

# Annual Governance Statement 2020



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## Executive summary

Lincolnshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

The statement enables us to monitor our achievements and to provide assurance that our strategic objectives have led to the delivery of strong, effective services which continue to provide value for money.

This statement has been prepared by those with knowledge of the key governance issues facing the Council and conforms to good practice<sup>[1]</sup>.

Whilst our governance, risk and control arrangements up to 31<sup>st</sup> March 2020 has largely been unaffected by the coronavirus - emergency measures implemented have resulted in a significant level of change to our business practices, how we work with partners and deliver our services to the community. The level of impact is also changing as the situation develops – the future is not what we thought it would be a few months ago.

We recognise the importance of having good leadership and management, effective processes and other appropriate controls in place to have a well-run Council. We are very proud of how the Council has continued to support and help our communities during this challenging time – working with private, public and voluntary partners.

***"Working together in reducing the risk Covid-19 presents to our communities – ensuring sufficient resources, capacity and expertise within the health and care system to support members of our communities at times of need and thereby save lives".***

The whole Council has been involved in the response effort in one way or another. This has been an enormous collective effort and whilst there is still a long way to go, everyone should be proud of how they and their colleagues have risen to the challenges involved to date.

What worked before and what needs to happen in the future has changed – our response and re-set will enable us to re-focus our Corporate Plan and transformation plan which will lead to a change in how we deliver services. We have therefore identified the re-set of our organisation as a significant governance issue and opportunity.

## Significant governance issue

Key improvement area	Lead officer	To be delivered by
Reviewing lessons learned from our response to Covid-19 – implementing a re-set plan over the short, medium and longer term.	Chief Executive and Corporate Leadership Team	Transformation and recovery critical success factors will be monitored throughout the

<sup>[1]</sup> CIPFA / SOLACE Delivering Good Governance in Local Government – published April 2016

year.

We have also identified a number of improvements over our governance framework – these can be found later in the document and will be monitored through the Council's performance management processes.

Signed on behalf of Lincolnshire County Council

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Councillor Martin Hill OBE  
***Leader of the Council***

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Debbie Barnes OBE  
***Chief Executive***

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Andrew Crookham  
***Executive Director – Resources***



## What is corporate governance?

Good governance can mean different things to people – in the public sector it means:

*"Achieving the intended outcomes while acting in the public interest at all times"*

Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and honest manner
- makes sure public money is safeguarded, properly accounted for and spent wisely
- has effective arrangements in place to manage risk
- meets the needs of Lincolnshire communities - secures continuous improvements in the way it operates.

Our governance framework comprises of the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The full governance framework can be found at the end of this document.

Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. To help us do this the Council's Audit Committee undertakes a review of our governance framework and the development of the AGS.

It is crucial to the Council's success that its governance arrangements are applied in a way that demonstrates the spirit and ethos of good governance – this cannot be achieved by rules and procedures alone. The Council is expected to have a culture that places the public and integrity at the heart of its business.

On the 15th June 2020 the Audit Committee considered and challenged the content and the significant governance issues identified in the draft Statement – ensuring that the Statement properly reflects how the Council is run – identifying any improvement actions.

The final statement was formally approved by the Audit Committee on the 13<sup>th</sup> July 2020 where it was recommended for signing by the Leader of the Council, Chief Executive and the Executive Director – Resources.

# Principles of corporate governance



## Principle A: Integrity and values

- Staying true to our strong ethical values and standards of conduct
- Respecting the rule of law
- Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities
- Ensuring fraud, corruption and abuse of position are dealt with effectively
- Ensuring a safe environment to raise concerns and learning from our mistakes



## Principle B: Openness and engagement

- Keeping relevant information open to the public and continuing their involvement
- Consultation feedback from the public is used to support service and budget decisions
- Providing clear rationale for decision making – being explicit about risk, impact and benefits.
- Having effective scrutiny to constructively challenge what we do and the decisions made



## Principle C: Working together

- Having a clear vision and strategy to achieve intended outcomes - making the best use of resources and providing value for money
- Being clear about expectations - working effectively together within the resources available
- Developing constructive relationships with stakeholders
- Having strong priority planning and performance management processes in place
- Taking an active and planned approach to consult with the public
- Regularly consult with employees and their representatives



## Principle D: Making a difference

- Having a clear vision and strategy setting out our intended outcome for citizens and service users



