

Combined Assurance

Status Report Finance & Public Protection



Date: December 2015

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1. Introduction

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

Working with management we have been able to show what assurances the Council currently has on the areas of the business that matter most – highlighting where there may be potential assurance ‘unknowns or gaps’.

We gathered and analysed assurance information in a control environment that:

- takes what we have been told on trust, and
- encourages accountability with those responsible for managing the service.

Our aim is to give Senior Management and the Audit Committee an insight on assurances across all critical activities and key risks, making recommendations where we believe assurance needs to be stronger.

Scope

We gathered information on our:

- **critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of our priorities or whose failure could result in significant damage to our reputation, financial loss or impact on people
- **due diligence activities** – those that support the running of the Council and ensure compliance with policies
- **key risks** – found on our strategic risk register or associated with major new business strategy/change
- **key projects** – supporting corporate priorities / activities

Methodology

We have developed a combined assurance model which shows assurances across the entire Council, not just those from Internal Audit. We leverage assurance information from your ‘business as usual’ operations. Using the ‘3 lines of assurance’ concept:



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

We did this by:

- Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.
- Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.
- Using the outcome of Internal Audit work to provide independent insight and assurance opinions.
- We used a Red (low), Amber (medium) and Green (high) rating to help us assess the level of assurance confidence in place.
- The overall assurance opinion is based on the assessment and judgement of senior management. Internal audit has helped co-ordinate these and provided some challenge **but** as accountability rests with the Senior Manager we used their overall assurance opinion.

2. Key Messages



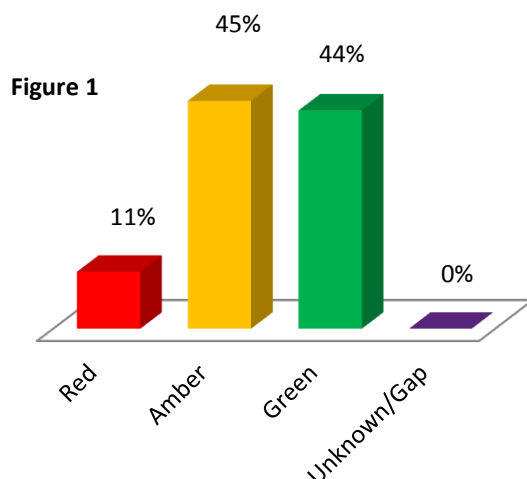
The Finance & Public Protection directorate continues to provide or commission a mix of front line services, corporate support and also provides assurance to the Council in the way it is governed and carries out its duties. The latter includes the work of the Finance function and Corporate Audit as well as through the general management of our services. We utilise the Council's standard approaches to assessing risks and seeking assurance, including management review, use of corporate systems and processes and independent review through internal / external audit and through other inspection regimes and peer review.

Our services continue to go through a period of change and that will continue as the Council as a whole needs to adjust to the considerable challenges posed by the continued and very significant reductions in Government financial support, which were announced in December 2015. In future that will have implications for the whole Council in terms of what services can be afforded / delivered, how services are delivered and the levels of risk that the Council is prepared to take and how those risks are managed. The latter may also mean in the future that some aspects of risk and governance assurance is lighter touch or done in a different way. For example, there may be some reductions in overall internal audit coverage.

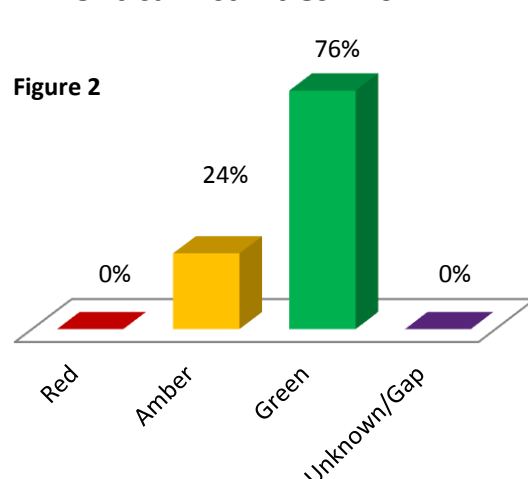
There have been two significant transitions to new support contracts from April 2015. The first one is with VINCI / Mouchel for day to day property management and also property capital services. In general terms the transition to that new contract has gone well and some improvements already have been put in place.

The second support contract is with Serco, which includes exchequer services, HR, Payroll, IT and the implementation and support of the corporate Agresso system, which replaced the SAP system. This has not gone well and, whilst improvements are being made month and month by Serco, there is still a considerable amount of work to be done to ensure that there is a stable and fully functional system platform and that all historical issues have been resolved. It is essential that work is completed within this financial year to ensure a smooth closure of accurate and up to date accounts. These problems have inevitably caused additional work and distractions, particularly for business support and finance staff, and it is only in recent months that it has been possible to run some budget monitoring reports from the Agresso system. The above factors have had inevitable implications for our updated assurance assessments, with a decrease in the level of assurances compared with twelve months earlier. We will continue to work to improve that situation over the next twelve months.

**Overall Assurance Status
Critical Activities - 2015**



**Overall Assurance Status
Critical Activities - 2014**



3. Next Steps

The key challenges over the forthcoming period have been summarised in the preceding Key Messages section together with the following specific service summaries.

