

Combined Assurance

Status Report

Newark and Sherwood District



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Contact David Dickinson, Director of Resources
Details:David.Dickinson@nsdc.info

Introduction

This is the first combined assurance report for the Council.

Working with management Internal Audit has 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’.

Internal Audit have 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.

This report reflects the level of assurance at the end of the 2012/13 financial year. However our aim is to give Senior Management and the Audit and Accounts 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 :

- **critical systems** – those areas identified by senior management as having a significant impact on the successful delivery of priorities or whose failure could result in significant damage to 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 the 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 Council can have on its service delivery arrangements, management of risks, operation of controls and performance.

We did this by:

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



Key Messages

The national economic picture has continued to present challenges for the public sector. The Council has been able to manage its finances and services carefully, making significant savings whilst responding to the needs of Newark and Sherwood's residents and businesses. We have made difficult choices and delivered large savings (£3 million between 2010/11 and 2012/13). We are planning to make further savings as our income from government reduces up to 2017.

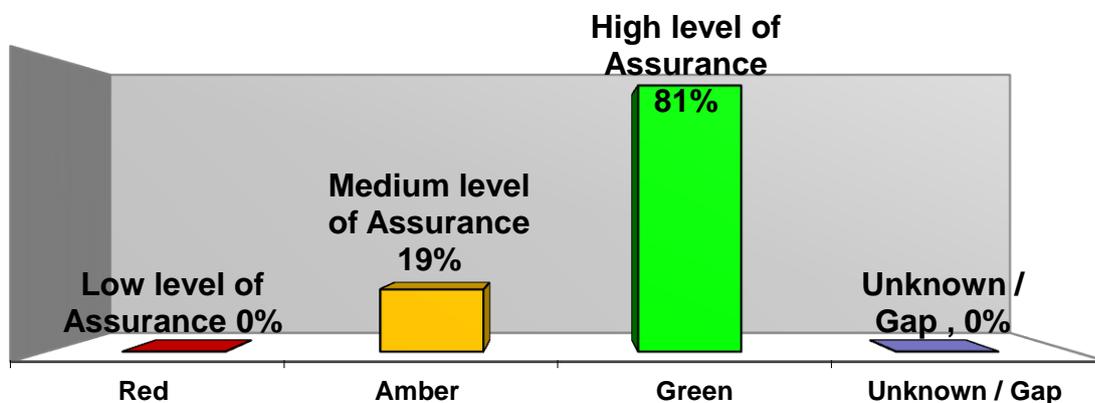
We have tried to maintain services to the public as far as possible. We have frozen council tax for the third consecutive year to minimise its impact on the public. We will use our £83 million revenue budget for 2013-14 and our ambitious capital programme of £54 million for 2013 – 2018 to provide the services and make investments that support our strategic priorities.

Our capital programme has the potential to add £183.8 million to the district's economy with each £1 spent generating £3.40 in value. Major investments are planned in a new museum and national civil war centre and a new leisure centre that will unlock private and government funding in business and in housing creating more local jobs, boosting supply chains and wellbeing.

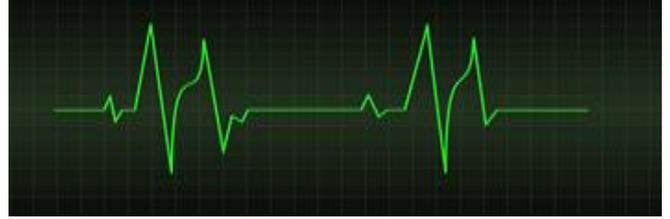
Overall the report shows a high level of positive assurance. Whilst there are always improvements that can be made, CMT is happy that more than 80% of critical systems have green status and there are measures in place to improve areas that fall beneath this standard.

The Council moved to a committee style of governance in May 2013. There will inevitably be some teething problems as the new system beds in, but through the work of our councillors' commission we will ensure that we alter and adapt the new system as necessary to ensure that it is robust and fit for purpose. In designing the new system we have sought to strengthen our relationships with outside bodies and with our external partners and to clarify remits and responsibilities. At the same time we have sought to retain strong strategic leadership, transparency and accountability together with effective scrutiny, review and performance management. This all contributes to a good assurance framework.

Figure 1- Your overall Assurance Status – Critical Services



Critical Systems



One area where we have not co-ordinated assurances is on the Council's ICT systems. This work will be completed in 2013/14 and feed into the next annual status report.