## Principle E: Capability

- Clear roles and responsibilities for council leadership
- Maintaining a development programme that allows councillors and officers to gain the skills and knowledge they need to perform well in their roles.
- Evaluating councillor and officers' performance
- Regular oversight of performance, compliments and complaints to enable results (outcomes) to be measured and enable learning



## Principle F: Managing risk and performance

- Ensuring that effective risk management and performance systems are in place, and that these are integrated in our business systems / service units
- Having well developed assurance arrangements in place – including any commercial activities
- Having an effective Audit Committee
- Effective counter fraud arrangements in place



## Principle G: Transparency and accountability

- Having rigorous and transparent decision making processes in place
- Maintaining an effective scrutiny process
- Publishing up to date and good quality information on our activities and decisions.
- Maintaining an effective internal and external audit function

## Looking back at 2018/19

A number of improvement actions were identified as part of last years 2018/19 Annual Governance Statement.

The table below shows progress with these actions:

Key improvement area	To be delivered by (original target date)	Progress
IT governance	31 <sup>st</sup> March 2018	Behind Plan
Governance and oversight of key projects and transformation programmes	31 <sup>st</sup> March 2020	On track to approve transformation plan in June 2020. Being revisited in light of Covid-19.
Business World – re-engagement (our ERP system)	31 <sup>st</sup> December 2019	Behind Plan
Update of Corporate Plan & performance management arrangements	31 <sup>st</sup> March 2020	On track – Corporate Plan approved December 2019. New performance monitoring arrangements being developed. Corporate Plan being reset in light of Covid-19.

## Areas behind plan

### IT Governance

It had taken longer than originally planned to update the Council's IT and ensure tight governance across the Council. This related to us not investing in a regular programme of maintaining our IMT systems and keeping them up to date. By creating and implementing a Strategic IMT Board in 2019 and by the Council and Serco jointly fully committing to complete the challenging 'Fixing the Basics' programme in 2019/20, we have now addressed almost all of the required upgrades to ensure we maintain a safe, secure and effective IMT service.

Covid-19 has had a major impact on the Council. Due to the significant work undertaken to improve the Council's IMT infrastructure within the 'Fixing the Basics' programme and the dedication of the IMT service and Serco, we were quickly able to increase the number of staff successfully accessing systems remotely from a previous maximum of around 400 to now over 4,000 at any one time, and also introduce Teams to enable the Council to continue delivering its services and work remotely in an effective and modern way.

### Business World – re-engagement (our ERP system)

Hoople Ltd (a private limited company – with public sector shareholders, namely Herefordshire Council and Wye Valley NHS Trust) has been engaged as implementation partner for our ERP system.

It has taken longer than originally planned to pull together the Shareholder Agreement with us but this is now progressing well through our respective legal teams.

Our Business World re-design work with Hoople Ltd commenced in January 2020 – a key dependency in our move to the new ERP system and standardising our business processes.

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## How the Council works

The Annual Governance Statement covers the 2019/20 financial year. The information below relates to this period.

**The Council is made up of 70 councillors and operates a 'Leader and Executive' model of decision making.**

- All 70 councillors meet to agree the budget and policy framework.

**The Executive makes the decisions that deliver the budget and policy framework of the council and consists of a minimum of 2 members and a maximum of 10.**

- In 2019/20 the Leader and 7 councillors sat on the Executive.

**The remaining 62 councillors form Scrutiny and Regulatory committees.**

- These committees develop policy and scrutinise decisions made by the Executive officers – holding them to account.
- A number of these committees deal with regulatory issues.



During 2019/20 the Council reviewed its Member Code of Conduct in the light of the recommendations of the Committee on Standards in Public Life.

It also undertook a review of its Overview and Scrutiny arrangements in the light of Statutory Guidance issued on local authority scrutiny arrangements by the government.

The onset of Covid19 and subsequent lockdown has had a significant impact on all areas of the public sector. The impact on governance will be felt by all organisations and there will be some aspects experienced by all, for example changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the organisation's priorities and programmes.

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## Outcomes

### Our plan and performance dashboard

We want to support a society where people contribute to their communities and are willing and able to look after themselves and others; a county where:



A link to the Performance Dashboard can be found [here](#).

