

Annual Governance Statement for Norfolk County Council 2013-14

1 Introduction

- 1.1 The Accounts and Audit (England) Regulations 2011 require that:
- the Council must conduct a review at least once a year of the effectiveness of its system of internal control,
 - findings of this review should be considered by the Council,
 - the Council must approve an Annual Governance Statement and
 - the Annual Governance Statement must accompany the Statement of Accounts. For Norfolk County Council (The Council) the Audit Committee undertakes these duties on behalf of the Council.
- 1.2 The Chief Internal Auditor reviews the effectiveness of the system of internal control throughout the year and reports annually to the Audit Committee. The Chief Internal Auditor reported to the Audit Committee on 19 June 2014 that, in his opinion, the system of internal control, including the arrangements for the management of risk during 2013-14, was acceptable and therefore considered sound. The Committee agreed with this opinion. This statement will be submitted to the Audit Committee for approval with the Statement of Accounts at the September 2014 meeting of the Committee.

2 Scope of responsibility

- 2.1 The Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way it exercises its functions having regard to economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 2.2 The Council has approved and adopted a Code of Corporate Governance consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the Code is on our website at www.norfolk.gov.uk or can be obtained from Mr. Peter Timmins, Interim Head of Finance, Norfolk County Council, County Hall, Martineau Lane, NR1 2DW.
- 2.3 Through the application of the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, the Annual Governance Statement must include reference to controls where significant activities take place through a group entity. This includes Companies that the Council owns or part owns.
- 2.4 This statement explains how the County Council has complied with the Code of Corporate Governance and meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011, in relation to the publication of an Annual Governance Statement.

2.5 On 1st April 2013, the public health function became the responsibility of Norfolk County Council. The governance of these functions is fully incorporated into those of the Council, following a successful transitional year.

The County Council administers the Norfolk Pension Fund and the Norfolk Firefighters Pension Fund. The governance arrangements are statutorily prescribed. The Council complies with these requirements.

2.6 The County Council hosts or is represented in several Joint Committees which are:

- Norfolk Records Committee,
- Norfolk Joint Museums Committee,
- Eastern Shires Purchasing Organisation (ESPO),
- Norwich Highways Agency Committee,
- Eastern Inshore Fisheries and Conservation
- Norfolk Parking Partnership Joint Committee and
- Great Yarmouth and Waveney Joint Health Scrutiny Committee.

In accordance with the regulations, all publish their own Annual Governance Statements, (which are available on their websites) except for Norwich Highways Agency Committee, the Norfolk Parking Partnership Joint Committee and Great Yarmouth and Waveney Joint Health Scrutiny Committee.

2.7 The County Council has several wholly owned companies, a part owned company and a Community Interest Company (CIC) described below.

2.8 NORSE Group Limited is a nationally recognised company, wholly owned by the County Council. It is the parent company of NPS Property Consultants Limited, Norse Commercial Services Ltd and Norse Care Ltd, plus their subsidiaries. These companies are referred to throughout this statement as NORSE. The governance arrangements for NORSE are included in the body of this report. Where there are unique arrangements these appear at the end of each section and where the arrangements are specific to NORSE, they appear in a separate section. For more information regarding NORSE Group and its services, please refer to its website at <http://www.norsegroup.co.uk/>

2.9 Three other companies were established during 2011-12: Norfolk Energy Futures Ltd* and Hethel Innovation Ltd, which are wholly owned. For more information regarding these companies please refer to their websites at:

- <http://www.norfolkenergyfutures.co.uk/>
- <http://hethelinnovation.com/>

The Great Yarmouth Development Company Ltd, (previously known as Norfolk Regeneration Company Ltd to 23 May 2012), which is 50% owned by NCC, the remaining 50% is owned by Great Yarmouth Borough Council. During 2013-14, GYDC completed the construction of 19 homes for sale in Great Yarmouth with the aim of selling all of them in 2014-15.

*There was no material activity for Norfolk Energy Futures Ltd in 2013-14.

- 2.10 Independence Matters – a Community Interest Company (CIC), started trading on 1 November 2013. It is the first ‘spin out’ social enterprise to be launched by Norfolk County Council and saw over 600 staff transfer from Norfolk County Council’s Personal and Community Support Services. More information regarding Independence Matters please refer to its website at <http://independencematters.org.uk/>

3 The purpose of the governance framework

- 3.1 The governance framework comprises the systems and processes, culture and values by which the County Council is directed and controlled and through which it accounts to, engages with and leads the community. It enables the County Council to monitor the achievement of its strategic objectives and consider whether they have led to the delivery of appropriate, cost effective services.
- 3.2 The system of internal control is a significant part of that framework designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process to identify and prioritise such risks, it evaluates the likelihood of them being realised and the impact they would have should they be realised and helps manage them efficiently, effectively and economically.
- 3.3 All subsidiary companies have a system of governance which is the responsibility of their Board of Directors and designed to give Directors adequate information to review the activities of the Group and review and control the business risks.
- 3.4 The NORSE Board includes a County Council Member and is currently chaired by the Acting Managing Director of the County Council. Another Member attends Board meetings as shareholder representative. The County Council holds control of the Group of Companies by way of its shareholding and the voting rights of the Directors.
- 3.5 The governance framework has been in place at the County Council, NORSE, Independence Matters, Hethel Innovation Ltd and the Great Yarmouth Development Company Ltd for the year ended 31 March 2014. The Head of Human Resources and Organisational Development has fulfilled the role of Managing Director (Acting) throughout the whole financial year. In March 2014, the Council appointed to the permanent position of Managing Director and the new appointee comes into post in August 2014.

Following the County Council elections on 4 May 2013 which saw a the council move from a majority Conservative administration to one of No Overall Control, new leadership and Cabinet was agreed and in November 2013 Full Council voted to review of governance arrangements with a view to introducing a Committee system. The new committee arrangements and appropriate changes to the council’s constitution were agreed by the County Council at its meeting of April 2014. These came into effect in May 2014.

4 The Governance Framework

The key elements of the systems and processes that comprise the Council's and NORSE's governance arrangements are described below. In drawing up this statement a wide range of officers have been consulted – See note 1 to this Governance Statement.