Figure 2 shows the key areas included in the Council's assurance map – most being in Resources.

The Council has a strong assurance framework in place that works well. This has resulted in a high level of confidence in our risk and management processes. This is supported by making the best use of Internal Audit on areas where independent challenge and insight adds value and compliments internal and external reviews.

Recommended improvements in our assurance framework and resulting from Internal audits is tracked through the Audit & Accounts Committee.

The remainder of the report provides assurance information on each Director service area.

Figure 2- Your Assurance Map

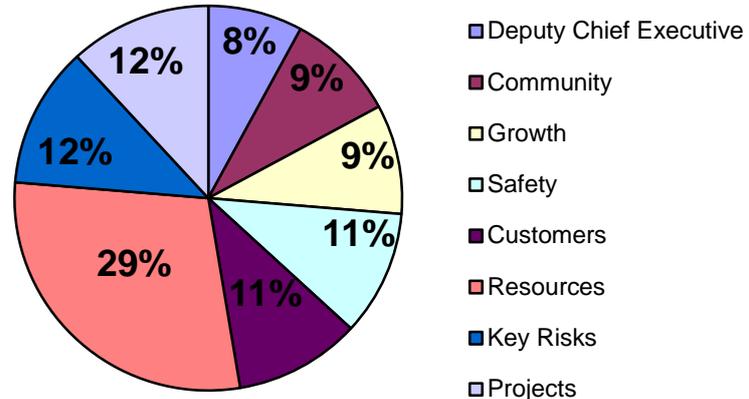
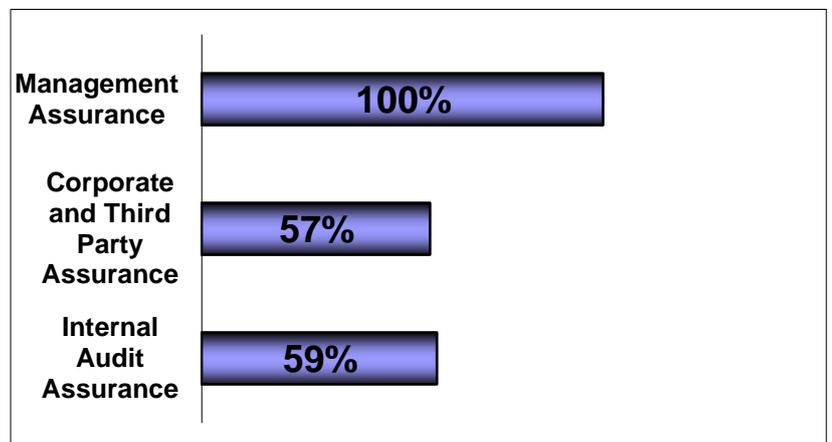


Figure 3- Who Provides Assurance on your Critical Activities

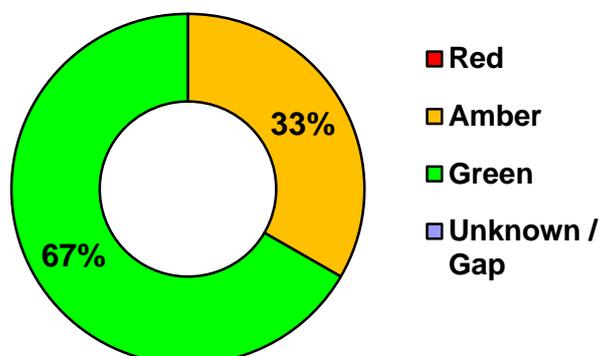


Deputy Chief Executive

Figure 4- Deputy Chief Executive

Partnerships and Corporate Oversight

The Council has a partnership toolkit which has been updated and is available on the intranet. Key partnerships have been identified as The Newark and Sherwood Local Strategic Partnership (which reports to the Policy Committee), and Newark and Sherwood and Bassetlaw Community Safety Partnership (which reports to the Homes and Communities Committee). Whilst an overview of partnerships rests with the Deputy Chief Executive the day to day running and reporting on these two key partnerships rests with the Director of Safety.



Further work is being undertaken to identify all external bodies where the Council currently provides a representative. This work will determine the level of importance for the Council in retaining a presence on this body and clarify its role on the body and the reporting mechanism for work the body is undertaking. This overview will allow the Council to decide with clarity on which bodies it is important to retain a presence.

