Abuse Commissioned Services – exceptional demand has been experienced throughout the pandemic and the partnership is examining ways of making this work more effectively. A significant gap in the current legislation is around funding for perpetrator based services.
- Registration & Celebratory Services – New Head of Service in place driving transformation to increase compliance against expected standards and increase income from the expanded service offering.
- Coroners – Temporary coronial arrangements remain in place pending the outcome of the Chief Coroner decision on the proposed merger with North and North-East Lincolnshire.
- Emergency Response – a number of National developments around pilot funding and the civil contingencies act continue to place pressure on the team.

Red Risks

Finance Workloads and Staffing - the finance service has had a number of early retirements over recent months which will increase strain on the remaining team. New technological advancements around PowerBi are being implemented to provide efficiency gains.

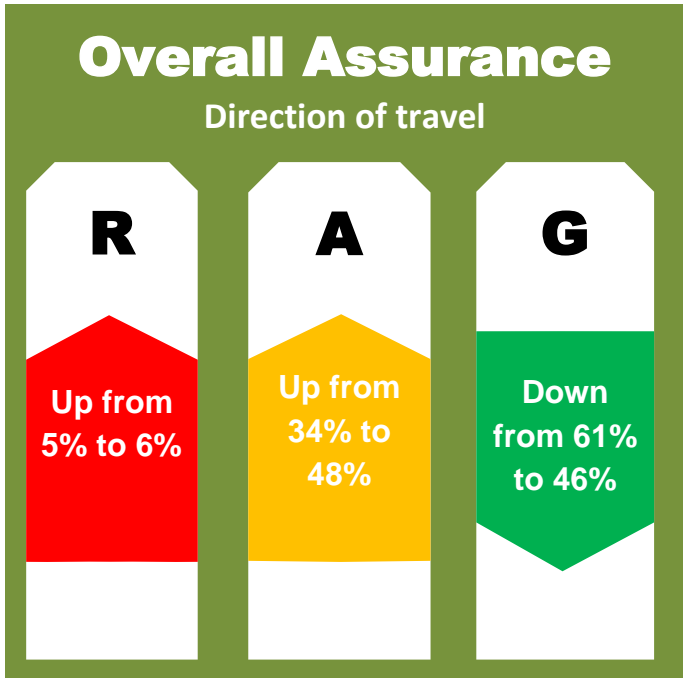
Apprenticeship Levy - whilst significant gains have been made in the last year with 294 apprentices now on roll, we are still in the position of handing some levy back to Government. Our work will continue to maximise use of the levy where at all possible.

Director's Key Messages

Commercial

Red Risks

No red risks identified at this time



The Commercial Directorate comprises the following service areas, all delivering services corporately across the Council:

- IMT
- Property
- Commissioning/Commercial
- Transformation and Performance

The Commercial Directorate must support and challenge how we work and deliver services. We have played a critical role in enabling the Council to continue to provide and deliver services during the pandemic.

Across the whole directorate in 2021/22 there were 71 critical activities, projects, partnerships and risks. Of these 4 have an overall rating of red, 34 are amber and 33 are green. Compared to the previous year the red rating has increased from 5% to 6%, whilst the green has dropped from 61% to 46% and amber has increased from 34% to 48%.

Of the 4 critical areas that are red, 2 relate to delays in the implementation of Business World, due to ongoing testing and data correction and two others relate to IMT technical compliance which we are currently unable to fully meet due to a small number of remaining legacy systems. Business World is progressing, although at a slower pace than planned. Testing of the new system is progressing positively and data is being very carefully considered and corrected wherever required, to deliver a safe transition to the new system. Work is progressing well with the two IMT compliance critical activities that are red, although switching off old systems is often challenging due to the reliance that we have on them and therefore often new or existing systems need to be available for business as usual activity to safely continue. There are improvements and progress in all four of the red critical activities.