### Performance summary

We achieved the majority of the targets we set out in our Council Business Plan 2019/20. We track our progress with the performance of the 17 commissioning strategies is shown below:

Note: performance up to 31<sup>st</sup> December 2019. Reporting for Q4 has been deferred due to the Council's emergency response to Covid-19.



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We asked the Local Government Association to undertake a **Corporate Peer Review in September 2019** (*insert link*). Their feedback stated that:

"Lincolnshire County Council is a stable, reliable and solid organisation delivering good quality services to its residents. It is financially strong and has maintained a particular focus on children and adult services and delivers these to a very good standard – with children's services having been judged as "Outstanding".

Areas where they recommended improvements included:

- *Develop a clear, bold and inclusive vision and strategy for Lincolnshire in conjunction with partners and residents..*
- *Review the membership of "Leaders in Lincolnshire" forum to ensure that key partners are involved and that it does what it says on the tin.*
- *Finalise the corporate plan and "Lead on the front-foot" by reaching out to key partners and communities to reset and strengthen relationships.*
- *Embed the corporate plan and the 'One Council' model into the organisation through an organisational development programme.*
- *Improve transparency of the financial reports.*
- *Develop and implement a climate strategy for Lincolnshire.*

## Council's Response to Covid-19

The whole Council has been involved in the response effort in one way or another. This has been an enormous collective effort and whilst there is still a long way to go, everyone should be proud of who they and their colleagues have risen to the challenges involved to date.

### Potential Outbreak (January 2020)

The Council was alert to the potential need for an emergency response as the situation in China developed, engaging with national and regional agencies to ensure that international intelligence informed local actions.

The Director of Public Health took the strategic lead for the county, pro-actively monitoring the international situation and World Health Organisation (WHO) information and attendance at virtual briefings with the Chief Medical Officer, Public Health England and liaison with the Association of Directors of Public Health. The Director of Public Health briefed the Council's Corporate Leadership Team (CLT), Executive members and partner agencies to enable an effective response when required. The first precautionary strategic coordination group (SCG) was called on Friday 31st January to brief the Lincolnshire Resilience Forum (LRF) on the emerging situation.

### Early Response (February 2020)

With the spread of the virus from China to other parts of the world, LCC Public Health moved to initiate & support the Council and wider system response. Council Directorates moved to review business continuity plans. LRF Precautionary Calls were launched & the precautionary Strategic Command Group was stood up and chaired by Director of Public Health. The WHO raised the threat level at the end of February.

## **Response Activation (March 2020 ongoing)**

The Director of Public Health continued as the chair of the Strategic Command Group for the Covid-19 incident and LRF stood up countywide emergency systems through the LRF. Colleagues in Public Health and other Council Directorates assumed strategic, tactical and operational roles, as cell chairs, etc. Business continuity plans were implemented across the Council, particularly in Adult Care & Children's Service to identify the most vulnerable service users and ensure capacity to support them. Non-essential work was risk assessed and put on hold to free staff capacity. New budget reporting processes were established to track covid related spend

The Health Protection Team established a dedicated response team and set up enquiry lines, with Public Health Registrars adding extra clinical expertise and staffing resilience. Working with Commercial Team colleagues, stocks of PPE were reviewed and augmented, with PPE distributed to key settings. Significant work was undertaken with commissioned providers to ensure their resilience, with daily calls to review impact and assurance of financial stability. Significant work was undertaken to establish new and adapt existing services to support business grant distribution and support the most vulnerable people, working closely with District Councils to redesign the Wellbeing Service, with considerable support from serco colleagues. Systems were put in place to mobilise volunteers and community groups, with light touch due diligence checks to enable activity but provide appropriate safeguards.

Staff with health needs were able to start working from home, followed during the week commencing 23 March, with a wider closure of LCC offices in response to the government requirements, enabled by significant support by IT colleagues to move from c400 to over 4000 people able to access systems.

The Council provided daily video briefings to the community regarding its services. The DPH provided regular radio interviews to support community information, understanding and response.

## **Response & Recovery (May 2020 onwards)**

Whilst response activity continues (and for some services will last well into 2021), recovery planning is advancing at the Council and through the Lincolnshire Resilience Forum, with identification of risks and threats, but also of opportunities to adapt services for a 'new normal'.

We continue to support the care home sector, communities and businesses – helping to build resilience and sustainability during this crisis and beyond.

