

North Lincolnshire Council

2021/22 AUDIT - VFM: Management Self-Assessment

Self-assessment co-ordinated and completed by:	Nina Torr
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Value for Money Arrangements: Management Self-Assessment

Background

The NAO Code of Audit Practice applying from 2020/21 has changed the focus of the external auditor's work on Value for Money arrangements. Auditors must now identify risks of significant weaknesses in entities arrangements to deliver VFM as defined by three criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services.
- Governance: how the body ensures that it makes informed decisions and properly manages its risks and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The entity themselves should be clear on what its arrangements are against each of the criteria and sub-criteria specified by the NAO.

This self-assessment schedule can be used to document the arrangements in place, the supporting evidence, and the key entity contacts for auditors to engage further in completing their VFM work.

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
<p>Financial sustainability</p> <p>How the body plans and manages its resources to ensure it can continue to deliver its services, including:</p>			
<p>How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them</p>	<p>The Council has a well-established, robust and inclusive budget monitoring process in place. The process focuses on high risk, high value and volatile budgets each month with an all-inclusive review of the current and forecast positions for both revenue and capital completed on a quarterly basis. The process is led and co-ordinated by the Finance Business Partners but includes conversations and challenge with relevant budget holders and other members of staff as appropriate. In the main the outcomes of budget monitoring are discussed at/through senior management teams and the Senior Leadership Team with a focus on the main current and future issues arising and agreeing action where necessary and possible. Longer term issues are also identified through this collaboration and feed into the annual review of the budget and MTFP. Quarterly reports are discussed with the political leadership of the Council.</p> <p>Where material change of circumstances is identified in year, as currently (8/22) with the inflation impact on pay and third party spend beyond MTFP provisions, SLT have been briefed at the earliest opportunity with whole council action planning coordination through ADs and SLT business.</p>	<p>Monthly & Quarterly reports – at service area level and whole council</p>	<p>Richard Andrew</p> <p>Nina Torr</p>
<p>How the body plans to bridge its funding gaps and identifies achievable savings</p>	<p>The council reviews its MTFP each year, both in terms of likely funding, priority investment and identifying/managing funding gaps through a mixture of service efficiency, reprioritisation of investment, and maximising income streams. Services are encouraged to resolve financial pressures within their net approved budget where possible, with significant pressures flowing through to the MTFP to be reviewed as part of the organisational budget balancing considerations. Organisation wide initiatives that support the Councils overall ambitions and priorities are considered and agreed through the Councils Senior Leadership Team.</p> <p>Service Managers are, from time to time, encouraged to consider 'invest to save' type initiatives to identify long term revenue savings through short term investment, taking advantage of the temporary freedoms afforded through the flexible use of capital receipts where appropriate and other one-off revenue/capital injection where a business case is robustly demonstrated.</p> <p>The council has a good track record of spending within the budget envelope set each year.</p>	<p>Action Plan (example)</p> <p>Budget report</p> <p>Capital Investment Strategy</p> <p>Capital Bid Business Case</p>	<p>Richard Andrew</p>
<p>How the body plans finances to support the sustainable</p>	<p>The council has established processes in place to consider both revenue and capital investment and target them to meet council priorities and the desired outcomes with financial planning considered</p>	<p>Council plan</p>	<p>Nina Torr</p>

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
delivery of services in accordance with strategic and statutory priorities	<p>over the medium term and including consideration of external policy decision impacts e.g. in relation to funding.</p> <p>Shared understanding of the Council Plan, strategic priorities and specific strategies such as service strategies, capital investment strategy, integrated transport strategy, external funding strategy, etc. to ensure any financial requirements are reflected in the budget.</p> <p>Council Plan 2022-25 - North Lincolnshire Council (northlincs.gov.uk)</p> <p>Decisions with financial implications taken outside of the budget process are supported by a financial challenge to ensure costs, income and funding are fully considered, understood and accounted for when the decision is taken.</p>	Revenue & Capital budget reports Cabinet report on specific issue (e.g., waste) DDR – Any (redacted to depersonalise)	Richard Andrew
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>The councils budget setting process considers the investment required by all relevant plans.</p> <p>Public Pack)Agenda Document for Council, 24/02/2022 12:00 (modern.gov.co.uk)</p> <p>The closest integration is with capital investment plans where the investment is supported by a robust business case process considering the whole life cost of the scheme.</p> <p>Formal partnerships and cross organisation roles exist where priorities and outcomes are shared and planning, including financial planning, is considered jointly to ensure joint investment requirements are focussed and understood, supported by Integrated commissioning strategies that are consistent with the Council Plan. The Integrated Care System developments include setting out the North Lincolnshire Strategic Intent, partnership and governance arrangements as presented to Cabinet team in July 2022.</p> <p>Item 4 - Humber and North Yorkshire Integrated Care Board.pdf (modern.gov.co.uk)</p>	Council budget papers Capital Investment Strategy Capital investment process outline Humber and North Yorkshire Integrated Care Board cabinet paper BCF Report Initial NLC/CCG Joint Budget Report	Nina Torr Richard Andrew Adam Hopley