Critical Activities	
Red	Amber
Business World Redesign and Business World Governance	Service Delivery and Procurement
ICT PSN Compliance	Adult Care and Community Wellbeing Contract Management
ICT Payment card industry data security standard	Procurement
	Transformation Programme
	ICT Governance
	Network Infrastructure and Security
	Asset Management: Software
	ICT Physical and Environmental Security
	Network Asset Controls: Within Estate and Agile
	Patch Management
	Incident Management
	ICT Disaster Recovery and Back Up arrangements
	Applications

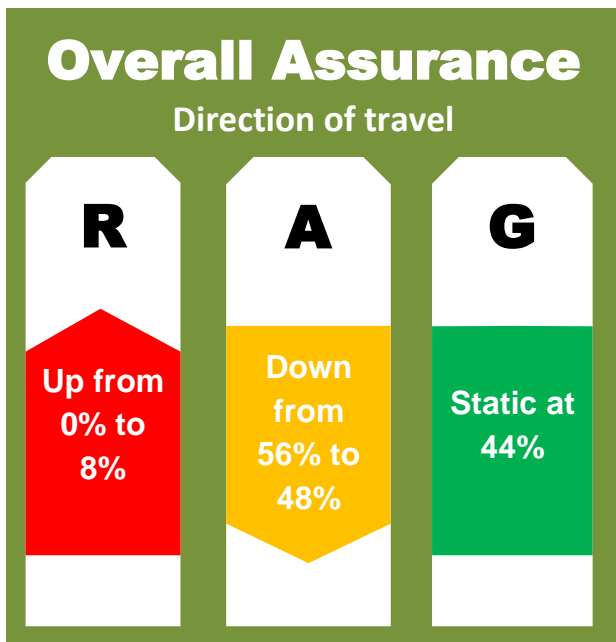
Director's Key Messages

Those critical activities classified as amber are all being effectively managed. It's too simple to group them all together, but there are some themes including the negative impacts of Covid, difficulty with staff recruitment and retention and the increased threats from cyber security. These issues are not unique to the Commercial Directorate and are being considered and addressed at a corporate level.

Based on this analysis, I am confident that the correct actions are being taken to address the reds in an effective and timely manner.

Director's Key Messages

Place



Critical Activities	
Red	Amber
Civil Parking enforcement	Economic Development Portfolio
	Employment Skills and Adult Learning
	Inward Investment
	Tourism
	Lincolnshire Infrastructure Strategy
	Waste Management (Strategy)
	Educational Travel (Inc - School, College, Social Care) (Corporate Transformation Programme)
	Lincolnshire Public Transport Network (inc Community Transport)
	Network Management
	Events Management
	Highways 2020
	Highways Infrastructure
	Lincolnshire Laboratory
	Design Services
	Archives

Red Risks		
Risk Identified	Risk Rating	Assurance Level
Finances Inadequate to deliver statutory and political aspirations	Red	Amber
Delivery of major projects / contracts	Red	Amber

After a further challenging year working within Covid restrictions this is reflected in some of the detailed risk assurance position for the Place Directorate. The position reflects a greater influence of factors outside of LCC’s direct control than might have been the place in previous years. The risk assurance map for the Place Directorate does continue to demonstrate the variety and scale of activity undertaken across the Directorate much of which has a direct impact on residents, visitors and businesses across the County.

The areas of red risk are largely related to the delivery of major projects which reflects the volatility within the commercial arena of civil engineering and the challenges that have impacted on the supply chain. At times of the year Covid working restrictions have added to contract costs through staff absences or revised staff working practises to ensure social distancing guidelines have been met. In addition inflationary pressures have added to the costs of raw materials which are reflected in capital costs increasing. As a consequence the Council has found itself in more challenging contractual negotiations. To address this both in current contracts and future projects an increased level of commercial expertise is being built into the LCC project governance and costs e.g. additional QS advice and support. These measures should ensure inflationary impacts are more effectively managed and the risks of significant compensation events being raised by contractors impacting excessively on final budget out-turns for projects. These issues are being managed and reported into project boards on a regular basis.

Director's Key Messages

A range of service activities have been impacted on by the public footfall being reduced by the impact of Covid. For example, the operation of our waste facilities, the opening hours of our heritage sites and access to libraries were all affected by the direct impact of lockdown restrictions and operational decisions made to ensure effective operation of sites.