It is suggested that this is listed as amber as there remains some work to be undertaken. However the Deputy Chief Executive is comfortable that this current level of assurance is appropriate for this work and that key partnerships have suitably robust mechanisms of checks and balances.

Corporate Plan

The annual report was approved by Policy Committee on 6 June 2013. This details not only work that has been completed in the last year but also work planned for the coming year. Clearly defined links to the Council's priorities are demonstrated and give direction to the workplan. Underpinning this is a set of service plans which have been completed by all managers, giving light touch details of the initiatives and issues that will be addressed, again clearly linking these to the Council's priorities.

Work is currently on going to analyse these service plans and it is expected that within the next few weeks these will be refined and approved by the Corporate Management Team.

It is suggested this is listed as Amber. The Deputy Chief Executive is comfortable with this level of assurance as it is expected this can be classed as green shortly once service plans have formally been approved.

A suggested next step would be to factor in customer comments and the views of stakeholders into the review process. This already forms an element of the commissioning framework so it can be expected that relevant stakeholder information on every business unit will become available over the course of the commissioning programme.

Corporate Governance

The Council moved to committee style of governance at its annual meeting on 14th May 2013. The committee structure was developed through a series of meetings of the Councillors Commission and sought to retain the advantages of the Cabinet style of governance rather than a nostalgic return to a traditional 1972 Act committee structure. Accordingly a strong and effective strategic

leadership was embedded into the design with a small Policy Committee which to some extent reflects the role and functions of a Cabinet.

Overview and scrutiny principles were also embedded into the structure with policy development review and performance management clearly included within committee remits. The opportunity was also taken to clarify the relationship between committees and external bodies and partnerships.

There will inevitably be some teething problems as the new system is implemented. However, it is suggested that this be listed as amber. The Deputy Chief Executive is satisfied that this level of assurance is appropriate as considerable time and thought was given to designing the new governance framework in a manner which was effective and fit for purpose.

Commissioning

Following the four pilot projects a Commissioning Framework and plan was approved by Policy Committee on 6th June 2013. This clearly takes from the learning of undertaking the four pilot projects and sets out a programme for commissioning over the next 5 years. Whilst this plan has been developed over 5 years it will be reviewed annually to take into account opportunities and issues that may arise. It has a redeveloped architecture for the programme including how the remit and scope of individual projects will be set and monitored.

This document gives clear reporting and monitoring lines both within the officer and member environment.

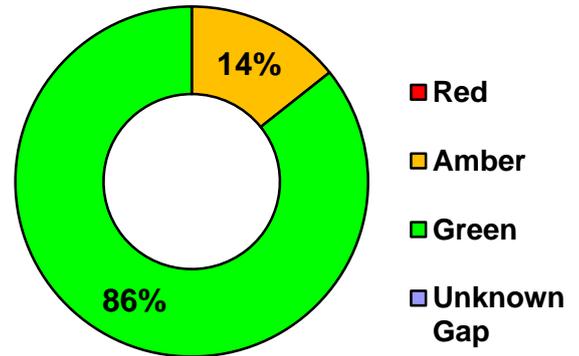
It is recommended that the Commissioning Programme is defined as Green, each individual project within the commissioning programme may be at different levels of assurance depending upon its scope and progress; these will be addressed within the programme management.

Growth

Figure 5- Growth

The areas covered by Growth include Planning Development (which deals with planning application processing and front line advice), Planning Policy, Building Control, Economic Growth, Strategic Housing and these functions are supported by a specialist Growth Admin team.

The services are very much in the front line with regard to serving customers, and Planning in particular is a service that people get very emotive about. We have spent a huge amount of investment in ensuring that our processes are as efficient and effective as possible so that our customers are able to obtain information and interact with us in a number of different ways. This applies to both Planning and Building Control. A regular focus on service quality and customer satisfaction is required and a high level of assurance expected.



We have also made great strides in providing the spatial plan for the District in the form of the Local Development Framework. Together with the Community Infrastructure Levy, this provides a strong level of certainty for developers and investors.

This strong focus on “Place”, and the regulatory framework which underpins our approach is supported by the Economic Growth Team, which is making good progress in creating a new confidence for businesses in the District. We are one of the few District’s nationally to provide a business loan service. This has a strong governance system which underpins it.