A Local Outbreak Control Plan is being developed – with oversight by the Local Outbreak Engagement Board. The plan aims to set out County's response to the pandemic in the next phase - including communication with our communities.

## Value for money

It is anticipated that the external auditors of the Council will issue an unqualified Value for Money judgement for 2019/20.

**The Council remains generally in a sound financial position relative to other councils over the short term.** This is because of considerable savings made in the earlier part of this decade coupled with a recent trend of underspending its annual budget resulting in either limited or no calls on reserves to balance the budget. The Council has had a financial strategy for a number of years now which has combined:

- service efficiency savings
- modest service reductions
- prudent use of reserves

Continuing to follow this strategy, **the Council has set a one year budget up to March 2021.** The 2020/21 budget is balanced and includes a £2.6m surplus which is being placed in a new 'development fund' reserve. The 2020/21 position is much better than was expected at the beginning of this financial year, which is mainly due to the 'Budget 2020' project work that has been undertaken during 2019, and the additional social care grant funding announced by government as part of its financial settlement for 2020/21.

The **Budget 2020 project** was undertaken during 2019 with the objective of producing a balanced budget over the medium term with a reducing reliance on our reserves. This highlighted a number of efficiencies which has reduced the previously forecast shortfall in the budget over the medium term. It also identified a number of service areas where a 'deep dive' more forensic budget review would be undertaken, with a potential for offering future budget savings.

The Council adopted a new Corporate Plan in December 2019. Future budget proposals will need to include any investment required to support its delivery, as well as giving consideration to the potential efficiencies from the emerging transformation plan.

***The 2020/21 budget includes low risk efficiency savings and income increases but does not include any significant service reductions.***

We have also undertaken a **comprehensive review of the earmarked reserves**, which identified £10.2m of reserves that could be released so have also been transferred to the new 'development fund' reserve.

As in previous years, **the public are generally satisfied** with the standard of services delivered. Services which have received external inspections over the last year in Children's Services have received outstanding ratings.

**The second iteration of the Council's capital strategy introduces a new gateway review and challenge process from April 2020.** This will bring added transparency and rigour to the processes for approving, assessing the affordability of, and monitoring of the capital programme.



A 10 year capital programme has been approved within the provisions of the capital strategy and allows for future investment as well as continuing to maintain and replace our existing assets.

**The Council is constantly monitoring its long term financial position** and has published a Medium Term Financial Plan (MTFP) which forecasts our financial position to March 2023. Future years take into account known cost pressures and planned savings and although we have a surplus budget position for 2020/21, the MTFP predicts a budget shortfall for the years beyond this. This position will be updated during 2020 and will also need to give consideration to:

- the outcome of the Government's comprehensive spending review
- the partial localisation of business rates from April 2021
- the outcomes of the Fair Funding Review being undertaken by Government
- the government review of funding for Adult Social Care services

In response to the financial challenges being faced by Local Government, CIPFA have now published a financial resilience index to act as an analytical tool to consider the Council's position over a number of measures associated with financial risk.

We are regularly assessing our latest financial performance for its potential impact on our overall financial resilience. To date, we have not identified any significant impacts which would affect our financial resilience in the near future.

CIPFA have also published a new Financial Management (FM) Code designed to support good practice in financial management and demonstrating financial sustainability. We will undertake a review of our current practice against the new code to aim to meet the compliance implementation date of April 2021.

The Council is the accountable body for the [Greater Lincolnshire Local Enterprise Partnership](#) (GLEP) and supports its governance framework – providing assurance and transparency on the spending of government funds.

## **Key considerations on how covid-19 has impacted on VFM**

**Medium Term Financial Planning** – the Council had set our budgets for 2020/21 amidst a level of uncertainty due to delays in government reviews of public sector finances following Brexit. These reviews now look to be deferred for at least a further year, so we will continue to operate with an uncertainty about what the future funding levels will be to delivery our services.

We are still planning to update our Medium Term Financial Strategy over the summer, which will look to capture the likely short and medium term impacts of the current emergency situation on the Council's financial position.

We are increasing the number of **budget monitoring reports** to be shared with our members, to ensure the monitoring of our financial position is more timely and transparent. Our reporting is also capturing the additional costs resulting from the emergency response.