The most critical areas will be the continued work on:

1. The resolution of all outstanding issues associated with the implementation of the Agresso system. The Council has in recent months put in additional mechanisms to monitor / scrutinise the progress of this work, including a Recovery Board which comprises senior officers of the Council and members from both the Council's Executive and Audit and Value for Money Committees.
2. Continued work to address the forward budget challenges for the Council beyond 2016/17 arising from the Spending Review and Local Government Settlement announcements in late 2015. That will have further implications and challenges for all the Council's services, including those provided by this directorate.

Pete Moore
Executive Director for Finance and Public Protection
January 2016

4. Critical Systems



Assurance around the critical activities and systems identified for Finance and Public Protection has been affected by the implementation of the Agresso system from April. This has impacted on levels of management assurance with a reduced number of areas classified as 'green' with a swing towards 'amber' and 'red' (please refer to Figures 1& 2 on Page 4 of this report).

Some critical activities continue to be supported by corporate or third party assurance. These may be provided through regular reports submitted to Scrutiny Committees or processes such as Peer Reviews.

Assurance is also provided through reviews conducted by Corporate Audit and Risk Management. This provides independent oversight and added value through recommendations made for improvement and complements any external reviews or inspections carried out. Any recommendations made are monitored to ensure implementation with progress reported to the Audit Committee.

Figure 3

Finance & Public Protection Distribution of Assurance

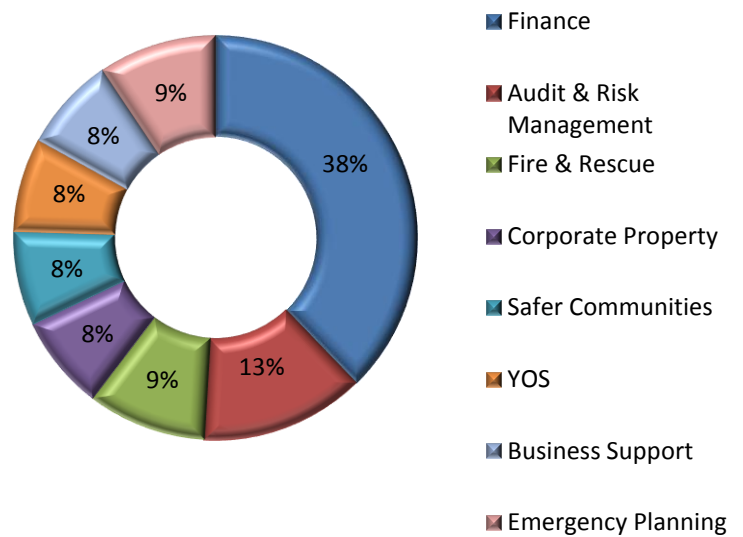
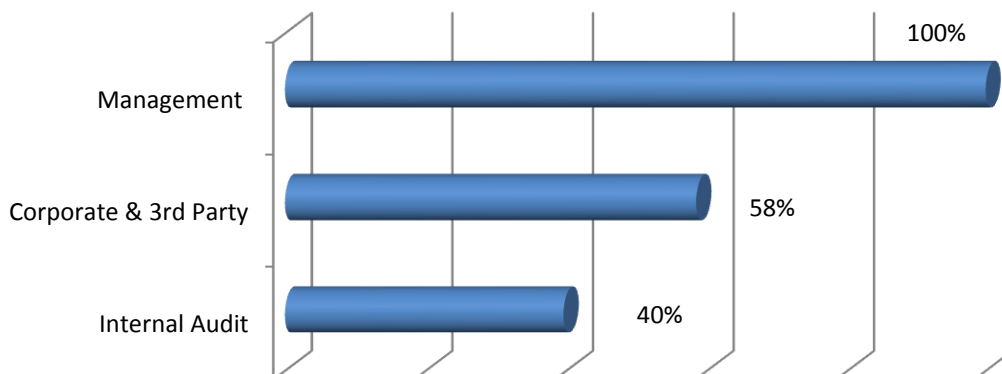


Figure 4

Who Provides Your Assurance



Finance

The financial control regime within the Council has weakened materially over the past year. The replacement of SAP with Agresso as the prime financial system, in combination with related changes in business processes, has been the source of this deterioration.

In hindsight the Council and its strategic partner, Serco, went live with the Agresso system without sufficient testing and refinement of the related business processes. This has resulted in significant complications and errors occurring particularly in the prime payment systems of payroll and accounts payable.

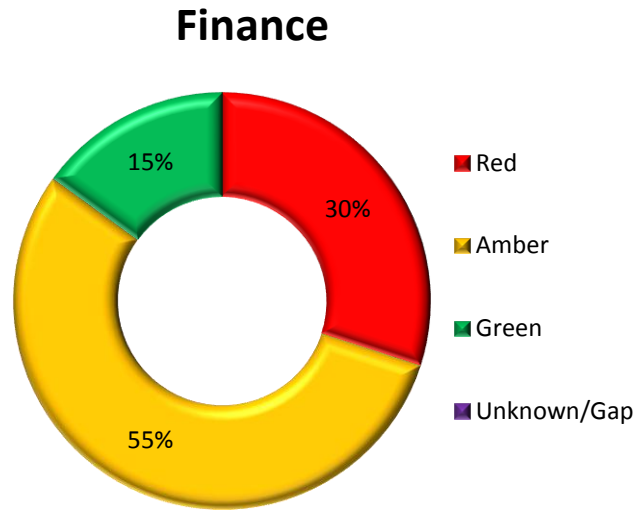


Figure 5

There have been consequential difficulties in keeping the ledger up to date and making payments with supporting information to key external agencies such as the HMRC and pension schemes. Budget monitoring was not possible until after seven months of the year had elapsed.