The Council has its priorities set out under the headings of prosperity, people, place and public service. Business plans within the directorate are aligned with the corporate priorities and then fed into team objectives and individual objectives through the appraisal system. In this way, a golden thread is achieved in aligning the work of an individual employee with the delivery of the council’s goals.

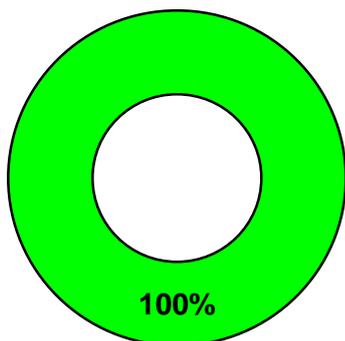
Performance management and risk is embedded through the use of Covalent, which is viewed by CMT on a regular basis and is subject to regular discussion through 1 to 1s between the Director and the Business Managers. Business continuity plans are seen as an essential component to business unit operations and challenge by audit on critical activities is welcomed.

Building Control – this Business Unit is under a continuing pressure to bring in income within an increasingly challenging environment. The capacity of the Unit is limited which means that its ability to win work needs to be very effective. The forthcoming Commissioning process will enable the unit to focus on key issues such as this over the forthcoming months.

Changes in terms of Housing and Welfare Reform are having key impacts on the way the Strategic Housing Business Unit delivers its service. However, these changes have been identified and the Unit's business plan provides a sound approach to tackling these increasingly challenging issues.

Overall, the Growth Directorate has made significant changes over the last year in the way that it operates. It is now much more customer and business focussed, and the Business Units work well together. The issue of capacity needs to be closely monitored, but Business Units are agile and cohesive. and are now well placed to handle the forthcoming challenges that will arise over

Figure 6- Community



- Red
- Amber
- Green
- Unknown / Gap

Community

The areas covered within Communities namely:

- Waste;
 - Cleansing;
 - Recycling and Transport;
 - Parks and Amenities;
 - Markets and Car Parks;
 - Sports and Arts Development
- are working well as is reflected in the assurance summary.

The 'front line' nature of the services provided within the Community Directorate is such that they have a significant role to play in forming the Councils reputation as a service provider.

One of the Councils key priorities is 'Place' and the services within the Community Directorate have a critical role to play in ensuring that the district is an attractive place to live, visit and/or work in. The quality of the local environment and in particular our public open spaces is vital in attracting visitors and businesses to the district and enhancing the health and wellbeing of our residents. A regular focus on service quality and customer satisfaction is therefore required and a high level of assurance expected.

In 2012/13, there has been significant work and improvement on performance management corporately. This has provided Business Managers with up to date performance information on agreed targets and senior management with assurance on risk management and business continuity. This is particularly relevant and welcomed by the service areas within the Directorate as the nature of these services requires a robust focus on Health and Safety and associated risk as well as service quality and customer satisfaction. The performance management framework compliments the existing procedures utilised by Business Managers to determine and mitigate risks and the data it provides is utilised in the regular meetings held with Business Managers and the Director.

Given the nature of the services within the remit of the Community Directorate it is essential that the respective Business Managers have complete ownership of all aspects of the services they manage. This is encouraged and supported by senior management as is the need for them to be innovative and entrepreneurial in their approach to service delivery. Standards of service performance and delivery and customer satisfaction are generally good and in some cases excellent but there is always room for further development and improvement and some specific areas have been identified for further improvement in risk management..

In 2013/14 there will be a growing focus on Health and Wellbeing in its broadest sense with the Communities Directorate taking a key role in this working with key partners to develop and implement projects and health interventions. There will also be a focus on developing new and enhancing existing waste and recycling services both within the district and county wide working in partnership with neighbouring authorities where appropriate.

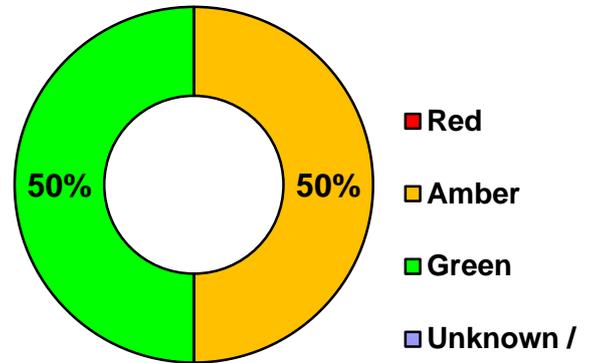
I am comfortable with the level of assurance provided on the range of services covered by the Community directorate.