There has been a **delay on some of our procurement activity**, this does not mean we are no longer receiving value on these contracts, but this may have delayed planned service improvements or the delivery of efficiencies. We have also been supporting our suppliers by continuing to pay for normal levels of service, when this may not reflect the services being delivered. This is to ensure our suppliers can continue to operate and remain financially stable to beyond the Covid-19 pandemic.

The Council has had to initiate some new activity as a result of the pandemic, including **support to those members of our communities identified as clinically vulnerable.**

The government has made **emergency grant payments** to the Council specifically for the purpose of supporting the additional costs of the local decisions being made to manage the emergency response and recovery. The additional costs and impacts of the Covid-19 pandemic, and use of the government grant are being closely monitored and regularly updated.

## Roles and Responsibilities

### Head of Internal Audit

The Head of Internal Audit is required to provide an independent opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it.

The annual report has been considered in the development of the Annual Governance Statement and any significant governance issues incorporated as appropriate. The opinion of the Head of Internal Audit is included in this statement.

They are able to operate effectively and perform their core duties - complying with the CIPFA Statement on the role of the Head of Internal Audit.

### Monitoring Officer

The Chief Legal Officer is the designated Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the [Constitution](#).

The Monitoring Officer is responsible for ensuring the Council complies with its duty to promote and maintain high standards of conduct by members and co-opted members of the authority.

### Chief Finance Officer

The Council has designated the Executive Director – Resources (formally Executive Director - Finance and Public Protection) as the Chief Finance Officer under Section 151 of the Local Government Act 1972. He leads and directs the financial strategy of the Council.

They are a member of the Council's Leadership Team and have a key responsibility to ensure that the Council controls and manages its money well. They are able to operate effectively and perform their core duties - complying with the CIPFA Statement on the role of the Chief Finance Officer.

### Senior Information Risk Owner

The Executive Director – Resources is the designated Senior Information Risk Owner with responsibility for strategic information risks and leads and fosters a culture that values, protects and uses information in a manner that benefits the Council and the services it delivers.

The Senior Information Risk Owner also ensures an appropriate governance framework is in place to support the Council in meeting its statutory, regulatory, and third party information obligations, and which mitigates information risk from internal and external threats.

## Director of Public Health

The Director of Public Health gains assurance from a range of organisations on the suitability and effectiveness of arrangements for protecting the health of local people from a broad range of threats to their health.

One of the statutory duties of each local authority Director of Public Health is to produce an independent report on the state of the health of the people they serve on an annual basis. Local authorities have a statutory duty to publish the report. As the reports are aimed at lay audiences, the key feature of the reports must be their accessibility to the wider public. This year's report is on the burden of disease in Lincolnshire and is available [here](#).

## Council managers

Our managers have the day to day responsibility for services, and are accountable for their successful delivery. They set 'the tone from the top' and develop and implement the policies, procedures, processes and controls – ensuring compliance.

## Corporate Leadership Team

Our corporate leadership team oversees the Council's governance arrangements and the development of the Annual Governance Statement. There is also a corporate governance group of officers whose role is to support the Council to ensure that it complies with the standards of good governance.

**The Leader of the Council, Chief Executive and Executive Director - Resources have overseen the review of our governance arrangements and have signed the Annual Governance Statement.**



## Effective Scrutiny and Review

### Overview and Scrutiny Management Board

The [Overview and Scrutiny Management Board](#) exists to review and scrutinise any decision made by the Executive, Executive Councillor or key decision made by an officer.

The key aim of scrutiny in councils is to:

- Provide healthy and constructive challenge
- Give voice to public concerns
- Support improvement in services
- Provide independent review

Each year an [Overview and Scrutiny Management Board Annual Report](#) is produced showing the activities undertaken.

### Audit Committee

The Council's Audit Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done.

It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and make sure the right processes are in place. It works closely with both internal audit and senior management to continually improve the Council's governance, risk and control environment.

[Find out more about the Audit Committee here.](#)

### Full Council

The Annual Governance Statement is brought to the attention of the full Council.

### External Audit

The Council's financial statements and annual governance statement are an important way we account for our stewardship of public funds.

Mazars, our external auditors, audit our financial statements and provide an opinion on these. They also assess how well we manage our resources and deliver value for money to the people of Lincolnshire.

They also review the annual governance statement to assess if it accurately reflects their understanding of Council.