Significant resources have been devoted by the Council, Serco and their sub-contractors to rectify the problems and genuinely positive progress is now being made towards having robust systems and a related strong internal control regime in place.

A Recovery Board comprising senior officers and members is overseeing the delivery of a rectification plan. The clear intention is for all material issues to be resolved within the current financial year and for the accounts closure process to be both timely and lead to the receipt of an unqualified external audit opinion on the financial statements.

The vast majority of red and amber ratings in the analysis relate to Agresso sourced problems which are presently being rectified.

Overall assurances for the critical activities within Finance are:

Green	Amber	Red
Pensions Fund	Financial Strategy	Accounts Payable
Capital Programme	Budget Preparation	Payroll
Contract Management	Budget Management	VAT
	Debtors	General Ledger
	Income	Tax Compliance
	Pensions Administration	Accountancy close down
	Bank Reconciliation	
	Treasury Management	
	Grant Income and claims	
	Accountancy	
	Agresso recovery	

Audit & Risk Management

Combined Assurance - Audit & Risk Management

The Audit & Risk Management service sits within the 'How We Do Our Business' Commissioning Strategy. It aims to provide insight and assurance that the Council is being run well – promoting public confidence in the work we do and services provided.

The service implemented a new structure on the 1st October 2015 – delivering the required savings determined in the fundamental budget. The new structure will ultimately enable us to be more resilient in the longer term – with highly motivated, appropriately skilled and experienced people.

Audit & Risk Management

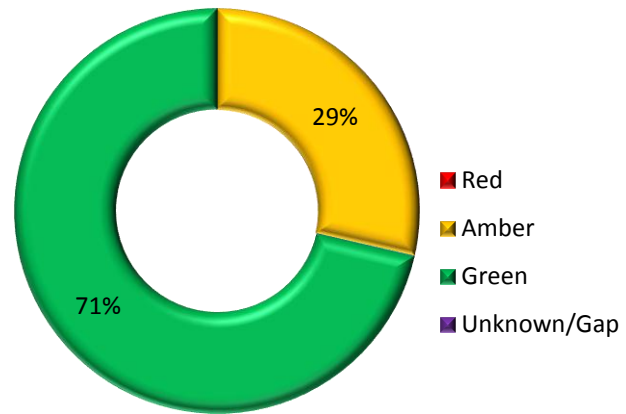


Figure 6

That said, there will be a period of transition as we move into the new structure and this process will evolve as new roles and responsibilities become embedded and fully understood. Our delivery plans for 2015/16 are being amended accordingly – in consultation with senior management.

We are currently going through recruitment processes and our aim is to have a fully resourced team and all people in place from the 1st April 2016.

There are a number of key risks facing the service – these are:-

- Loss of income – a key element in balancing our budget. Our business strategy aims to manage this risk and minimise the impact on service delivery, people and money.
- Being able to recruit appropriately skilled and experienced people – a number of recent recruitment exercises proved disappointing – with no appointments. Our plan is to 'grow our own' through the introduction of a 'career grade' and apprenticeships.

Overall, the Audit and Risk Service continues to provide an effective and responsive assurance to the Council – working well with senior and operational management.

We have 5 key assurance specialisms, namely:

Internal Audit – Green

Our performance and delivery is monitored by the Executive Director – Pete Moore and the Audit Committee. They have assessed the service as effective and conforming to the Public Sector Internal Audit Standards. Client feedback continues to give the team positive feedback on the value of our work – good to excellent.

Since 2010 the internal audit plan has reduced by 39% - the current resource level is deemed to be nearing the minimum necessary to meet the statutory requirement to provide an effective internal audit to the Council

The annual internal audit plan has been revised to reflect changing priorities and the fact that

Combined Assurance – Status Report

we are carrying some vacancies at the moment – however, it is not anticipated that this will impact on the ability of the Audit and Risk Manager (Head of Internal Audit) to give the required annual audit opinion.

Counter Fraud – Green

Our counter fraud arrangements remain effective. Our small team delivers a proactive work plan – which is monitored through the Audit Committee.

We lead and co-ordinate the Lincolnshire Fraud Partnership, which was established in 2015 to create a county-wide anti-fraud approach. We received funding of £200k last year – so far we have realised benefits in excess of £500k.

Risk Management – Green

As part of the service review we increased the capacity of the team – from 1 to 2 posts. This is strengthening support to the Council at a time of continued change - where taking informed decisions based on quality, cost and risk will be vital. Our team will focus on supporting the business through:

- Advising on the revision of the risk management strategy
- Providing risk management guidance, tools and training
- Co-ordinating risk management information / oversight on the strategic and operational risk registers

Health & Safety – Green

The transfer of staff from Mouchel with effect from 1st April 2015 gave us the opportunity to review the roles and remit within the Health and Safety team. The new structure recognises that roles and remits have changed - this is in response to the changing shape of the Council and takes into account the different levels of tasks, skills and experience required to fulfil the future operational requirements. Overall capacity has remained unchanged.

We work closely with senior and operational managers to ensure the effective deployment of resources and find solutions that uphold the spirit and intent of health and safety law yet ensure that we maintain a 'sensible' approach.