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- 4.1 Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users.
- The County Council continues to manage significant changes as a result of the economic downturn. During financial years 2010-2013 the Council responded to the financial pressures through a comprehensive review of its role and priorities. This review was subject to extensive consultation (the Big Conversation) to seek views on the overall direction of the County Council and achieved savings targets of £140M over the three years 2010-2013.
- With economic forecasts in August 2013 showing that financial pressures will continue and increase, in August 2013, following the Council elections, the Council reviewed its vision, priorities and spending proposals for 2014-2017 to take account of the significant and ongoing change. It engaged and consulted widely on them through the Norfolk: Putting People First, consultation exercise.
- In February 2014, when the Council set its budget it also agreed the new vision and priorities that form the basis of the Council Plan going forward. Those priorities reflect the areas where the authority feels that significant focus and improvement would help deliver most benefit for the long term health and well being of Norfolk and are described below in 4.2.
- Individual NORSE companies have separate mission, vision and value statements.
- 4.2 Reviewing the Council's vision and its implications for the authority's governance arrangements.
- The administration has set a new strategic vision and set of priorities for the County Council going forward – which is entitled Norfolk: putting people first. This [vision statement](#) reaffirms the remit of Norfolk County Council as the democratically elected body representing everyone living in Norfolk and promotes the ambition for everyone in Norfolk to succeed and fulfil their potential.
- A review of the Council's Vision and its implications for the authority's organisational arrangements was set out in a report to the Council's then Cabinet on 4th November 2013, titled, Norfolk – Putting People First Transformation Programme. This set out the proposals for implementing an accelerated programme of organisational change for the Council and to approve the

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organisational arrangements for the Council. Agendas and minutes for all public meetings are accessible on the Council's website and those meetings are well publicised.

The Audit Committee considers the governance arrangements (as set out in this statement) are sufficient to fully support the Council's vision.

The mission, vision and value statements of the individual NORSE companies are reviewed regularly and included in the annual business plan approved by the Board.

4.3 Translating the vision into objectives for the authority and its partnerships

To ensure the Council is always working in the best interests of the people of Norfolk, Members and Officers review its medium term plan (the County Council Plan) annually. The planning cycle incorporates a contextual and financial review reported as part of the annual planning framework. Our service objectives set out how we will deliver our priorities and Chief Officers have prepared service plans against these objectives identifying the planned actions, key milestones and responsible officers.

Each service plan supports directly the corporate vision as set out by the County Council.

Working with a range of partners and partnerships is core activity for the County Council and it is through that joint working with public, private and third sector partners, as well as with neighbourhoods, local communities and citizens, that the County Council will achieve its objectives.

There has been significant change in the strategic partnership landscape over recent years reflecting the current policy direction for health & wellbeing, the economy and community safety.

In March 2013 the County Council established the Norfolk Health and Wellbeing Board as a Council committee. The Board brings together a wide range of partners to provide strategic systems leadership on work to improve health and wellbeing in Norfolk. For 2013/14, the Council was represented as follows: Cabinet member for Public Protection (including Public Health) – representing the Leader of the Council, Cabinet Member for Community Services, Cabinet Member for Children's Services, Managing Director (Acting), Interim Director of Public Health, Interim Director of Children's Services, and the Director of Community Services.

The 'New Anglia' Local Enterprise Partnership provides the strategic lead for developing a clear vision and set of economic priorities across Norfolk and Suffolk and the County Council is represented by the Leader of NCC, who sits on the Board.

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The Countywide Community Safety Partnership provides strategic leadership of the community safety agenda in Norfolk and the County Council is represented by the Cabinet Member for Community Protection, Director of Community Services, Chief Fire Officer, Assistant Director Community Protection.

In addition, the Norfolk Children and Young Peoples' Strategic Partnership Board has been newly set up to lead on the children's agenda and the County Council is represented by the Cabinet members for Education & Schools and Safeguarding, the Interim Director of Children's Services, Interim Director of Public Health, and Assistant Director (Early Help).

In November 2013, in the light of the financial challenges currently facing public services, Norfolk and Suffolk County Councils' leadership agreed to explore opportunities for better joint working between the Councils - to look at issues where collaborative working could have practical benefits to both Norfolk and Suffolk County Councils and their residents. Four areas have been identified for collaboration – the New Anglia Local Enterprise Partnership (LEP) for Norfolk and Suffolk, to help escalate economic growth and create jobs; adult social care across Great Yarmouth and Waveney; customer contact and recruitment.

This closer cross county working does not change the independent nature of the two Councils, both of which will retain their independent constitutions, decision making, accountabilities and responsibilities.

4.4 Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources and value for money

Performance is measured through the County Council's corporate performance management framework, which was agreed by Cabinet in May 2011. The framework reflects the challenges and changing role of the Council, a new government policy that reduced some government inspection, a drive to increase transparency and local accountability and removal of the National Indicators Set. It provides a balanced approach to performance reporting through a framework focussed on four themes:

- Managing change
- Managing resources
- Quality and performance of services
- Outcomes for Norfolk people.

It places greater emphasis on efficiency and value for money measures, and the need to balance the demanding change agenda with continuing to deliver high quality essential services

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as effectively as possible.

Dashboards are used providing a summary of key performance indicators which focus on key areas agreed by Members and Chief Officers, together with the red, amber, green rating (RAG) ratings and direction of travel (DoT). They help focus attention on poorly performing areas and highlight areas of good performance. In 2013/14 they were used to enable Cabinet, Overview and Scrutiny Panels, COG and Departmental Management Teams to monitor the organisation's performance. These also formed the basis for reporting to the public and our partners.

In 2014/15, the County Council will review and refresh this performance management framework to ensure its continuing alignment with the changing role of the Council and the challenges facing NCC including, for example, how best it supports the performance needs of the County Council's new committee system of overall governance (see section 7 below).

The Boards for the NORSE companies include senior member and officer representation appointed by the Council to consider their performance.

4.5 Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

The County Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It includes clear communication protocols and clearly defines roles and responsibilities. The law requires us to have some of these processes, whilst others are a matter for the Council to choose.

The Constitution link can be found on our website and includes all of these issues, including a scheme of delegation.

The Council agreed to move from a Leader and Cabinet system to a Committee system with effect from the Annual General Meeting on 27 May 2014. Under a committee system decisions are made by all-party committees with membership reflecting the overall political makeup of the Council.

The new Committee governance model for the County Council was developed by a cross-party group of Members and approved by the Council at its meeting on 28 April 2014. That Council also approved the new constitution. Under the new arrangements, decisions are taken by 4 Service Committees (Adult Social Care, Environment, Development and Transport (with an Economic Development Sub Committee), Children's Services and Communities Committees. There will be a Policy and Resources Committee, which will have a co-ordination role around the budget development process and the Council's business plan and monitors the Council's overall budget and performance. It

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also has responsibility for corporate shared services including ICT, finance, communications and Human Resources and Organisational Development.

Role descriptions for Members and the roles they undertake are clearly set out in the Constitution.

Under the new Committee system, safeguards allow Full Council to take decisions instead of service committees in the following circumstances -

- The Service Committee itself decides to refer the decision to Full Council
- The Leader of the Council and the Managing Director (Acting) consider the issue to be of such significance that it should be made by Full Council
- The decision commits the Council to spending over £100m.