## Information Assurance

Information is a critical asset and must be subject to an effective governance and assurance approach throughout its lifecycle, from creation through to destruction. Information assurance provides a mechanism which seeks to achieve this by confidently managing information risk through the application of a diverse set of controls.

It also ensures that the Council understands, and aligns with, the legal and regulatory environment within which it operates by using information in a way which is lawful, fair, secure and transparent, achieving this in a way which helps, not hinders, the delivery of council services.

## Employee Survey

An employee survey was undertaken in **November 2019**. The completion rate was 48% of the workforce. All the work we are doing to improve the experience as an employee of LCC is supported by the Transformation programme.

**57% of staff thought that we do operate and work well as One Council however you wanted to know more about what 'One Council' is and how it will work.**

At its core, transformation will:

- create identity as a Council, not separate services,
- use digital and enabling technology
- consider climate action and sustainability.

## The 4 workstreams are People, Customers, Property and Processes

People:	What it means to be a great LCC employee, manager and leader – what is a digital employee. Adapting Services and processes to deliver our strategies
Customers:	Putting our customers at the heart of everything we do. New community strategy, accessible, digitally enabled and personalised customer experience
Property:	Reviewing the property strategy including the buildings we need, their upgrade and our agile and flexible working approaches.
Processes:	Reviewing, refreshing and simplifying corporate processes making use of new digital opportunities. Using data and programme management to enable and demonstrate effective performance.

## How we carry out assurance

A combined assurance status report is produced by each executive director.

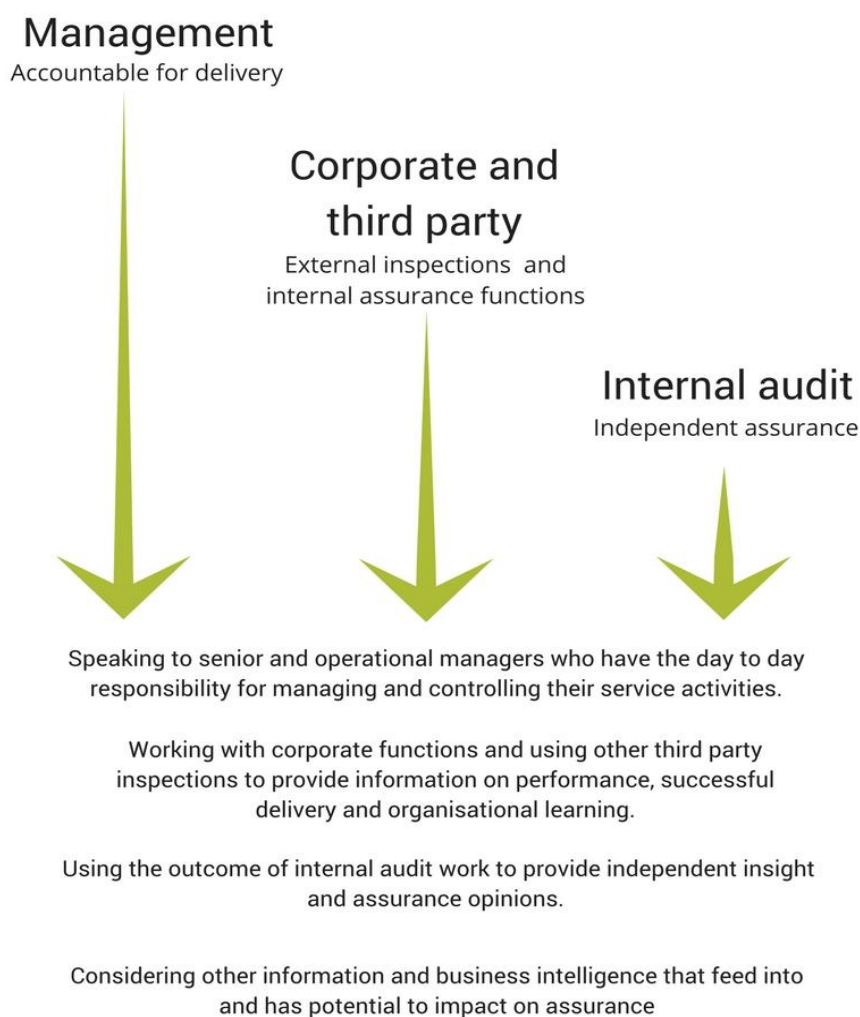
It looks at the level of confidence the Council can have in each area for:

- service delivery arrangements
- management of risks
- operation of controls
- performance

These reports were reviewed by the Audit Committee on 10<sup>th</sup> February 2020.