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How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The council monitors key financial and activity-based indicators as part of its monthly and quarterly budget monitoring process. Budgets are underpinned by demand assumptions where possible and these are regularly compared to actual activity throughout the year and financial implications assessed. Service areas are encouraged to contain unplanned financial pressures within approved budgets as far as is possible.</p> <p>The council has a reserves strategy that ensures it has an appropriate level of reserves.</p>	Budget Monitoring Q3/Q1 Budget Setting Revenue Report SMT minutes/actions Activity monitoring in service monitoring reports	Richard Andrew
<p>Governance: How the body ensures that it makes informed decisions and properly manages its risks, including:</p>			
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The council has a risk management protocol which is updated regularly, most recently approved by the Audit Committee in January 2021. It is supported more detailed guidance on the intranet available for managers and staff. The council has a strategic lead for risk and governance, within Audit and Assurance, who is responsible for ensuring that managers keep the risk register up to date and promoting risk, and there are a number of “super users” with in the council who act as risk champions. Risk is considered as an element of the Head of Service report, which is part of the council’s Performance framework. Risk management issues are reported to the council’s Audit Committee and the Council’s Assurance Group made up of senior officers.</p> <p>The council has a Local Code of Corporate Governance which is aligned to the national guidance provided by CIPFA/ SOLACE. The council has adopted the 3 lines of assurance model and this is central to ensuring that it receives assurance on the operation of internal controls and for compilation of the Annual Governance Statement. The 2021/122 draft AGS will be taken to the audit committee in September 2022..</p>	<p>https://northlincolnshire.moderngov.co.uk/documents/s4162/Draft%20Annual%20Governance%20Statement%2020-21%20appendix.pdf</p> <p>https://northlincolnshire.moderngov.co.uk/documents/s4162/Draft%20Annual%20Governance%20Statement%2020-21%20appendix.pdf</p>	Peter Hanmer

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
	<p>The internal audit team provides assurance based on a flexible risk-based audit plan which complies with auditing standards. It produces an annual report to the audit committee, which is also shared with the strategic leadership team, which provide an opinion on the council’s control environment. The audit team also provides advice and support on the design and operation of the control environment in general. A guide to the control environment was produced in early 2022 and circulated to managers- it intended to provide managers with an enhanced understanding of the concepts of internal control, its importance, their role in maintaining it, and signposting where they can get extra help and information.</p> <p>The council has a fraud strategy based on guidance contained in “Fighting Fraud Locally”. This is subject to regular review with an update approved by the audit committee in June 2021. The audit committee is kept informed of anti-fraud activities by interim and annual reports. Arrangements to prevent and detect fraud are led by the strategic lead for fraud, including raising fraud awareness.</p> <p><i>Further evidence:</i></p> <p>https://northlincolnshire.moderngov.co.uk/documents/s9509/Risk%20Management%20Annual%20Update%20appendix%201.pdf</p> <p>https://northlincolnshire.moderngov.co.uk/documents/s9502/Code%20of%20Corporate%20Governance%20appendix.pdf</p> <p>https://northlincolnshire.moderngov.co.uk/documents/s9483/Internal%20Audit%20Plan%202022-23%20appendix.pdf</p> <p>https://northlincolnshire.moderngov.co.uk/documents/s10655/Head%20of%20Internal%20Audit%20Annual%20Report%20and%20Opinion%202021-22%20Appendix%201.pdf</p>	<p>ov.co.uk/documents/s4078/Anti-fraud%20and%20Corruption%20Strategy%20appendix.pdf</p> <p>https://northlincolnshire.moderngov.co.uk/documents/s9485/Annual%20Fraud%20Report%202021-22%20appendix.pdf</p>	
<p>How the body approaches and carries out its annual budget setting process</p>	<p>The council’s ethos in budget setting is one of ensuring investment in the right things rather than a focus in savings, aligning that investment with Council Plan, priorities and outcomes.</p> <p>The approach to budget setting incorporates a number of elements these include:-</p> <ul style="list-style-type: none"> • Demand management • Options appraisals and Service redesign 	<p>Council Budget reports</p> <p>(Public Pack)Agenda Document for</p>	<p>Nina Torr</p>