Our health and safety arrangements remain effective with our annual report monitored through the Value for Money Scrutiny Committee.

Insurance - Amber

The assurance status over the insurance team remains at Amber. Progress has been made through the appointment of a competent and experienced Insurance Manager – but there remains much to do given the workloads. Our focus is to review the insurance programme – keeping premium costs as low as we can. A tender exercise is underway – this is likely to result in a review of our insurance strategy and the levels of risk the council is prepared to accept, self-insure or not insure at all.

Fire & Rescue

Lincolnshire Fire and Rescue’s mission is to make Lincolnshire a safer place to live, work and visit. The Service’s Integrated Risk Management Planning (IRMP) process is the method by which it undertakes risk analysis, develops strategies and delivery mechanisms and provides assurance of activities in support of its mission.

Two key planning documents form part of the IRMP process: the 3-year IRMP Baseline Document and the IRMP Annual Action Plan (referred to as the Service Plan).

The IRMP Baseline Document is reviewed every 3 years. It identifies key community and corporate risks and outlines the strategies for mitigating those risks. The annual Service Plan provides detail on how the Service delivers these strategies. A number of objectives are described within the Service Plan, as are the subordinate tasks and activities which the Service is required to undertake. Progress against each of the objectives is reported on a quarterly basis to the Performance Management Board.

Formal management assurance is also conducted through monthly Service Management Board and 8-weekly Programme Management Board meetings. These focus on strategic direction, policy implementation, service change and managing organisational performance.

Lincolnshire Fire and Rescue has an integrated Quality Assurance framework which provides continual, systematic review of operational response capability. All fire stations are inspected annually as part of the Chief Fire Officer’s inspection programme. Performance at incidents is regularly reviewed with key findings and learning points fed back to inform training and development priorities.

In accordance with the Fire and Rescue National Framework for England the Service produces the annual Statement of Assurance covering financial, governance and operational matters. The Statement of Assurance 2014-15 was published in November 2015 following submission to the Community and Public Safety Scrutiny Committee.

Third party assurance is drawn from a range of sources. Examples include:

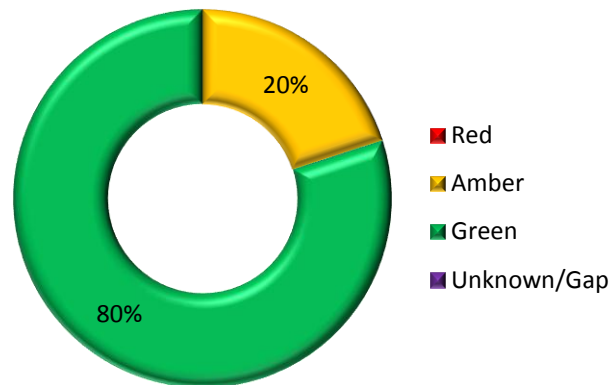
- the Local Government Association and Chief Fire Officer Peer Challenge conducted in October 2012;
- assessment of the Service’s national resilience capabilities by the National Resilience Assurance Team in July 2014;
- accreditation of the Service’s quality assurance framework by Skills for Justice Awards and endorsement of 2 key training courses by SkillsMark® in October 2014
- annual quality review of the Prince’s Trust Team Programme in June 2015.

Corporate risk areas include the continued development of Information Communications Technology to meet the needs of the Service; the impact of Agresso; reduced capacity from both the centre and within the Service; and future budget pressures.

All critical activities are rated as Green with the exception of Resourcing (Amber).

Figure 7

Fire & Rescue



Emergency Planning & Business Continuity

The County Council must be able to maintain its own critical functions during any disruption to business, and has a number of lead roles and responsibilities in any civil emergency. These include the welfare of victims and evacuees, provision of emergency shelter, co-ordination of the voluntary sector and also a community leadership role. The council would also lead on all recovery efforts. We must also have plans in place to restore impacted critical services in the event of disruptive or emergency events.

Emergency Planning & Business Continuity

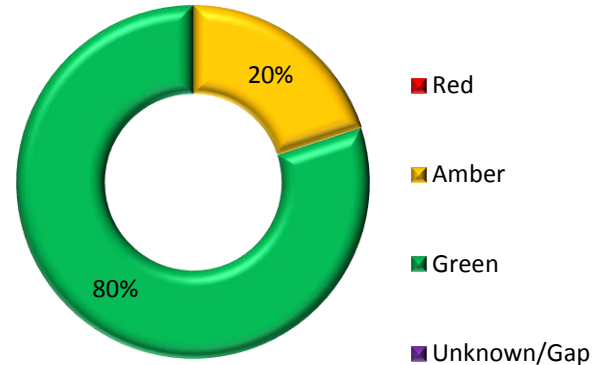


Figure 8

The council continues to build resilience and capacity to meet its duties, including arrangements for mutual aid from neighbouring counties and district & borough authorities, and further strengthening of our ‘command, control and coordination’, especially at the tactical (Silver) and Operational (Bronze) levels. We have continued to work with both the organised voluntary sector and communities to strengthen local responses that can complement the council’s roles and responsibilities.

We continue to be a key contributor to the design and delivery of multi-agency training & exercising in the county, which is essential to testing plans, rehearsing people in key roles and enhancing arrangements for multi-agency coordination in the county.