In advance of the rise of the impact of the Omicron variant of the virus waste sites were all back to operating effectively with footfall giving a confidence to effective management of our waste disposal streams albeit we are carefully monitoring the make-up of waste being disposed because of the potential impact on levels and types of waste (recycling rates have fallen during the pandemic) being disposed of and on future contract negotiations

Likewise, libraries were operating effectively with the hub model proving to be an excellent delivery model with request coming forward from communities to be added into the delivery model.

The re-opening of heritage sites and increased patronage has been recognised through national awards based on our management of the sites and recognition in the national press of attractions such as the Illuminated Castle Wall Walk over Christmas. The effective operation of these sites also provides a positive feel to the public in the aftermath of the negative impacts of the pandemic. And the operating model has enabled the Council to deliver this activity within the model of a zero budget. This will be monitored carefully to ensure visitor footfall levels are maintained and with ongoing innovation about how the visitor experience is delivered.

The impact of the pandemic has also increased the interest and attention on areas of policy within the Place Directorate. The COP26 summit being held in Glasgow in 2021 raised further the awareness of the zero-carbon agenda and the Council has continued to demonstrate its desire to achieve zero carbon levels by adopting the Green Master Plan and bringing forward projects to deliver those ambitions. Unfortunately, a bid for

funding through the Community Renewal Fund was unsuccessful but other funding sources and opportunities are being pursued to accelerate delivery of activity.

The way in which we travel has also come under close scrutiny during the pandemic with an increased emphasis from the DfT on public transport, in order to recover from the impacts of Covid, and active travel to support healthier ways of moving around. The Council has been successful in securing some limited levels of funding to trial some active travel schemes, has submitted a Bus Service Improvement Plan and continues to develop the partnership governance with operators to facilitate delivery of those plans and is in the final stages of working towards adoption of a new Local Transport Plan to ensure the policy context for transportation initiatives meets the Government expectations. Without an up to date LTP access to DfT funding might be more difficult to achieve.

In spite of the contractual pressures on our capital programme activity the delivery of schemes has proceeded with some notable projects coming to fruition or progressing well during the year. Grantham Southern Relief Road continues to deliver with Phase 3 on site, Section 5 of Spalding Western Relief Road will be on site early in 2022 and schemes have been completed at Riseholme, Welton and Holdingham. Work is progressing to agree a contract mechanism for the North Hykeham Relief Road which represent the next large capital project that is being developed by the Council. In addition, further funding has been secured for the development of schemes on the A16/A17 to be delivered via Levelling Up Fund monies.

Pressure on resources continues to drive for efficiency and new ways of working but the risk associated with the reduction in DfT funding for highways maintenance activity could in the future result in the risk assurance falling in respect of network management. The short-term commitment from the Council to maintain the level of funding is recognised but more difficult choices may be required in the future.

Director's Key Messages

A notable risk is the impact of inflationary, commercial and supply chain pressures could impact further on the scale and nature of capital project delivery with some big projects still in the feasibility and design stages which may need to be delayed or revised to meet our budget constraints. These pressures do, however, provide opportunities such as through the government's ambition to include active travel measures in highway capital projects helps us to deliver our Green Master Plan objectives, but it further raises the cost of capital investment.

In the immediate future uncertainties arising from short-term Government spending review, on-going uncertainty about the nature of post European funding, the competitive nature of many funding pots available from Government, and the long-awaited outcome of the government's review of LEPs makes it difficult to plan for the long-term. Ongoing uncertainties on the entering into a County Deal and potential devolution of powers and funding also add uncertainty to forward planning in some activities.

There are though other services that have been central to the Covid response and recovery activity for the Council including the Business Growth Hub and the Skills teams ensuring that businesses have been well supported and equipped to respond to the impacts of Covid. The importance of a vibrant economy to the future of Lincolnshire and meeting our Corporate Plan aspirations cannot be under-estimated and the additional business support grants provided in 2021 from County Council resources was well managed by the Council and well received by the business community.