Safety

Figure 7- Safety

The areas covered within Safety are a mix of front facing, corporate and back office services, namely:

- Risk Management;
- Health & Safety;
- Human Resources;
- Legal;
- Equalities and Diversity;
- Business Continuity/Emergency Planning;
- Environmental Health;
- CCTV; and
- Community Safety.



During 2012/13 significant resources were committed to an intensive series of Council wide staff workshops, the feedback from which has gone into informing the review and update of the workforce development plan. A cross Council officer working group was also established to review and develop changes to the appraisal process and supporting documentation to improve its fitness for purpose. The feedback from the workshops and the business plans that business managers have compiled, which tie into and reflect the Council's four priorities, are also being used to influence the development of the new appraisal process and workforce development plan. The HR business plan incorporates these two areas of work and sets out timelines for them to be completed over the next few months. The Director – Safety is comfortable, given the work in progress, that this area be listed as amber as it is expected this can be classed as green shortly once the work has been progressed.

An internal audit report was produced on 10 December 2012 following a review of equality and diversity within the Council. This report highlighted improvements in a number of key areas that needed to be addressed to ensure full compliance with the public sector equality duty, but also acknowledged that the Council has a clear commitment to equality and diversity which had been actively promoted within the organisation. Many of the actions highlighted in the report have already been progressed, and these are regularly reported on to the Council's Audit and Accounts Committee. A corporate equality and diversity strategy setting out the Council's objectives and responsibilities has been adopted which includes an action plan detailing responsible officers and timescales. The Council's performance management system, Covalent, has enabled specific performance indicators for equality and diversity to be developed and reported on. It is appropriate that this area is classed as amber, although given the resources allocated to achieving the actions identified in the action plan, this should progress to green over the next few months.

Assurance for Emergency Planning is substantial. The Council has extremely well developed processes in place and effective, highly trained and responsive staff in this area of work. Whilst all the Council's business units have business continuity plans in place, some work is now being undertaken to streamline processes and ensure that there is a clear corporate overview as to how the plans fit together. Once this work is complete, the Director – Safety considers that the current amber status of business continuity should be moved to green.

CCTV has been undergoing significant change over the last year, in that the Council took over CCTV monitoring for Ashfield District Council under contract and has also been developing a shared service with Broxtowe Borough Council. The shared service is currently going through a period of 'bedding in', hence the amber status of this work area. However, significant progress has been made over the last few months in establishing this shared service, performance standards are good and significant savings have been made through the shared service and joint procurement with Broxtowe.

Given the comments made above, and the controls in place, I am comfortable with the level of assurance provided on the range of services covered by the Safety directorate.

Customers

The Customers Directorate covers a broad mix of both frontline and back office services. The three council-run leisure centres in Newark, Ollerton and Blidworth, together with the Palace Theatre, Museums Service, Customer Services and Housing Options, serve a wide range of customers with very differing needs.

Marketing and Communications and ICT are key functions which enable the delivery of the frontline services and, particularly in the case of communications, are a key pillar of the income generating activities of the leisure and culture offer.

Assurance is achieved in the directorate through a mixture of process, policy and procedure, together with a strong element of people management.

The council has its priorities set out under the headings of prosperity, people, place and public service. Business plans within the directorate are aligned with the corporate priorities and then fed into team objectives and individual objectives through the appraisal system. In this way, a golden thread is achieved in aligning the work of an individual employee with the delivery of the council's goals.

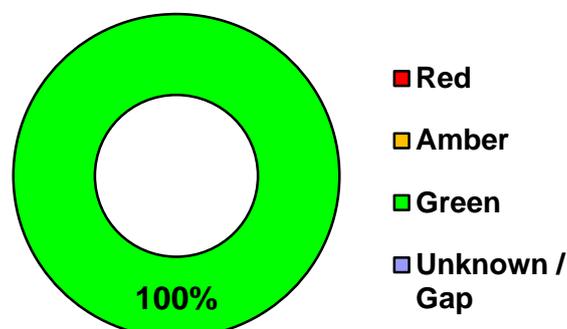
Performance management and risk is embedded through the use of Covalent, which is viewed by CMT on a regular basis and is subject to regular discussion between individual directors and business managers. Business continuity plans are seen as an essential component to business unit operations and challenge by audit on critical activities is welcomed.