The service continues to have an influence on national resilience planning and policy. This includes its ongoing work with lead Government departments, flood risk agencies and other coastal counties to coordinate responses to Tidal Surge, and develop good practice in relation to the coordination of the voluntary sector (including ‘spontaneous volunteers’) on behalf of all partners.

The council remains the driving force behind the Local Resilience Forum (LRF), a partnership held in high regard nationally, and which has just re-published its strategy & business plan for the next 3 years. This partnership continues to be well led by the Chief Constable assisted by Chief Fire Officer, Executive Director and Director of Public Health. There remains excellent commitment at senior and political level (including scrutiny) within the council for the resilience agenda.

Priorities going forward include:

- Strengthening the resilience and preparedness of the health & social care sector (especially care providers)
- Determining roles and responsibilities for IT disaster recovery, and exercising those arrangements at an early opportunity
- Identification of further joint working and collaboration opportunities with partners within the county and on a wider ‘footprint’, including examining the impact of a successful ‘Greater Lincolnshire’ devolution bid

Overall assurances provided:

- Duties relating to the Civil Contingencies Act and other hazard – Green
- Emergency Planning provision to District Councils – Green
- Lincolnshire Resilience Forum – Green
- Promotion to voluntary sector and businesses – Green
- Business Continuity - Amber

Corporate Property

Property Strategy (Green)

Clear property governance remains in place with the Property Board held monthly with the Executive Member and Executive Director for decision making. Property strategy is reported to VFM scrutiny committee. Property activity is being programme managed with VINCI mouchel in a joint programme management approach. Regular reviews take place of property in a locality through an area review process to identify efficient ways of providing property to deliver services and identify properties which are surplus to requirements. The Corporate asset management plan will be reviewed again in mid 2016.

Corporate Property

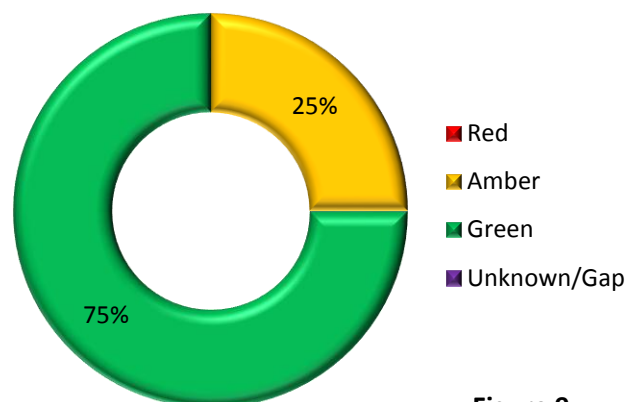


Figure 9

Contract Management (Green)

The VINCI mouchel contract was successfully mobilised on 1st April 2015 and business as usual maintained and the new Concerto database implemented on day 1 successfully. A continuous improvement programme is in place covering all areas of the contract. The new contract includes a payment pain and gain mechanism linked to performance

Property Management (Amber)

The centrally managed estate is managed by Corporate Property in conjunction with VINCI mouchel and there is good control in the new contract with 20 KPI's supporting a range of performance areas including health and safety.

Directorate estates are supported by Corporate Property working with VINCI mouchel to help improve their property management. The Corporate Landlord approach is to identify all property spend by April 2016, this work is underway, however, due to issues with Agresso it is not yet known whether this data will be available by the target date. Hence this area of activity has been rated as Amber

Health & Safety is a key component of the new VINCI mouchel contract with enhanced performance measures for compliance activities and the new Concerto property database assists in identifying areas of non-compliance

County Farms (Green)

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

- Maximise income (rents)
- Maximise capital receipts (sales)
- Amalgamate holdings
- Modernise and replace buildings

Clear governance is in place with the Executive Member for Finance and Property and Executive Director. There is an advisory Members panel who provide farms advise to the Executive Member

Business Support

Business Support provides a multi-disciplinary support services providing both front line customer facing services as well as back office activities. The support is provided across the majority of Council service areas. The service focuses on cross skilling staff to promote excellent service provision whilst building resilience and improving processes to develop a more efficient authority.

Child & Adult Safeguarding Conferences – Green

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

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

Purchasing & Requisitioning - Amber

During 2015 Agresso was implemented which changed the way Business Support provides its financial support functions. Support services have been realigned to provide local requisitioning functions and training for appropriate staff has been undertaken. Where issues are encountered actions are taken to address these through further support and training. Serco provide regular reports to Business Support managers to identify where there may be blockages in invoice payment or backlogs due to capacity, and these are addressed through usage of substitutes or reallocation of work.

Income Management – Amber

In addition Agresso has required a change to how income (Imprest and cash receipts) is handled across the Council, impacting upon processes, knowledge and skills. Plans are being developed to increase knowledge and skills in the new processes and how to use Agresso correctly to record income. Audits by managers are being reinforced.