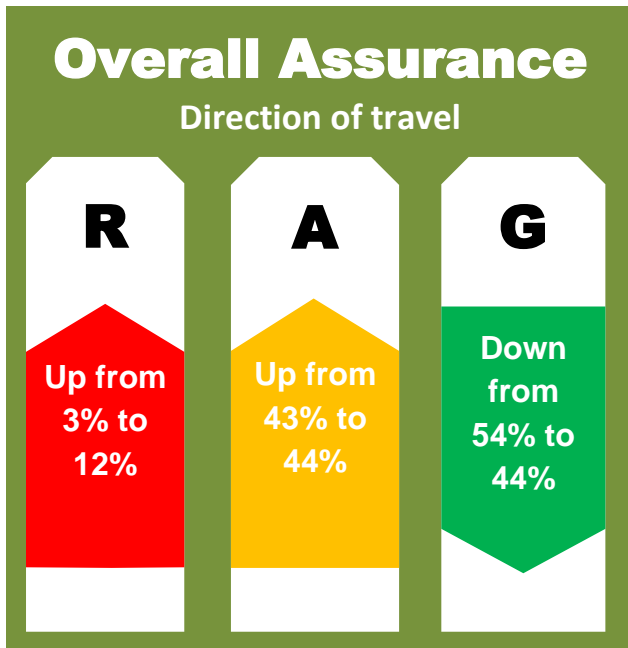
Partnership working is a key aspect of the success across the Directorate across waste, water management, contract delivery and growth facilitation. The delivery of all of this activity cannot be achieved without the input and dedication of the Council's workforce so the ongoing risk associated with recruitment into certain parts of the Directorate remains a concern to ensure the capacity and skills set required to continue

delivering such a diverse but effective set of services

I am confident that the correct actions are being taken to address these in an effective, efficient and timely manner and the number of critical activities in these categories will reduce in the Place Directorate during 2021.

Director's Key Messages

Fire, Rescue & Business Continuity



Critical Activities	
Red	Amber
Prevention	Protection
	Response

Red Risks		
Risk Identified	Risk Rating	Assurance Level
Succession Planning	Red	?

During 2021 we were subject to an external inspection by Her Majesties Inspector of Constabularies and Fire and Rescue Services. The full inspection report was published Mid-December 2021. It found that the service had good arrangements in place to respond to emergencies in the community. However, it shared our concerns about capacity to undertake risk-based inspections to check that businesses are complying with fire safety law.

This year we have continued our focus on increasing the capacity within that area. There is a lag between the recruitment of staff and them achieving the required qualifications and experience to undertake audits against the relevant legislation. We are now up to strength; however, we are mitigating a risk that we may lose some key staff during 2022/23. The protection team has had increased demands during 2021 due to a surge in demand as covid restrictions have been gradually lifted. In addition to this there has been unforeseen thematic inspection work identified as a result of accommodating asylum seekers. We are meeting all our statutory duties, and we are confident that steps we have taken will ensure we meet the needs of our risk-based inspection programme by April 2022.

The quantity of fire prevention activities (targeted at those most at risk of having a fire in their home) has suffered from restrictions as a result of COVID. While most of those have been relaxed towards the end of 2021, we are balancing the risk of fire with that of COVID in the most vulnerable in the community. Our activities are therefore subject to more precautions, this reduces our capacity.

The recruitment and retention of On-Call staff remains a risk, both within Lincolnshire and nationally. We are working to understand if the change in numbers of people working from home translates to an increase in people being available to undertake On-Call duties. This is an area that is unlikely to change over the short term. We are working nationally with the rest of the fire sector to realise the potential of an increased number of remote and flexible workers. The service is performing in line with other predominantly rural fire and rescue services.