The customer complaints procedure is another useful tool in ensuring that services are delivering in line with their objectives, with clear processes in place for complaint recording and storage on the Customer Relationship Management system and escalation to senior management where appropriate.

Business managers are encouraged and supported to have an increased degree of autonomy and responsibility to lead their business operations, provided there is sufficient evidence the controls of process, policy and procedure are in place. In these circumstances, further assurance is achieved through 1 to 1 discussions between the director and business managers every two weeks. Part of these meetings are given over to coaching and mentoring managers to overcome any issues they may be facing within their business units. Managers are encouraged to try new ways of doing things and given constructive feedback when things go as intended and when they don't. In this way, leadership is created and supported throughout the directorate.

The directorate faces new challenges over the coming year, with plans to outsource the Palace Theatre well into development and to deliver a new National Civil War Centre and a leisure centre in Newark. On top of these, the full extent of the impact of welfare reform is not yet known, but could mean a significant increase in demand in Housing Options. The financial challenges the council faces are set to continue meaning that at a time when resources are set to continue reducing, capacity will need to be found to successfully deliver the major capital projects that are anticipated.

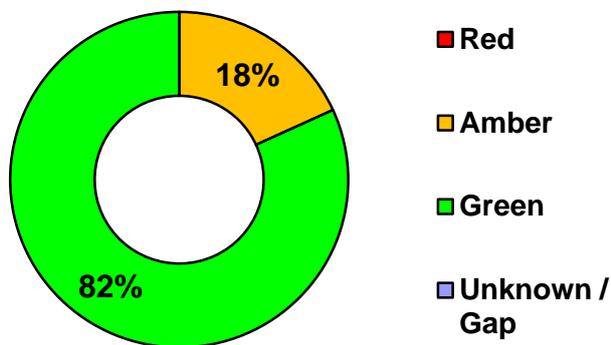
Figure 8- Customers



The issue of capacity will need to be closely monitored, but I remain comfortable with the controls we have in place to do this. As a result, I'm comfortable with the level of assurance within the directorate.

Figure 9- Resources

Resources



Most areas within Resources are working well and this is reflected in the assurance summary. The nature of the services provided is such that there is regular focus on governance and control arrangements so a high level of assurance is expected.

In 2012/13, there has been significant work and improvement on performance management. This section also provides senior management with assurance on risk management and business continuity arrangements across the Council. The transition from Council Tax Benefits to the new Council Tax Support Scheme has been well managed with key decisions being taken at the earliest opportunity and senior staff being involved at national and regional level which has enabled the Council to influence national policy and resulted in being aware of changes at the earliest possible time.

The changes to local government finance have also been well managed and again the Council has played an important role at national and regional levels.

In 2013/14 there will be a focus on improving the Council's approach to strategic asset management and counter fraud as well as maintaining the high levels of assurance in other areas.

The Council's role in the management of the Government's Welfare Reform Act is still unknown. This will result in significant changes to the benefits function in 2013/14 and future years and governance arrangements will be a key element of this.

I am comfortable with the level of assurance provided on the range of services covered by the Resources directorate.

Suggested next steps.....

The Council has changed from a Cabinet system to a Committee system from May 2013. A new Council Constitution has been approved and is effective from the same date. This provides a new governance framework for the Council which will be monitored and reviewed during 2013/14.

Major projects will continue to be managed through project boards which will normally include at least one member of CMT.

The Performance Business Unit will continue to provide assurance to management not only on performance but on Business Continuity, Risk Management and Health and Safety. Corporate Management Team will consider reports on these issues. Risk Management will be reported to the Audit and Accounts Committee and appropriate performance issues will be considered by Committees.

Other assurance issues will be raised at meetings of Members, CMT and Business Managers as appropriate.

For 2013/14 the Council has new external auditors, KPMG, who will provide an element of assurance. Working practices are currently in the process of being agreed between KPMG, Internal Audit and the Council.

With the new audit standards we will be undertaking a review to ensure that the Council is getting the best value for money from internal and external audit.

We are looking to raise awareness across the Council of counter fraud measures and comply with the National Fraud Authority's good practice as set out in "Fighting Fraud Locally".