Business Support

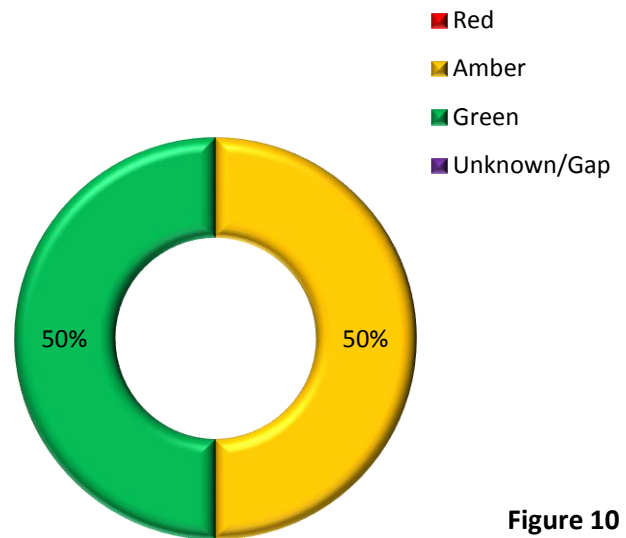


Figure 10

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Audits of Customer Finances - Green

Elements of Customer Finance Team activities (Financial Assessment and Direct Payment processing) were transferred to Serco in April 2015. The resultant team now focuses on audit and verification of financial assessment and direct payments and in recovering overpaid or unused monies from service users. The team has been strengthened through increased resource and skills development and performance consistently exceeds critical performance indicators which are regularly reported to Adult Care.

An emerging risk will be felt through the impact of the Fundamental Budget Review and the requirements to make significant savings which as the potential to cause significant disruption and impact on staff morale during a period of intense change. It is likely this will lead to higher levels of turnover so destabilising Business Support services. This is being managed by close working with service areas to understand and redefine their future support needs and in the proposed change of strategy across business support to become a commissioned provider of business support services across the authority, and with potential partners. These changes are strongly linked with Corporate Property who are leading the Councils property review which will see a rationalisation of sites and an opportunity to co-locate support staff together to enable efficiencies to be realised.

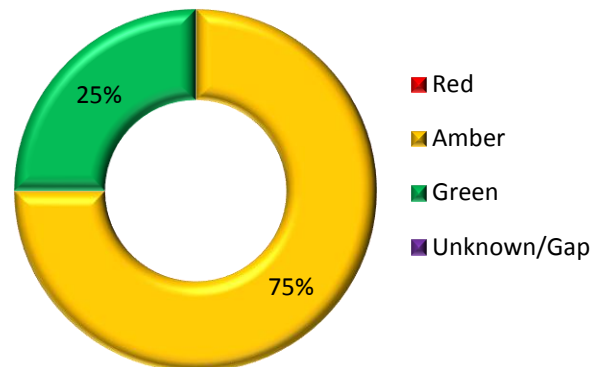
Safer Communities

Commissioned Services and Contract Management - Amber

The contract management of solely commissioned projects is sound. Risk increases when jointly commissioned projects including those with high interdependencies with other commissioners, primarily Public Health and the Police and Crime Commissioner. From 2016 significant budget reductions for the commissioning on community safety delivery will require decommissioning of a number of work streams. The key risks are around PCSO's which may cause some reputational and political disquiet and Domestic Abuse which does have some safeguarding risk to victims.

Figure 11

Safer Communities



Trading Standards - Amber

The reduction in budgets of over 50% in the last 4 years has been managed through staff shrinkage, which in turn has meant detailed demand management through priority setting and a tasking process. The tasking process is a monthly process which uses a scoring system to "task" out work that meets a specific threshold. This process allows a record of work that cannot be tasked due to resource pressures. 2015/16 has seen a greater reliance on income to balance the budget. This reliance will increase further in 2016. This is a managed risk in maintaining a sufficient skill base, to generate income whilst balancing our ability to perform minimum statutory functions and target priority enforcement areas. This is classified red due to this risky approach. Reserves are available to cover the risk in 2016 but if the model is not being fulfilled to expectation it will be reviewed for 2016/17. The red rating also reflects the minimum service level that is currently available and thus posing safeguarding risks around supporting victims of rogue traders, particularly scams and doorstep criminals.

Safeguarding and Partnerships - Green

The Lincolnshire Community Safety Partnership is fairly robust - attendance and activity is high. Work is on-going to ensure overlaps and gaps are identified across other key partnership boards such as Adult and Child Safeguarding. The business managers for each of these boards are working well together. A key success over the last year has been the provision of analytical products that have shed light on the cause and profile of issues such as Domestic Abuse, Hate Crime and Offending. This analysis has allowed services to be directed appropriately and has informed the commissioning cycle.

Criminal Justice including PCC - Amber

Work towards the devolution offer to central government illustrated the close join up between most of the criminal justice bodies in the county including the prisons. This join up needs to be exploited further to reduce offending across the county.

2016 will see the first reselection process for Police and Crime Commissioners across the country. This does bring some risks due to the interdependencies across the commissioning landscape particularly on safeguarding and support to victims.

Youth Offending

Over recent years there have been excellent successes both locally and nationally in addressing youth crime and this has undoubtedly contributed to improved longer term outcomes for children and young people. The crime statistics evidence that within Lincolnshire this has contributed to enhanced community safety and significantly reduced the likelihood of being a victim of crime committed by children and young people.

The governance for the YOS is provided by a multi-agency management board which monitors performance against agreed business measures. The inspectorate of the service is undertaken on a risk based approach by HMIP to national standards and benchmarks.

Service Delivery – Amber

A short quality inspection was undertaken in Lincolnshire between 30th November 2015 and 2nd December 2015 and will be published in January 2016. On 11th September 2015 the Justice Secretary Michael Gove announced that he has commissioned a national review of youth justice services. The review is intended to consider current evidence and practice in preventing youth crime and rehabilitating young offenders; he will explore how the youth justice system can most effectively interact with wider services for children and young people; and will consider whether the current arrangements are fit for purpose.