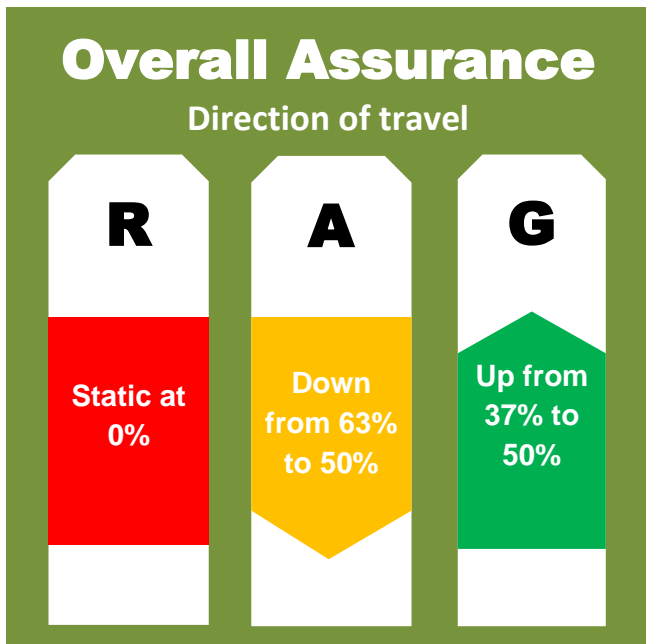
The service has implemented the recommendation following phase one of the inquiry into the tragic fire at Grenfell Tower. The second phase has been delayed due to COVID, at this time there are no indications of the extent of recommendations that may relate to the fire and rescue service.

Director's Key Messages

Corporate

The Strategic Communications & Digital Engagement Team are responsible for:

- Media Relations – issuing press releases and dealing with enquiries from the media
- County News
- Digital Communications – the website and other social media platforms
- Events – assisting other sections to find locations for events / conferences etc and managing the Council's involvement in major events such as the Lincolnshire Show
- Internal – communications to staff such as News Lincs & CLT Brief
- Design & Print – managing the Council's design & print requirements



Critical Activities	
Red	Amber
None	Media Management
	Internal Communications
	Engagement
	Digital Engagement

Red Risks

No red risks

Software for Community Engagement (Key Project) - This project has now been delivered and the software is live. Further enhancements continue to be made to the software and the team are developing their knowledge and understanding of the benefits it offers. Internal processes are also being reviewed to ensure greater consistency in approach.

Media Management - Team continues to have regular liaison with senior management & members to anticipate and proactively manage communications with media. Remains Amber as all communications & how LCC is represented cannot be controlled. Activity tends now to be more retrospective rather than pro-active at this time although the release of restrictions has changed the dynamic again.

Internal Communications - There is a single officer responsible for internal communications, therefore less resilience in team. Our intranet launched in January 2021

Engagement - The team has been successfully restructured and a new Team Leader recruited. This is the engagement and liaison with Town & Parish Councils and the consultation and engagement with residents. There is a better focus on supporting Corporate priorities and an integrated approach with other organisations. Covid has changed the tone and method of the work.

Digital Engagement - Implemented JADU platform and continuing to improve the quality of the online offer. Focus is on ensuring a consistent style across the site and that accessibility standards are met. Work is underway to determine how the team will interact with wider digital ambitions.

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Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	09 February 2022
Subject:	Draft Audit Committee Annual Report 2021/22

Summary:

The Audit Committee Annual Report is designed to help inform the Council of its activities during September 2020 to November 2021 and how it discharged its responsibilities.

An effective Audit Committee plays a vital role in the Council's governance arrangements. Supporting achievement of its objectives and making a positive contribution to how well the Council is run - promoting transparency and accountability.

Recommendation(s):

The Committee is asked to consider the content of the draft Audit Committee Annual Report 2021 - prior to it being reported to full Council.

Background

The Audit Committee Annual Report is required under both the Committee's Terms of Reference and CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018) to report on its performance and demonstrate how the Committee has discharged its responsibilities. The draft Annual Report is Appendix A.

Conclusion

Good practice advocates the Audit Committee publishes an Annual Report this is the draft. The final report will be presented to full Council at its February 2022 meeting.

Consultation

a) Risks and Impact Analysis

Any changes to services, policies, and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Audit Committee Annual Report 2021 - To Follow

Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Terms of Reference of the Audit Committee	https://lincolnshire.moderngov.co.uk/ieListMeetings.aspx?Cid=650&Info=1

This report was written by Lucy Pledge - Head of Internal Audit & Risk Management, who can be contacted on 07557 498932 or lucy.pledge@lincolnshire.gov.uk.



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Audit Committee
Date:	09 February 2022
Subject:	Work Programme

Summary:

This report provides the Committee with information on the core assurance activities currently scheduled for the 2021 work plan.