The new Constitution provides for delegation to officers and transitional arrangements to transfer the previous delegations to individual Cabinet members to the relevant Chief Officer following consultation with the relevant Committee Chairman/Vice Chairman.

The new governance structures will be reviewed in November 2014.

The External Partnerships Protocol, issued by the Head of Law, provides guidance for officers in the development and operation of partnerships. Built into that protocol is the specific responsibility for the Chief Officer/Lead Officer to ensure that any Member representatives understand the scope of their authority on the partnership and that the terms of reference of any partnership arrangement is explained to all Members who have an involvement with it.

There is specific advice within the Constitution provide by the Head of Law, on the Position of County Council Appointees on Outside Bodies, which summarises the legal position of members and officers appointed to serve on outside bodies.

NORSE has its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines actions which require prior approval of the Council.

4.6 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for

The County Council's Constitution includes a Members Code of Conduct. Changes to the standards regime governing Members, including changes to the Members' Code of Conduct, have been introduced through the Localism Act 2011. All necessary changes were adopted from 1 July 2012.

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members and staff.

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Our Human Resources Shared Service produces a Standards of Conduct and Behaviour Policy for employees. It is published on PeopleNet which is available to all staff. It is provided to all employees on appointment and forms part of their conditions of employment.

The Constitution Advisory Group reviews standing orders and all other aspects of the Constitution annually and recommends appropriate changes for the approval of the Council.

For NORSE these areas are the responsibility of the Board and include written standards of conduct and behaviour.

- 4.7 Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The County Council's new Constitution was agreed on 28 April 2014. All elements of the Constitution were reviewed including the scheme of delegation and Contracts Standing Orders which, where appropriate, were amended. The Constitution sets out the decision making framework. Financial Regulations, Member Protocol on Contracts and Purchasing also form part of the Constitution. Financial Regulations provide the framework for how the County Council manages its financial affairs.

Using information to allow the County Council to make well informed operational and strategic decisions is based on the underlying integrity and quality of the information held within the Council's key line of business systems. During 2013/14 the Council started to put new processes in place to enable the treatment of information within the systems to be seen as a corporate asset. This is fundamental in assuring our citizens that the Council takes its duty of custodian of their information extremely seriously and in creating a platform that is trusted across the Council as the 'one version of the truth'. During 2013/14 the Council obtained the accreditation of the NHS Information Governance Toolkit at Level 2, in line with the standard for all NHS organisations within England. The Council had to show evidence that the CareFirst information was held securely, being treated with due care, was integrity driven and had robust Data Quality processes in place. At the end of March 2014 the Council became accredited to Level 2, opening up integration with Health organisations within Norfolk.

The Council's participation in the Norfolk Joint Museums Committee, where the assets belong to each of the partners, as well as the Norfolk Records Committee are examples of effective decision making in partnerships.

- 4.8 Reviewing the effectiveness of the framework for identifying and managing risks and

The Council has a risk management framework and policy which is reviewed every two years by the Audit Committee and significant changes are reported to and approved by the Council. Chief Officers regularly review the corporate risk register and

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demonstrating clear accountability

Effectiveness

report regularly to their relevant committees on their departmental risk registers.

The Council is a member of the CIPFA benchmarking club. The club conducts an annual benchmarking exercise to test member organisations' performance against the major risk management standards, expectations of inspection bodies and criteria that inform the risk management element of the annual governance statement.

All the governance issues identified through the preparation of this document had already been identified through the risk management process.

4.9 Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

The Council has an Anti-Fraud and Corruption Strategy, which is reviewed annually by the Audit Committee and was revised at the January 2014 meeting (Item 9).

The Audit Committee champions Anti-fraud and Corruption and receives twice yearly a report on the effectiveness of the counter-fraud and anti-corruption framework and activities in the period and plans for future activities. These have been informed by recommendations and advice from Fighting Fraud Locally publications, from the National Fraud Authority, the Audit Commission's Protecting the Public Purse and our External Auditors.

The National Fraud Authority was closed with effect from 31 March 2014 and its role has been distributed to various different bodies, including the new National Crime Agency, City of London Police, Home Office and Cabinet Office.

4.10 Ensuring effective management of change and transformation

Our Change Programme sees the County Council's large portfolio of strategic innovation, transformation and efficiency activities brought together into a coherent programme to ensure organisation-wide ownership of the changes required.

The current Change Programme and its plans underpin delivery of the budget for 2014-17. The programme comprises a number of themes that take a strategic and cross-cutting focus on areas critical to the transformational needs of the organisation as well as delivering the efficiencies and budget savings required.

The Change Programme is managed using industry standard portfolio, programme and project management techniques, facilitated by the Programme Office. This approach provides a consolidated view of the Change Programme and related risks and issues so that responses are corporately identified, prioritised and agreed through robust and consistent governance.

Regular monitoring reports on the change programme will now

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be provided to the Policy and Resources Committee as part of the Council's performance management framework.

A Strategic Programme Board made up of Chief Officers oversees overall performance and risk management. Each element within the Change Programme is sponsored by a Chief Officer.

4.11 Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and , where they do not, explain why and how they deliver the same impact

The Head of Finance retired during the year and an Interim Head of Finance was appointed. That officer is the Chief Financial Officer for the County Council; he is a member of the Chief Officer Group where the decisions are made with respect to

- the development and implementation of strategy
- delivery and resourcing for the strategic objectives.

He is actively involved in and can influence material business decisions through his membership of this Group, other groups and attendance at relevant Council meetings. He and members of his team are responsible for advising on

- financial strategy and financial planning, in both the short and medium term,
- financial planning,
- risk management and
- budgetary control and accountancy throughout the County Council.

The finance function is resourced and fit for purpose and the Interim Head of Finance is qualified and has wide experience of local authority finance.

The Council's financial management arrangements conform to the governance arrangements of the CIPFA Statement on the Role of The Chief Financial Officer in Local Government (2010).

For NORSE the results are consolidated into the annual Statements of Accounts of the Council.

4.12 Ensuring the authorities assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and

The Chief Internal Auditor conducted his own self assessment following the publication of the CIPFA Statement on the Role of Internal Audit (2010). He concluded the governance arrangements, the role and the personal attributes of the Chief Internal Auditor are compliant with all five principles as laid out in the Statement.

The Chief Internal Auditor receives all papers addressed to the Chief Officer Group and has a right to attend their meeting, on a need basis.