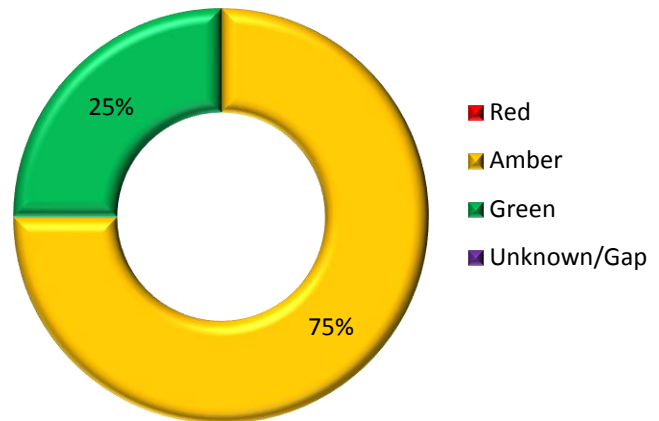
YOS Funding – Amber

Following the Fundamental Budget Review within Lincolnshire County Council in 2015, the Youth Offending Service has re-structured in order to absorb an overall reduction of £300,000 in its core funding from the local authority, Police and Crime Commissioner and the Youth Justice Board. This has resulted in a reduction of approximately 10 full time equivalent staff members across all grades including a complete revision of the management structure. Staffing reductions were achieved through both voluntary and compulsory redundancies. The multi-agency composition of the YOS is currently under some degree of threat through pressures on partner agencies such as Police, Health and Probation. This must be factored into future staffing projections to ensure risks are sufficiently addressed.

It is clear that the service is operating within an extremely challenging financial context with budgetary pressures being exerted upon the entire Youth Offending Service core funding sources. The ability of Lincolnshire Youth Offending Service to absorb future funding reductions without compromising service delivery is influenced by a number of factors. These include the recent re-structure and uncertainty around the local authority grant commitment and locally negotiated funding settlements with the Police and Crime Commissioner. There is now a very clear reality that future funding reductions will inevitably correlate with staffing reductions whilst the service strives to deliver within a significant geographical area.

Figure 12

Youth Offending Service



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In reflecting current performance the rate of re-offending for children and young people in Lincolnshire (those that re-offend within a 12 month period following their initial offence) sits at 29.3% against a regional comparison of 33% and a national re-offending rate of 37%. The number of first time entrants within Lincolnshire has seen a very slight increase in the last quarter. Whilst this rate can be influenced by Police charge decisions and the use of restorative options, it can also be supported by intelligence led preventative approach. The current custody rates in Lincolnshire portray a positive picture and reflect the overall national reduction of young people in custody. Nationally there is a renewed focus on securing improved outcomes for young people leaving custody.

The need to generate savings has meant the Youth Offending Service will be required to operate with an overall reduction in core funding amounting to approximately £300,000 for 2015/16. However, those risks are heightened within this financial year as the Youth Justice Board are currently consulting with all Youth Offending Services regarding the need to generate further in year (2015-16) national savings of approximately £12 million. The early indications are this may represent a further individual 14% budget reduction in service funding (approximately £125,000 for Lincolnshire) on top of the 7.5% savings announced in April 2015.

Lincolnshire Youth Offending Service has played a central role in highlighting the issues of young people placed in Lincolnshire by other local authorities. These numbers appear to be increasing as does the subsequent demand on Police, Health, YOS and Children's Services. A task and finish group has been established through the strategic safeguarding board to establish a clear protocol to minimise the criminalisation of children in care. This will place clear responsibilities on care providers to demonstrate accountability and appropriately manage children before seeking Police involvement.

Remand Management – Green

Remand management continues to represent a significant financial risk for the wider organisation. The cost of young people being remanded to youth detention accommodation can be as much as £700.00 per person each night. This cost is passed back in full to the local authority with young people on remand also acquiring Looked after Children (LAC) status - placing both a financial and resources burden upon the YOS and Children's Services. During 2014/15 a high profile case brought six young people into the Court system. Having been charged with grave offences the potential to be remanded into custody for an extensive period was extremely high. However, through effective partnership working with both Children's Services and the Police this risk was mitigated and avoided youth detention costs of nearly £1m over a nine month period.

Prevention – Amber

During this performance year prevention work has accounted for, on average, 25% of the total caseload. The criteria for YOS prevention activity has recently been refreshed to ensure a more targeted response to emerging concerns/ behaviours. The screening of prevention referrals has been centralised to ensure consistency in decision-making, with direct input from seconded Police Officers to ensure all available information is taken into account in the decision making process.

Combined Assurance – Status Report

To be truly effective the service must always endeavour to make a meaningful and positive difference in the lives of children and young people we supervise, but also intervene at the earliest possible opportunity. There are concerns that financial pressures may force many services to focus predominantly on statutory work and this could be to the detriment of widening prevention activity and capturing the undoubted social and economic benefits that exist through early engagement. Work within early intervention carries opportunities and can generate significant benefits in respect of minimising disruptive behaviour in school, exclusion or anti-social behaviour. Adopting a future focus and reducing demand on statutory services is more critical than ever as the resilience to a significant workload spike is now questionable

5. Strategic Risks

Resilience (Business Continuity)

Existing controls are in place – for example Flood Risk drainage management strategy and commissioning through effective partnership working.