VFM criteria/sub-criteria	Commentary on arrangements	Evidence	Key contact for further discussions
	<ul style="list-style-type: none"> • Partnership working • Transformation • Fewest best assets • Supporting Communities to deliver • Focussing on an enabling role • One-family approach in Children's Services • Channel migration • Outcome Focused Commissioning approach <p>The council also has an in-depth understanding of the factors that affect its Local Taxation yields and closely monitors developments in Central Government Funding.</p>	Council, 24/02/2022 12:00 (moderngov.co.uk)	
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>The council has a well-established and robust budget monitoring process. This is an ongoing process with monthly updates to the Collaborative Planning system focussing on the financial outturn position for revenue and capital. Each quarter a formal report is produced setting out the latest forecast and any corrective action required. Support is provided by the Finance Business Partnering team to service managers, prioritising high risk areas.</p> <p>Budget holders are able to access their financial information at any time through the Unit 4 finance system and are able to use the Financial Planning & analysis system to report their position and forecast each month.</p>	Revenue & Capital monitoring reports Activity monitoring examples Monthly monitoring e-mails to budget holders – outlining requirements & timetable	Richard Andrew
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes	<p>The foundation of the council's decision-making process is its Constitution and scheme of delegation. This makes it clear where the responsibility for any given decision lies.</p> <p>The Constitution is reviewed periodically to ensure it remains legislatively compliant. During the year, reviews of the Scheme of Officer delegations, Proper Officer Appointments, Committee Terms of</p>	https://www.northincs.gov.uk/your-council/the-councils-constitution/	Will Bell Richard Mell Richard Andrew

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arrangements for effective challenge from those charged with governance/audit committee	<p>Reference, Code of Members' Conduct and Contract Procedure Rules were undertaken, and the Constitution amended following the approval of full Council.</p> <p>Decisions are supported by management data and professional advice. Other sources of information which are utilised in decision making are annual reports, external assessments, internal audit reports etc.</p> <p>Decisions are formalised, where appropriate, by minutes (published on the Council's website) or Delegated Decision Records in accordance with the Council's Constitution.</p> <p>The council has an Audit Committee, Standards Committee and various Scrutiny Panels.</p>	<p>https://democracy.northlincs.gov.uk/meetings/scrutiny-panels/</p> <p>https://northlincolnshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=153</p> <p>DDR/Cabinet Reports – evidence of financial consideration, robust challenge and detailed modelling to support decisions taken</p>	
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements & standards in terms of officer/ member behaviour (such as gifts and hospitality, declarations conflicts of interests)	<p>The council has nominated the Assistant Director: Governance and Partnerships as its Monitoring Officer responsible for maintenance of the register of interests. The Standards Committee deals with issues relating to the conduct of elected members, with the support of three independent persons.</p> <p>Officers Code of Practice – Interests, Gifts and Hospitality guidance for employees is shared on the intranet, with the practice supported through HR business partners support for line managers.</p> <p>Practice standards relating to declarations of interest are built into commissioning and procurement project management processes with conflict of interest templates shared on Topdesk.</p>	<p>https://www.northlincs.gov.uk/your-council/members-register-of-interest/</p> <p>Officers Code of Practice –</p>	<p>Will Bell</p> <p>Debbie Haines</p> <p>Nina Torr</p>

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	All elected member decision making meetings (and portfolio holder decision making) have a standard agenda item requiring the declaration of interests. All decision-making reports both to members and officers require conflicts of interest to be declared.	Interests, Gifts and Hospitality	
Improving economy, efficiency and effectiveness: How the body uses information about its costs and performance to improve the way it manages and delivers its services, including:			
How financial and performance information has been used to assess performance to identify areas for improvement	Quarterly Performance Reviews are carried out by all Services to capture issues and identify areas for improvement in line with the Performance Management Framework, with additional statutory reporting and performance responsibilities as appropriate to the service eg Children's. Use of benchmarking and national quartile positions is used to gauge the overall level of performance against peers and to identify where potential improvement may be possible.	Performance Management Framework	James O'Shaughnessy/ Nigel Manders
How the body evaluates the services it provides to assess performance and identify areas for improvement;	The council has a structured and consistent one-council system of performance management, aligned with our assurance framework. The council's Assurance and Risk Group provides officer oversight of performance management to ensure action is being taken to address performance issues and to ensure compliance with the Performance Management Framework. This is underpinned by individual service area Head of Service reporting processes and director SLT updates. Effective use is made of user experience and the customer feedback channels to assess the impact services have and where improvements may be required or realised.	Performance Management Framework Community Tool	Nigel Manders
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve;	The council has a Partnership Protocol and Framework that supports the effectiveness of our partnership arrangements in delivering the council's vision, strategic priorities and agreed outcomes with each partnership being able to demonstrate their effectiveness as part of their governance arrangements. The significant partnerships that fall within the scope of the protocol include: <ul style="list-style-type: none"> • Community Safety Partnership • NL Safeguarding Adults Board • NL Children's Multi-Agency Resilience and Safeguarding Board • SEND Standards Board 	Partnership Protocol & Joint Working Framework and Guidance	Becky McIntyre Dean Gillon