The internal audit plan, as agreed on a six monthly basis with the Audit Committee, fully supports the Chief Internal Auditor in delivering his duties in compliance with the statement, both in

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how they deliver the same impact	<p>terms of the coverage provided through audit work and through time being allocated to ad hoc advice and support to Chief Officers as necessary and appropriate.</p> <p>NORSE employ their own internal auditor reporting to the Board. A three year Audit Strategy has been developed, and an annual audit plan is agreed within that strategy. The strategy is informed by the Group Risk Register and key risk areas identified by external auditors.</p>
4.13 Ensuring effective arrangements are in place for the discharge of the monitoring officer function	The responsibilities of Monitoring Officer are included within the post of Head of Law, as described in the Constitution.
4.14 Ensuring effective arrangements are in place for the discharge of the head of the paid service function	The responsibilities of Head of Paid Service are included within the post of Managing Director (Acting), as described in the Constitution.
4.15 Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.	<p>The Council set up an Audit Committee in October 2005. The main purposes of the Audit Committee are to:</p> <ul style="list-style-type: none"> • provide proactive and effective leadership on audit and governance issues, • champion audit throughout the council, • champion risk management throughout the council, • consider the effectiveness of the anti fraud and corruption arrangements • review the effectiveness of the system of internal control. <p>The Committee's minutes and agendas from its quarterly meetings are available on the Council's website. The website also includes general information about the Audit Committee, the councillors who sit on the committee and its structure. The Committee annually reviews its Terms of Reference and changes are approved by the Council.</p> <p>The NORSE Group Board performs the functions and duties of the Audit Committee for NORSE.</p>
4.16 Ensuring compliance with	The Practice Director of Nplaw is the Council's Head of Law and the Council's Statutory Monitoring Officer. She seeks to ensure

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relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

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compliance with relevant laws and regulations. A protocol covering the role and functions of the Monitoring Officer is contained within the Constitution. The Monitoring Officer is a practising solicitor qualified for over 20 years.

An Annual Report from the Monitoring Officer is reported every year to the June Audit Committee.

For NORSE the Company Secretary performs this role.

- 4.17 Whistle-blowing and for receiving and investigating complaints from the public

Whenever a member of the public contacts the County Council to either complain or praise the Council, the contact is dealt with in accordance with our Complaints and Compliments Policy and Procedures. The County Council also has a well publicised Whistle-blowing Policy, available on its A-Z webpage and advertised throughout the Council.

NORSE has its own published Whistle-blowing policy and welcomes customer feedback, as described in its quality systems page of its website http://www.ncsgrp.co.uk/quality_systems.htm

- 4.18 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Within Democratic Services there are dedicated roles to provide support to members including specific support to the Chairman of the Council. This recognises the importance of ensuring proper and effective support to members. The officers in these posts look after the practical needs of the Councillors, arrange training, keep an up to date register of interests and maintain the Gifts and Hospitality register. They also arrange travel and conference attendance for Members. A Member Support and Development Advisory Group steers all aspects of Member development.

The Council holds the "Charter Plus" for Elected Member Development.

The move to a new system of governance has been supported by a series of member workshops on the system of governance itself and committee specific sessions to make sure members are properly prepared for the new Committee system.

Individual members are able to develop Personal Development Plans that identify training and development needs and ways of meeting them. HR Shared Service staff support them in this process.

Induction, management and appraisal processes are used to identify and address development needs of Senior Officers.

Within NORSE the Company Secretary is responsible for providing Directors with advice about their roles and responsibilities.

- 4.19 Establishing clear channels of communication with all sections of the

The County Council has a number of channels it uses to communicate with all sections of the community and encourage and enable people to influence and shape its services, policies and decisions. We publish a residents magazine which is printed

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community and other stakeholders, ensuring accountability and encouraging open consultation

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and delivered twice a year to every house in Norfolk, We publish Your Norfolk extra – an electronic version six times a on our website and directly to those who subscribe online. We target, through regular online magazines and newsletters, specific information to staff (generally and to managers), to business audiences and to Parish and Town Councils. We make good use of social media and ensure our website is fully accessible via mobile devices. We use our intranet to inform and engage staff, using online discussion tools such as Yammer and are active in many community forums.

We update our website regularly with news and information and use customer insight to amend, change, remove or develop its content and make it easier to use in line with what our customers are telling us. People subscribe to alerts and updates so they know what is changing.

Our online consultation tool – consultation finder lets people find out what consultations are underway, how they can take part updates people on how their feedback has been used. We manage on behalf of a partnership and regular make use of ‘Your Voice’ a 6,000 strong online consultation panel. We regularly tweet information and now have 15,400 followers, through our customer services centre we also engage with those of our customers who prefer to ‘talk’ to us in this way.

We ensure our corporate consultations, such as that concerning the budget, are sensitive to the needs of people with differing needs, use a variety of channels including enabling telephone feedback via our customer services operations.

NORSE provides information via their websites, staff newsletters, and local media. Feedback from customers is regularly obtained by large scale customer surveys.

4.20 Enhancing the accountability for service delivery and effectiveness of other public service providers

The County Council ensures the accountability and effectiveness of other public service providers in three main ways:

- Working to ensure public service improvements through key partnerships.

A notable example is our work with health services, Clinical Commissioning Groups and partners through Norfolk’s Health and Wellbeing Board to coordinate a collective response to identified health and wellbeing issues. This may include service re-design, commissioning, collaboration and integration of services, lobbying and holding to account.

The County Council oversees practical arrangements for the Board and when the Board was set up, Members agreed to focus on driving more effective integrated health and social care services, the wider services which impact on health and wellbeing, and holding each other to account for progress A

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similar example is the Council's involvement with the Norfolk Community Safety Partnership with key public safety services and agencies.

- Through strategic agreements with key partners for the delivery of services on the Council's behalf.

An example of this is the provision of community learning disability services with Norfolk Community Health and Care. The Council sets out clear quality and performance expectations, linked in many places to customer feedback, and this information forms part of the Council's regular performance reporting.

- Quality assurance of independent sector providers.

Wherever significant elements of the County Council's statutory duties are commissioned from independent sector providers we systematically quality test and assure these services. This includes assessment of providers of public health services and adults and children's social care. Where performance or quality issues are identified we require that improvements are made and reported on. There are quality assurance functions in each main department, and the performance of provider delivered services is reported to members through monitoring reports.

Section 7.5 outlines steps taken to manage performance of commissioned services.

4.21 Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Council's overall governance arrangements.

Working with a range of partners and in and through partnerships is central to the way the council operates and we actively seek commission and provide services in partnership with other organisations.

The Audit Commission produced a report suggesting some key points to help ensure good control within partnerships. The County Council follows these guidelines with its partners and has developed a corporate approach to partnership governance based on the Audit Commission recommendations. Corporately, resources for partnership management include a health-check tool, (developed by the then Cabinet Scrutiny Committee) which covers the issues identified in the Audit Commission report.

The Corporate Planning and Partnerships Service provides hands-on project capacity to implement consistent governance standards across key significant partnerships and ensure they

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continue to be productive, efficient and effective.