Your Strategic Risks

The Council has an active approach to risk management and has reviewed the key strategic risks facing the Council. As well as the risks identified in this section, Business Managers identify operational risks and these are managed through similar processes. Directors have individual meetings with Business Managers at which risks are discussed.

Each risk is recorded in detail and managed through the performance management system. Key strategic risks are reported through the Audit and Accounts Committee. Each risk is managed through a member of the Corporate Management Team who meets with appropriate officers on a quarterly basis. Strategic Risks are regularly reviewed by CMT. We also have a Risk Management Group comprising officers from key business units that meets quarterly and is chaired by a member of CMT. Overall, risks are clearly identified and well managed by the Council.

**Funding and
financial resilience**

Growth Delivery

Partnerships

Major Projects

**Community
Cohesion**

**Severe Weather
Events**

**Corporate
Governance**

**Data Management /
Security**

**Workforce
Development /
Transformational
Change**



Projects

The Council has identified that despite the difficult financial situation there is the scope to invest in a range of key capital projects.

Each of the projects shown is managed through a project Board. This approach has been successful for the Council in the past, as evidenced by the level of sustainable savings and change delivered through the SMART Focus programme.

Key projects are also reported through Members.

All major projects have a project team and report to a programme board, some of which include elected members. Update reports are regularly provided to the relevant committee and major projects are run either on full Prince2 or Prince lite principles.

Each project is assigned a project manager and suitable corporate support is identified. This will include representatives from finance and performance and others as appropriate to the project.

Internal and external audit have been used in the past to verify large projects or programmes and it is planned that this will be replicated, as appropriate, for future projects and programmes.

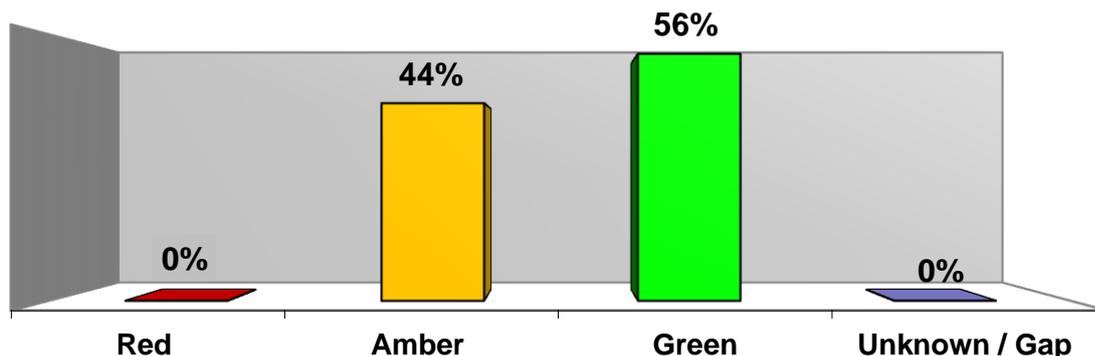
A key change for 2013/14 is that the reporting mechanism will be through the new Committee system rather than to Cabinet or Overview and Scrutiny.

We are conscious of the need to ensure that all projects are properly resourced whilst maintaining the ability to deliver day to day services.

As well as the key corporate projects identified in this section, there are smaller projects delivered across the Council.

We are satisfied that appropriate mechanisms and processes are in place to manage the Council's major projects.

Figure 11 – Assurance on your key projects





Looking Ahead

Delivery of Key Projects

The Council has identified an ambitious programme of key projects which are identified elsewhere in this report. Members and officers will need to retain focus on these projects. Suitable governance arrangements are already in place.

Welfare Reform

We have done significant work in this area to understand the risks as the future remains unknown. We are being proactive in working with Government and regional groups to ensure that we influence and understand the future impact of welfare reform on the Council. Our processes will continue to be reviewed as the welfare reform agenda develops.

Funding

The changes to local government finance have also been well managed and again the Council has played an important role at national and regional levels. We are aware of further reductions in funding over the next few years and these are reflected in the Medium Term Financial Plan. We will continue to prioritise front line services although we recognise that funding reductions also put these at risk.

Growth

The development of prosperity in the District is the Council's top priority. We have put measures in place to improve prosperity, such as the Growth Investment Fund and an apprenticeship scheme. Growth will continue to be a main focus for the Council.