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	<ul style="list-style-type: none"> • Integrated Commissioning and Quality Executive (ICQEX) • Integrated Adults Partnership • Integrated Children’s Trust <p>There is also wider integrated partnership working across North Lincolnshire and the Humber including:</p> <ul style="list-style-type: none"> • Humber and North Yorkshire Health & Care Partnership • Humber Police and Crime Panel • Humber Bridge Board • Humberside Fire Authority 		
<p>Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits</p>	<p>The Commissioning and Procurement team lead on high value/high risk commissioning and procurement projects, liaising with service area leads, legal and wider project team members e.g. information governance as appropriate. In addition, support is provided through the service information available on TopDesk and through advice with a focus on outcome-based commissioning and specification:</p> <ul style="list-style-type: none"> • Contract Procedure Rules and exception process • Procurement support and guidance including corporate contract contacts • Contract management guidance and templates to support effective contract management and assurance that contracts are delivering against outcomes <p>Where contracts are managed in service areas, contract management reporting forms part of that service areas performance reporting with wider teams contributing to QPRs as appropriate.</p> <p>Contract management support through sharing of best practice, training opportunities, Procurement, Spend and Contract Management six monthly reporting.</p>	<p>Contract Procedure Rules</p> <p>Commissioning and Procurement TopDesk guidance templates</p> <p>Procurement, Spend and Contract Management report</p>	<p>Nina Torr</p>

Do any of the following situations apply?

Matter	Yes/ No	Commentary	Key contact
Organisational change or transformation, including mergers or reorganisation	Yes	<p>Shaping for the Future organisational review to create capacity for enabling, progressive and sustainable development and transformation:</p> <p>Stages 1 and 2 created four new director posts, associated portfolios and 12 assistant director systems leadership roles (December 21 – March 22) with the principles of:</p> <ul style="list-style-type: none"> • Alignment of capacity to priorities and ambitions of the council plan • One council leadership • Shaping for agility and stability <p>Stage 3 is continuing in 2022 with accountable manager roles across the organisation following the principles established in the senior leadership phases.</p>	Pete Thorpe Assistant Directors
Outsourcing, or transfer to alternative delivery models, e.g. formal partnerships, mutual, social enterprises, joint ventures, or transferring services and functions back in-house/insourcing etc	No		Nina Torr
Major (new) capital projects	No	<p>The largest projects in-year are highways related. Relative to the size of schemes in the council's capital programme over the past few years these schemes are not unusually large.</p> <p>North Lincolnshire has been approved for the Future High Streets fund and is also in the priority list for the community renewal and levelling up funding – it is anticipated these may lead to major new capital projects in future years.</p>	Nina Torr
Commercial activities, such as investment or trading, where the organisation has not	No		

Matter	Yes/ No	Commentary	Key contact
considered the risks and benefits and is not managing those risks			
Debt restructuring, especially where this involves entering into unusual or complex forms of new borrowing, or is being used to finance unusual or complex schemes	No	All the council's long-term borrowing is with the PWLB. The legal framework the PWLB operates within requires it to recover the present value of all interest due on a loan as well as recovering the principal. In practice this means prematurely repaying most loans will result in a premium to pay which will be an in-year revenue cost. As such no debt rescheduling is planned.	Mark Kitching
Legislative/policy changes requiring a body to take on a significant new function(s)	Yes	<p>Further to the changes in relation to the pandemic a dedicated team has continued to maintain a legislation tracker shared with SLT updates and feeds into all service teams. There have been regular updates, briefings and involvement from Cabinet and all elected members.</p> <p>SLT monitor and contribute to legislation/policy changes and development through national, regional and sub-regional memberships e.g. LGA, ADCS, ADASS groups and service leads continue to monitor changes in legislation and best practice to build into delivery models as appropriate. Where these have financial implications, Finance Business Partners are included in planning; decisions that have a financial impact are subject to our established governance processes through business case development and delegated decision records.</p> <p>Examples include: Domestic Abuse safe accommodation support – from April 2021, Fair Cost of Care, Market sustainability and introduction of care cap.</p>	Becky McIntyre Nina Torr