4.22. The specific arrangements with respect to NORSE are set out opposite

- The Board is responsible for management of internal control throughout NORSE. A Senior Member of the County Council represents the Council on each Board of the Group and its principal subsidiaries. The Board is currently chaired by the Managing Director (Acting).
- Another Member attends Board meetings as shareholder representative. The County Council holds control of the Group of Companies by way of its shareholding and the voting rights of the Directors.
- The Company Secretaries advise the Boards of their responsibilities and ensure that the relevant statutory returns are completed. Annual General Meetings have been held during the year for NORSE and all the companies.
- The Board is responsible for considering the required internal audit coverage for the Group. The Group employs its own internal auditor, and the Board review and agree a rolling 3 year audit plan. NAS audit the “client side” of the Companies as part of the Council’s own audit plan.
- Grant Thornton provided the external audit services to NORSE for the year ended 31 January 2014.
- An interim report for 2013-14 was presented to Cabinet in January 2014, covering actual results for the first half-year and updated forecasts for the rest of the year. A Final report will be presented to the July 2014 Policy and Resources Committee meeting.
- Performance measuring systems, both financial and non-financial, are in place for all the Company Boards.
- A full business risk register is reviewed regularly by the Board. More detailed specific registers are maintained by the principal subsidiaries, and reviewed twice yearly by senior managers.
- Annual budgets are approved by the Board and progress against these budgets is reported monthly to senior managers of the organisation and quarterly to the Board, the Shareholder Committee and the Council’s Interim Head of Finance.
- Quality assurance and management systems are in place designed to meet BS EN ISO 9001:2000 which is subject to independent review by external assessors twice every year.
- NORSE has a Policy statement on Health & Safety which has been communicated to employees. The Board receives a quarterly report on Health and Safety which includes details of Reportable Accidents and trends in Health and Safety

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statistics. All subsidiary Boards also consider specific Health and Safety Plans at least annually.

- Environmental management is championed at Board level and ISO 14001 accreditation is in place or actively being sought.
- Annual appraisals are undertaken for all managerial, technical and administrative staff.

4.23. Hethel Innovation Ltd

- The Board is responsible for management of internal control throughout Hethel Innovation Ltd. A Senior Member of the County Council represents the Council on the Board of the company, which is chaired by Mr David Tate the Chairman of the Hethel Engineering Company.
- Regular management meetings (including NCC representation) and quarterly Board meetings are used as a mechanism to monitor the revenue and capital expenditure of the significant build which was completed in April 2014.
- An internal audit took place in June 2013. It was concluded that controls in place were 'acceptable'.
- The Department for Communities and Local Government (DCLG) provided external audit services to Hethel Innovation Ltd on a regular basis. In connection with the European Regional Development Fund (ERDF) grant received. Hethel Innovation Ltd's accounts do not require external audit and the Board have agreed that one is not necessary
- Performance measuring systems, both financial and non-financial, are in place with management meetings and the Board the platforms for discussion.
- Risk management arrangements are reviewed and discussed at Board and management meetings.
- Annual budgets are approved by the Board and progress against these budgets is reported monthly at Senior Management meetings, quarterly to the Board.
- HIL has a Policy statement on Health & Safety which has been communicated to employees.
- Regular staff performance reviews take place.

4.24. Great Yarmouth Development Company Ltd

- The Board is responsible for management of internal control throughout Great Yarmouth Development Company Ltd. A Senior Member of the County Council represents the Council on the Board of the company, which is chaired by Cllr Bernard Williamson of Great Yarmouth Borough Council.
- Regular management meetings (including NCC representation) and Monthly Board meetings are used as a

Control

Effectiveness

4.25. Independence Matters Community Interest Company

- mechanism to monitor the revenue and capital expenditure. .
- Details of the GYDC have been reported to Cabinet as part of the Norfolk Infrastructure fund update and ongoing capital monitoring
 - Annual budgets are approved by the Board and progress against these budgets is reported monthly at Board meetings.
 - Governance of Independence Matters is achieved through direct member and officer involvement in the key corporate structures, as explained further below.
 - Independence Matters is managed by two Boards – an Enterprise Development Board (EDB) and a Social Enterprise Board (SEB). The respective functions and responsibilities of each of these boards are explained further below.
 - The EDB exists to support stakeholders in achieving the outcomes described in the service specification and to establish the enterprise as a viable new service provider capable of competing and operating independently in the care market.
 - The EDB is chaired by the Council’s Director of Community Services. It also contains the Council’s Member lead with responsibility for Adult Social Care and one other elected member.
 - In addition, the EDB also contains two senior Council officers with relevant responsibilities as well as the lead Commissioner, the Finance Business Partner for Adult Social Care, the Managing and Commercial Directors within Independence Matters and one UNISON representative.
 - The SEB has ultimate responsibility for the company, including determining strategy and hiring senior executives.
 - Annual budgets are approved by the SEB and progress against these budgets is reported to them on a quarterly basis.
 - The SEB is chaired by an independent non-executive director, and two other non-executive directors have roles on the board. The non-executive directors are appointed for a three-year period, with the option of reappointment once only. They are expected to bring relevant commercial experience while still retaining the Community Interest ethos.
 - In addition, the SEB includes the Managing and Commercial Directors within Independence Matters, the Finance Business Partner for Adult Social Care, two staff representatives and two stakeholder representatives.
 - The staff and stakeholder representatives on the SEB are nominated from advisory boards run by staff and stakeholders respectively.

Control

Effectiveness

- These advisory boards have the role of providing feedback on service provision and service development plans, as well as providing representation on the SEB.
- The SEB is responsible for considering the required internal audit coverage for the company. As part of their contract with the County Council, Independence Matters has the opportunity to take advantage of the knowledge and expertise of the Council's internal audit department.
- The first Independence Matters AGM is planned to take place on 11 September 2014. Accounts for all trading up to 31 March 2014 will be made available at the AGM. An accompanying annual report is currently in the draft stage and it will be presented to the SEB for sign-off on 10 June 2014.
- Performance measuring systems, both financial and non-financial, are in place for the SEB. Monthly reports are produced that relate to the key performance indicators within the contract with the Council.
- There is a performance dashboard for 'hard' KPIs, and a 'soft' outcomes dashboard is in development in conjunction with the Joint Commissioning team.
- A full business risk register for Independence Matters is currently in development.
- Independence Matters uses the Council Health & Safety policy, and this has been communicated to all staff members. The Quality & Compliance director has responsibility for leading on this area, and management are aware of their responsibilities under the policy.
- Annual appraisals are undertaken for all managerial, technical and administrative staff.
- Independence Matters has a Quality Assurance framework where sample checks are carried out quarterly by the QA Director. Service Managers have a dedicated quality audit tool that they are using on a quarterly basis.
- All services within Independence Matters are required to adhere to Care Quality Commission standards. Non-regulated services are attached to a regulated service using a 'buddy' system to ensure that this happens.
- Independence Matters is working towards ISO 9001 compliance.
- The creation of the risk register will highlight any aspects of business where there is an environmental impact. The relevance of using ISO 14001 for our support and care services will be considered as part of the process.