The council adopts the 'three lines of assurance' methodology, as seen below.

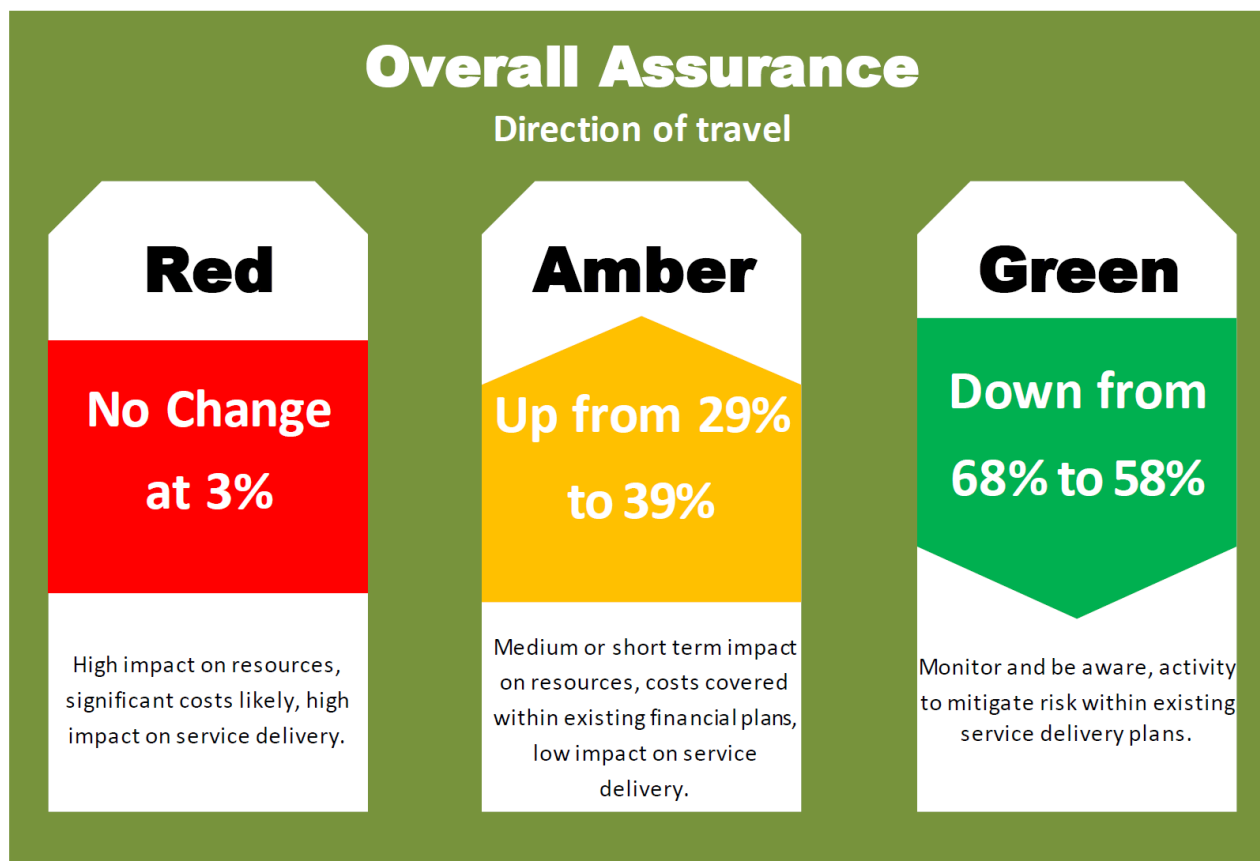
### How do we assure ourselves about how the council is run?



## The Council's assurance levels

Overall there is a positive assurance picture for the Council but one that reflects the complex environment in which we operate – recognising that some areas will remain at Amber.

The Council will need to be comfortable with taking more high risk decisions and accepting that there may be service failures as a consequence of budget and service reductions.