The Council are also developing further controls to address its strategic risks in this area. These include implementation of Senior Management Command arrangements and retention of sufficient capacity to meet the Council's duties as a category 1 responder. Training is also being delivered to those in command and business recovery roles and preparedness for emergencies is also currently under review. The direction of travel against this strategic risk is improving.

Budget

As noted within the Next Steps section of this report work is continuing to address the forward budget challenges for the Council beyond 2016/17 arising from the Spending Review and Local Government Settlement announcements in late 2015. There will be further implications and challenges for all the Council's services, including those provided by this directorate.

Controls are being developed at a strategic level to meet such risks. There will be more certainty once budgets beyond 2016 have been approved by the Council. The level of assurance for this area of strategic risk remains static.

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

Resilience (Business Continuity)

Budget

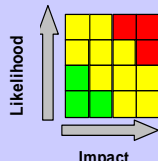
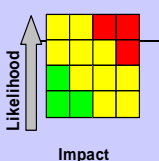
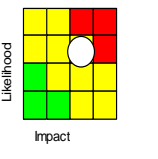
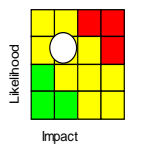
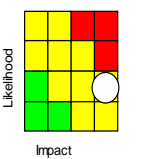
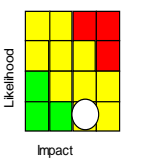
Governance

Governance

The Council's governance arrangements work effectively and this was noted within the Annual Governance Statement produced in September 2015.

The direction of travel for this area of Strategic Risk remains static.

There are governance risks in respect of key financial and HR systems from the implementation of Agresso. These risks have been documented and appropriate mitigating actions taken. The direction of travel is improving.

Strategic Risks - Assurance Map as at 30th November 2015				 Likelihood ↑ Impact → CURRENT RISK SCORE	 Likelihood ↑ Impact → TARGET RISK SCORE	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
OWNER	RISK APPETITE										
											RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)
Commissioning strategy - Our communities are safe and protected from harm											
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.	Pete Moore	<u>Hungry</u> (projects & major change - need to be innovative and take higher risks for greater reward - higher levels of devolved authority)	Creative & Aware (Partnerships - Recognised that we work differently with different partners)	 Likelihood ↑ Impact →	 Likelihood ↑ Impact →	↑ Improving	G	Unknown	A	G	Issues with outcome of recent BC audit. At time of Audit Committee (23.11.15), it was substantial with review when outcome of Audit is agreed.
Commissioning strategy - We effectively target our resources so that individuals and communities experience the desired benefits and results											
Budget - LCC Funding and maintaining financial resilience	Pete Moore	<u>Creative & Aware</u> <u>(finance and money</u> - no surprises - prepared to invest for reward and minimise the possibility of financial loss by well measured risk taking - allocating resources in order to capitalise on potential opportunities)		 Likelihood ↑ Impact →	 Likelihood ↑ Impact →	→ Static	G	Unknown	Unknown	G	The Council acknowledges the significant changes ahead and there are arrangements in place to manage this risk. More certainty will be known once the Council has approved its budgets beyond 2016.

Strategic Risks - Assurance Map as at 30th November 2015	OWNER	RISK APPETITE	<p>Likelihood ↑ Impact → CURRENT RISK SCORE</p>	<p>Likelihood ↑ Impact → TARGET RISK SCORE</p>	DIRECTION OF TRAVEL	Management Assurance Status (Full, Substantial, Limited, No)	Corporate Functions & Third Party	Internal Audit	OVERALL ASSURANCE STATUS	COMMENTS
	RAG Rating for level of assurance Red (R)/Amber (A)/Green (G)									

Commissioning strategy - We effectively target our resources so that individuals and communities experience the desired benefits and results

<p>Governance Maintenance of effective governance arrangements including the way we implement transformational change and decisions affecting service delivery</p>	Pete Moore	<p>Hungry (Reputation & Public confidence - Comfortable with taking decisions that are likely to bring scrutiny of the Council but where potential benefits outweigh the risks. Recognise that highly devolved decisions making will mean that not all risks known - take action when uncertain of results or with uncertain info - willing to accept significant loss for potential higher rewards)</p>	<p>Likelihood ↑ Impact →</p>	<p>Likelihood ↑ Impact →</p>	→	G	Unknown	Unknown	G	The Council's governance arrangements work effectively and this was noted within the AGS - September 2015.
<p>Governance Effective implementation of the Agresso system to ensure good governance in respect of key Financial and HR systems</p>	Judith Hetherington-Smith/ Pete Moore	<p>Creative & Aware (Reputation & Organisation / service user confidence - This is a time limited risk that needs managing to ensure effective implementation and sound governance systems)</p>	<p>Likelihood ↑ Impact →</p>	<p>Likelihood ↑ Impact →</p>	↑	A	Unknown	Unknown	A	This is a new significant risk that has been included. It has been recognised as an organisation, the issues relating to the implementation of the Agresso system. It has been documented and appropriate mitigating actions have been highlighted and included for this risk.

6. Projects



Value for Money Scrutiny Committee			
Programme			
	January 2015	January 2016	
Agresso Project	On track	Ongoing	<p>The project completion has been delayed. Progress is being made and big strides have been achieved in addressing problems with the system. There remains work outstanding and it is anticipated that the remaining issues with Agresso will be resolved by June 2016.</p> <p>RAG RATING - RED</p>