5 Review of the effectiveness

The County Council has responsibility for conducting at least annually, a review of the effectiveness of its governance framework including the system of internal control.

That review is informed by:

- The work of the executive managers within the County Council who are responsible for the development and maintenance of the governance environment
- The Chief Internal Auditor's annual report
- Comments made by the external auditors and other review agencies and inspectorate
- Systems and controls of the County Council as outlined in paragraph 4.

Responsibility for this annual review has been delegated to the Audit Committee.

Paragraph 5.7 sets out the review mechanism for NORSE

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes:

5.1 The Council & the Executive

Process	Comment
1 Statutory roles of Council's Monitoring Officer and Section 151 Officer to ensure internal control procedures are efficient and effective and are being complied with on a routine basis to ensure legality and sound financial standing.	<ul style="list-style-type: none">• Members have received the full range of professional officer advice to enable them to carry out their functions effectively and in compliance with statutory requirements.• An Annual Internal Audit Report from the Interim Head of Finance/Chief Internal Auditor is made to the Audit Committee.• An Annual report of the Monitoring Officer is made to the Audit Committee.• Approval of the annual Statement of Accounts is by the Audit Committee.• There is an annual review of the Constitution and other key policies and strategies (The Policy Framework).
2 Risk Management policies and procedures are in place to ensure that the risks facing the Council in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.	<ul style="list-style-type: none">• The Council approved 'Well Managed Risk Management' its Risk Framework and Policy in 2010. They were reviewed and updated in 2012/13 and the updates were approved by Full Council. The Audit Committee, established in 2005, has responsibility for governance arrangements for risk management.• The embedding of strategic risk management into business activity continues throughout the County Council.• Corporate and departmental risk registers are in place and being used by managers as a management tool. Reporting of risk management activity to Members is

embedded; for instance risk registers are regularly reported to the Audit Committee and Committees.

- A risk management e-learning package for Members and officers has been developed and is available to all Members and staff. This complements the existing training available through HRSS Learning & Development and Organisational Development Centre of Expertise.

Insurance policies and funds are in place and are regularly reviewed at least annually to ensure the Council is adequately safeguarded.

- Under the Fire and Rescue Services Act 2004 (The Act) Norfolk County Council is the statutory Fire and Rescue Authority (FRA).
- The Act makes it a statutory requirement for the Fire and Rescue Authority to produce an Integrated Risk management Plan (IRMP).
- Norfolk FRA published its IRMP for 2014-2017 in April 2014. This document can be found at [NFRA IRMP 2014-17](#)

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|---|---|---|
| 3 | Provision of effective, efficient and responsive systems of financial management. | Regular financial management reports have been made to Cabinet and the five Overview and Scrutiny Panels. Going forward, regular reports will be made to the established Service Committees. The Council is currently rolling out a new 'Budget Manager' system, which builds upon the Council's Financial Management Information System, to support budget holders to interrogate their financial information more efficiently. |
| 4 | Delivery of services by trained, skilled and experienced personnel. | The County Council has demonstrated its commitment through its Investors in People (IiP) accreditation. The County Council is undertaking IiP through an ongoing internal review process which is verified by an external assessor. These include induction, management and appraisal processes to identify and address development needs of staff. Customer Service operations via our service centre continue to hold Cabinet Office accreditation for excellence in customer service delivery and this is reviewed annually. |
| 5 | Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where | The County Council Plan 2012-2015 sets out the Council's strategic ambition and priorities. It is a framework for monitoring performance against the Council's strategic priorities in order to provide clear accountability to the people of Norfolk for the Council's performance. |

appropriate.

The County Council's ambition and priorities were updated during 2013 (see 4.1 and 4.2 above). They set out the areas of the Council's business where it needs to make the fastest improvements to secure Norfolk's long term future. Details are available on the website at http://www.norfolk.gov.uk/Council_and_democracy/Council_business/Planning_and_performance/County_Council_plan/index.htm

The Council's performance framework provides a broad assessment of organisational performance covering four themes: managing change; managing resources; quality and performance of services; and outcomes for Norfolk people. We use our performance management system to produce regular reports on performance indicators against the improvement areas identified to the Chief Officers Group, Cabinet and the Overview and Scrutiny Panels. (In future these will report to the Service Committees). This ensures that performance is routinely monitored, with issues of concern being highlighted.

Remedial action has been implemented following publication of three Ofsted inspections over six months in 2013, which found services across the County Council to be failing in their delivery of services to children.

In June 2013, the Council made the decision to engage swiftly the interim services of strong, experienced Children's Services leadership with the capacity and capability to secure children's safeguarding and drive forward strategic improvements at pace.

The leadership team's principal focus is to get the basics right, tackle performance in the department, build successful partnerships with other agencies and organisations and deliver effective leadership and management across services.

Members approved additional investment and an intensive three month programme of work to 'pump-prime' improvement at the front line urgently. A wide range of other actions, including a review and changes to partnership working, refreshed children and young people's engagement strategy and Member development followed.

The Council's improvement plan for children's services and the revised children and young people's plan sets out the key targets, actions and milestones for improvement and is available for inspection on the Council's website and regularly reported via the Improvement Board and to

Members. A suite of operational improvement plans are also in place that focus specifically on early help, safeguarding, looked after children and supporting school improvement.

Significant progress has been made which includes the development of a systematic process for managing performance. Practice standards for the conduct of social work staff has also been put in place with a strong emphasis on the engagement of children and young people.

Through rigorous performance monitoring and external peer review, the quality of practice has improved and this is clearly evidenced. It brings delivery nearer towards Norfolk County Council's ambition to deliver not just good but outstanding services for Norfolk's children, as set out in the Children and Young People's Plan, which can be viewed at <http://inet.norfolk.gov.uk/view/INET142728>

5.2 Cabinet Scrutiny Committee, Audit Committee, Overview and Scrutiny Panels and Pensions Committee

The scrutiny function is carried out and developed through the Cabinet Scrutiny Committee, the Audit Committee, the five Overview and Scrutiny Panels and the Pensions Committee.