The key areas of improvement identified in our assurance map include:

Area	Executive Director
Better governance and oversight of key projects – including benefit realisation	Executive Director Commercial
<b>Delivery and oversight of transformation programmes – which includes the following work streams:</b> <ul style="list-style-type: none"> <li>• Our people</li> <li>• Our customers</li> <li>• Our property</li> <li>• Our processes</li> </ul> <b>with enabling technology across all work streams.</b>	Executive Director Commercial

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Area	Executive Director
Review of contract management and associated commercial / third party risks	Executive Director Commercial
Implement improvements over our risk management arrangements – including updating the Strategic Risk Register	Executive Director Resources
Reviewing our decision making and scrutiny processes	Executive Director Resources
Update of Corporate Plan & performance management arrangements	Corporate Leadership Team
Review of Assurance and Accountability framework following the review of the Corporate Plan and corporate oversight functions	Corporate Leadership Team
Implement improvement actions arising from the Peer Review 2019	Corporate Leadership Team
Implement improvement actions arising from the Employee Survey 2019	Corporate Leadership Team

Implementation of agreed actions will be monitored through the Council's performance management systems – including its transformation programme and success framework. This measures the achievement of our Corporate Plan - approved by the Council in December 2019.

## Head of Internal Audit Opinion





The opinion of the Head of Internal Audit is given for 2019/20 on four areas of Council assurance:

- **governance** (how the Council is run)
- **risk** (the risks to the Council's operations)
- **internal controls** (the processes in place to ensure compliance)
- **financial controls** (the processes in place to ensure we manage our finances appropriately)

For the twelve months ended 31 March 2020 the Council's arrangements for governance, risk management and control is unaffected by the coronavirus. That said, my opinion needs to be contemporary and take into account its impact on the Council's governance, risk and control environment.

Based on the work we have undertaken and information from other sources of assurance, my opinion on the adequacy and effectiveness of the Council's arrangements for governance, risk management and control is:

This opinion is however **caveated** as it **not possible for us to quantify** the additional risk arising from the Council's response and recovery or the overall impact on the framework of governance, risk management and control.

<b>Governance</b> 	<b>Performing Adequately</b> – Some improvement required to manage a high risk in a specific business area and medium risks across the Council
<b>Risk</b> 	<b>Performing Adequately</b> – Some improvement required to manage a high risk in a specific business area and medium risks across the Council
<b>Internal Control</b> 	<b>Performing Adequately</b> – Some improvement required to manage a high risk in a specific business area and medium risks across the Council
<b>Financial Control</b> 	<b>Performing Adequately</b> – Some improvement required to manage a high risk in a specific business area and medium risks across the Council

## Appendix 1 – Governance framework

### Where do we need assurance?



### Where can / do we get assurance from?



## Appendix 2 – Strategic risk register

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.

Our Strategic Risk Register is regularly reviewed and our risks are being effectively managed.

Risk	Mitigating actions	Risk rating	Level of assurance	DoT
Safeguarding children	Good and effective management arrangements in place with controls working effectively	Medium	Substantial	↑
Safeguarding adults	Programme in place to develop and implement suitable assurance frameworks for commissioned services & personal budgets.	Medium	Substantial	↑
Good business continuity and resilience	Programme in place to review and test continuity and recovery plans	Medium	Substantial	↑
Market Supply – Adequacy of market supply to meet eligible needs across a number of directorates within the Council	Strong relationships with providers & funding for residential care secured. Improved contract management.	Medium	Limited	↑
Ability to deliver our programme of designated projects	Project governance arrangements in place – but corporate oversight needs improving	Will be updated once the transformation plan agreed		↑
Funding and maintaining financial resilience	2019/2020 budget underway. Good financial management and monitoring.	Medium	Substantial	=
Ability to recruit and retain staff in high risk areas	Proactive work continuing in this area	Medium	Substantial	↑
Ensuring contracts and markets (other than adult care) are fit for purpose	Commercial team supports the business with ongoing work to strengthen contract management (intelligent client) and learning from procurement/existing	Medium	Limited	=

Risk	Mitigating actions	Risk rating	Level of assurance	DoT
	contracts			
There is a risk of a successful cyber-attack against the council which will have a significant/critical impact	Ongoing work to identify and manage the ever changing risk presented by cyber threats. ISO/IEC 27001:13 accreditation attained	High	Limited	↑
IT Infrastructure – the ability to implement transformational aspirations and deliver business as usual	IT Governance Board in place – together with appropriate resources / projects to deliver transformation. New post established to support oversight and accountability.	Medium	Limited	↑

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



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