Recommendation(s):

1. To review and amend the Audit Committee's work plan ensuring it contains the assurance areas necessary to approve the Annual Governance Statement 2021.
2. Consider the actions identified in the Action Plan.

Background

The work plan, as attached at Appendix A, has been compiled based on the core assurance activities of the Committee as set out in its terms of reference and best practice.

Appendix B – keeps track of actions agreed by the Committee and future potential agenda items.

Conclusion

The work plan helps the Audit Committee effectively deliver its terms of reference and keeps track of areas where it requires further work and/or assurance.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

N/A

Appendices

These are listed below and attached at the back of the report	
Appendix A	Work Programme
Appendix B	Action plan

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, Head of Audit and Risk Management, who can be contacted on 01522 553692 or lucy.pledge@lincolnshire.gov.uk.

Appendix A – Audit Committee Work Plan 2021/22

7 February 2022 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
Combined Assurance Status Reports – 2021/22	Chief Executive, Executive Directors and Chief Fire Officer	Understand the level of assurances being provided on the Council’s critical systems, key risks and projects and how they link to the Committees role and remit and the Annual Governance Statement. Seeking assurance that they are working well and that any significant risk and issues are being actively managed.
Horizon Scanning Moved to March 2022	Lucy Pledge (Head of Internal Audit and Risk Management)	To provide early signs of potentially important developments – identifying potential treats, risks, emerging issues and opportunities.
Draft Audit Committee Annual Report 2021/22 Moved to February 2022	Lucy Pledge (Head of Internal Audit and Risk Management)	Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.
28 March 2022 – 10.00 am		
Item	Contributors	Assurances Required/ Sought
External Audit Strategy – Lincolnshire County Council 2021/22	Representatives of Mazars	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.
External Audit Quality	Sue Maycock (Head of Finance – Corporate)	Effectiveness of the External Auditors Quality Assurance Framework / processes following the 2020/21 audit experience, changes in audit resources and the October 2020 publication of the report by the Financial Reporting Council on Major Local Audits – Audit Quality Inspection.
Statement of Accounts 2021/22 – Accounting Policies	Sue Maycock (Head of Finance – Corporate)	Confirm that the appropriate accounting policies are being applied and understand the impact of any material changes that affect the Council’s or Pension fund accounts.

Internal Audit Progress Report	Lucy Pledge (Head of Internal Audit and Risk Management)	<p>Gain an understanding of the level of assurances being provided by the Head of Internal Audit over the Council's governance, risk and internal control arrangements and why.</p> <p>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>
Risk Management Progress Report – March 2022	Debbie Bowring (Principal Risk Officer)	Seek assurance that risk-related issues are being addressed.
International Standards on Auditing – Response to Management Processes Questions	Dianne Downs (Team Leader – Audit)	Each year the External Auditors are required to obtain an understanding of the Council's management processes in a number of areas. The International Auditing Standards specify the areas concerned – with the aim to support risk assessment around fraud, error or a material mis-statements in the County Council and Pension Fund financial statements. This report sets out the management responses to those questions.
Counter Fraud Plan 2022/23	Dianne Downs (Team Leader – Audit)	On the overall effectiveness of the Authority's arrangements to counter fraud and corruption.
Revised Counter Fraud Policies	Lucy Pledge – Head of Internal Audit and Risk Management	<p>Gain assurance that the Council has effective arrangements in place to fight fraud locally.</p> <p>Ensure that counter fraud resources are effectively targeted to the Council's key fraud risks.</p>
Horizon Scanning	Lucy Pledge (Head of Internal Audit and Risk Management)	To provide early signs of potentially important developments – identifying potential treats, risks, emerging issues and opportunities.

Items to be programmed:

- **Integration of Health and Social Care (including IMT)** – Glen Garrod (Executive Director of Adult Care and Community Wellbeing) – Date TBC.

Appendix B - Audit Committee Action Plan 2021/22

Audit Committee Action Plan 2021/22			
Action	Terms of Reference Outcome	Key Delivery Activities	When
Lessons Learned From Public Interests Reports Workshop		Working Effectively Together / Moving Forward Our Joint Working	March 2022