The Council agreed to move from a Leader and Cabinet system to a Committee system with effect from the Annual General Meeting on 27 May 2014. Under a committee system decisions are made by all-party committees with membership reflecting the overall political makeup of the Council, as described in 4.5 above. Under the Committee system, there is no executive/scrutiny split such as described by this statement's format. Committees debate, challenge and make decisions. The need to make sure that decisions are robust and that members are sufficiently challenging and have the appropriate level of support and information was clearly understood and made part of the member training programme delivered prior to the new system going live. Councillor Paul Smyth was Chairman of the Committee Governance Steering Group which developed and tested the new Constitution.

The Pensions Committee and the Audit Committee continue in their current roles.

5.3 The Standards Committee

The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and co-opted members.

The Committee met twice during 2013-14. Its business included:

- A review of the standards complaints received during 2013

- A reminder of the purpose of the Register of Councillors' interest, following on from the new guidance issued by the Department for Communities and Local Government (DCLG) in September 2013
- A House of Commons Library Report on the standards regime in Local Government in England, post implementation of the Localism Act 2011. The report was published in April 2013.

5.4 Chief Financial Officer

The Head of Finance is the Chief Financial Officer (CFO) for the Council

The financial management arrangements conform to the CIPFA 2010 statement on the role of the CFO.

5.5 Internal Audit

Internal Audit provide independent and objective assurances across the whole range of the Council's financial and non-financial activities

- Terms of reference for the Audit Committee are reviewed annually and changes approved by the Cabinet and the Full Council.
- The Audit Committee receives an Annual Report on the delivery of the Internal Audit Plan and the assurance opinion at its June meeting.
- The External Auditor is able to place reliance on the work of Norfolk Audit Services and has assessed that Internal Audit provides an effective service overall.
- Norfolk Audit Services is continuing to develop its work programme such that resources are allocated based on a systematic assessment of all areas of risk facing the Council in carrying out its functions. Two findings were identified through internal audit work with regards to the system of internal controls and these have been reported in detail in section 7 of this statement.

5.6 Other explicit review/assurance mechanisms

- 1 External Audit provide a further source of assurance by reviewing and reporting upon the Council's internal control processes and any other matters relevant to their statutory functions and codes of practice.

- The overall key message in the Audit Commission's Annual Audit Letter in October 2013 (available at <http://www.norfolk.gov.uk/view/ncc126781>) was that an unqualified opinion was issued on the Council's accounts for 2012-13.
- The County Council was also given an unqualified 'Value for Money' opinion, within the Annual Audit Letter.
- The County Council complies with the Accounts

and Audit (England) Regulations 2011.

- 2 Codes of practice are issued by external bodies in respect of Council services and processes, with which the Council is expected to comply.
 - The County Council complies with the Code of Practice on Local Authority Accounting in the United Kingdom 2013-14 (revised).
 - The County Council has adopted the CIPFA Treasury Management in Public Services Code fully revised second edition 2009.
 - Norfolk Audit Services has implemented the UK Public Sector Internal Audit Standards, which came into effect on 1 April 2013. Norfolk Audit Services has employed an external contractor to assess NAS' levels of compliance with the new requirements. All findings have been addressed during the year, such that NAS is now fully compliant with the provisions of the new standards.

- 3 Reviews by external agencies and inspectorates, which would encompass most major services, and other specific external evaluations, for example, the Local Government Ombudsman and Health & Safety inspectorates.
 - The County Council has been subject to 3 significant inspections of Children's Services. These are; Arrangements for School Support, Safeguarding and Children in Public Care. Improvements plans are in place and tracked through as assurance processes.
 - Food Standards Agency regular audit of Trading Standards service in respect of the Council's strategy, implementation, data and processes for animal feed hygiene and food safety activities. Overall, audits recognised the robustness of existing processes and controls. Some low level recommendations suggested improvements in ways of working (data capture) which are being addressed and will be assessed during the next audit.
 - Inspection by the Interception of Communications Commissioner's Office in relation to the acquisition of communications data under Part I Chapter II of Regulation of Investigatory Powers Act 2000. Inspector found the Council had a good level of compliance with the Act and Codes of Practice. No formal recommendations for action were made.
 - Inspection by the Surveillance Commissioner in relation to covert activities in preventing and detecting crime. Our processes and justification for authorisation of surveillance

was found to be of a high standard.

- Various audit and inspection activities in relation to granting and management of external funding.
- For example, the Leader programme of EU funding for 2007-14 was delivered through the Rural Development Programme for England by the Council's economic development service. This included regular inspections and audits of documentation by the Department for Environment, Food and Rural Affairs. No issues have been identified and no funding has been withdrawn.
- Another example is significant assessments by Government departments in advance of funding allocations, for example funding for the Postwick Hub scheme was subject to a full approval appraisal led by the Department for Transport, providing assurance that relevant arrangements are in place in terms of governance, business case, value for money etc, before the funding was allocated to the scheme by Government.
- Annual inspections by external accreditation bodies confirmed meeting standards required to achieve United Kingdom Accreditation Service (UKAS) accreditation status. Relates to the highways laboratory and trading standards weights and measures services, where accreditation status has been successfully maintained.
- Annual review/inspection of the historic environment service in terms of its status as a Registered Organisation by the Institute for Archaeologists, the body responsible for professional standards in archaeology. Inspectors recommended improved recording of informal in-house training and encouraging greater Institute for Archaeologists membership amongst staff, both of which have been addressed.
 - County Council's 'O' licence – the operator licence needed to be able to operate heavy plant for business use – was assessed by the Traffic Commissioner. We have an Operator Compliance Risk Score (OCRS) of 'green 00' for Roadworthiness (the

highest possible score) and 'Nil Score' for traffic (reflecting that we have had no enforcement encounters or issues).

- Fast Lane Training Service – who provide highways service related training – are registered with a number of national awarding bodies: City and Guilds, Cskills, Lantra, JAUPT (Driver Standards Agency), SQA and HCTA. External quality assurance inspections by these bodies have resulted in retention of awarding body status. In addition, staff in the casualty reduction team, who provide training services (e.g. driver training), undergo standards checks by the Drive and Vehicle Standards Agency to maintain training authorities – no issues identified.
- Contractors commissioned to carry out services on our behalf are also subject to some external inspections. For example, household waste recycling centres are subject to inspections by the Environment Agency in respect of the Environmental Permit they operate under.
- The PSN allows the UK government to safely and securely enable and share public services effectively and efficiently. The PSN compliance must be renewed annually to ensure that Norfolk continues to take advantage of secure email services. A third party company was contracted last year which undertook a "Security Health Check" against NCC's ICT infrastructure. This highlights any potential vulnerabilities within the software or devices used in the authority. Recommendations were reported to ICT Shared Services with guidance and resolution steps to mitigate any risky areas of the ICT infrastructure.
- The ICT teams addressed the reported vulnerable areas and submitted the report back to the Public Services Network Authority (PSNA). Areas of

Peer reviews

the network which require attention, but managed by BT are currently being discussed and resolutions are being planned. Norfolk County Council is currently PSN compliant and this is due to be renewed during January 2015.

- There have been two external evaluations which have noted improvement validated the risks and highlighted capacity to continue improvements.
- There have been two external evaluations on specific Children Services service provision, which have noted improvement, validated the risks and highlighted capacity to continue improvements.
- Peer reviews of major infrastructure projects – Gateway Review of Norwich Northern Distributor Road and Postwick junction schemes carried out by Local Partnerships (an organisation jointly owned by HM Treasury and the LGA). The review recognised wide ranging support for the project and the significant progress made in advancing delivery. It also identified some areas for improvement, which have subsequently been addressed.
- Earlier this year Community Services commissioned a peer review from the LGA of our safeguarding of vulnerable adults to test our practice and the review took place in April. The external reviewers assessed our safeguarding arrangements as sound and concluded that adults are safeguarded in Norfolk. However, there are improvements to be made and we will driving them forwards over the coming year, focusing on overhauling our Safeguarding Board and making sure we deliver the outcomes people want from the safeguarding process. Progress will be reported to the Council on a regular basis.

Fire and Rescue

- Fire and Rescue Authorities must provide both local communities and the Government with an annual statement of assurance on financial, governance and operational matters.
- The Outcome of the 2014 Peer review provided as platform to complete the Statement before the end of March 2014.
- Norfolk Fire and Rescue Service (NFRS) must demonstrate it is doing what the Government expects of it, as laid down in the National Framework for Fire and Rescue Authorities 2012 and that it is delivering the local Integrated Risk Management Plan.
- The Annual Statement of Assurance for 2013/14 can be found at [NFRA Annual Statement of Assurance 2013-14](#)
- Fire and Rescue Service Peer challenges are managed and delivered by the sector for the sector. They complement the industry standard Operational Assessment (OpA) [OpA Toolkit](#) with a 'sector-delivered' peer challenge once every three years.
- Details of the review programme can be found at [Fire Peer Review](#).
- Launched in 2012, 31 FRSs have participated to date including Norfolk early in 2014.
- The Review found the services self assessment to be robust.
- It is expected that the outcome of Peer Reviews are made publicly available.
- The Review has been published on the Norfolk Fire and Rescue Service website and can be found at [NFRS Peer Review Report 2014](#)

Other Independent Reviews

- An independent report was commissioned from a former Chief Executive, Mr. Tim Byles to examine whether the information provided to elected members of the council concerning the costs of redundancy for the former Chief Executive, David White, was misleading.
- The report concluded that the payments made to the former Chief

Executive were reasonable and fully reflected in the annual accounts. It found that the Council had not been misled about the payments but that the report it received could have been clearer and should, in similar circumstances in future, include all payments including actuarial strain and National Insurance costs.

- The Council has since ensured that such details are published clearly at the time of any such departure.
- Three independent reviews were commissioned regarding the decision making around the Willows Incinerator project
- Mr. Jonathan Acton Davis QC concluded that there had been no governance weaknesses and that "...following my critical examination of all the material with which I have been provided and my review of the advice given at each stage, I can find nothing to lead me to conclude that any undue risk was taken...I can identify no areas in which I can see potential scope for the holding to account of Officers..I have seen nothing which would enable me to conclude that the Cabinet exceeded its authority in authorising the Contract.'
- PwC conducted an Independent Review of Alternatives by PwC, December 2013 available at <http://www.norfolk.gov.uk/view/NCC130363>
- The terms of reference for the independent inquiry to be carried out into the residual waste project by Stephen Revell, the Independent Person to the Authority's Standards Committee, have been published at <http://www.norfolk.gov.uk/News/NC149034>

5.7 Review Mechanisms for NORSE

NORSE activities review mechanisms include

Quarterly Board meetings receive reports on all aspects of the Business.

The Board includes a senior Member and is chaired by the Managing Director (Acting) of the Council.

Board meetings are also attended by the shareholder representative.

The Shareholder Committee receives quarterly reports on the activities of the Companies.

All Board Papers are sent to the Council's Head of Finance, who has a standing invitation to Board meetings, and also to the Monitoring Officer.

Norse Board approved internal control arrangements in July 2011, as part of a review at the time of the introduction of the Bribery Act.

The services provided by Norse Care are subject to external audit by the Care Quality Commission.

5.8 Review Mechanisms for Hethel Innovation Ltd

HIL activities review mechanisms include

Quarterly Board meetings receive reports on all aspects of the Business.

The Board includes a senior Member and a senior officer of the Council and is chaired by Mr David Tate Chairman of Hethel Engineering.

Senior Management meetings include NCC representation.

The activities undertaken by Hethel Innovation Ltd are subject to external audit by the Department for Communities and Local Government (DCLG) in connection with the European Regional Development Fund (ERDF) grant received.

5.9 Review Mechanisms for Great Yarmouth Development Company Ltd

Great Yarmouth Development Company Ltd activities review mechanisms include

Monthly Board meetings receive reports on all aspects of the Business.

The Board includes a senior Member and a senior officer of the Council and is chaired by Cllr Bernard Williamson of Great Yarmouth Borough Council.

Senior Management meetings include NCC representation.

5.10 Review Mechanisms for Independence Matters Community Interest Company (IMCIC)

IM CIC activities review mechanisms include

Quarterly Enterprise Development Board (EDB) meetings measure the success of the business in meeting the outcomes laid out in the service specification.

Quarterly Social Enterprise Board (SEB) meetings receive reports on the operational and financial aspects of the Business.

The EDB includes one senior member and one other member of the Council, as well as a number of senior Council officers and one UNISON representative and is chaired by the Director of Community Services.

By virtue of member involvement, the EDB has responsibility for making recommendations to full Council as necessary regarding Performance Notices or Remedial Action Plans.

The SEB contains three non-executive directors, one senior Council officer, two staff representatives and two shareholder representatives and is chaired by an independent non-executive director. Two other non-executive directors have roles on the Board.

The services provided by Independence Matters are subject to external audit by the Care Quality Commission.

- 6** We have been advised on the results of the review of the effectiveness of the governance framework by the Audit Committee and that continuous improvement of the systems is in place.

7 Significant governance issues

The Authority faced a challenging year in 2013/14 as it sought to manage simultaneously budget reductions, increasing demand for some key services and consolidate significant changes to systems, structures and services made in previous years and ongoing throughout the year.

The Authority has a strong track record of financial management and achieving significant cost reductions and service re-alignments and has developed plans to address future funding challenges. The environment for 2014/15 and beyond will continue to be extremely challenging with a need to bridge a funding gap of £145.5 million over the Medium Term to 2017-18. In addition to that gap, the Willows Energy from Waste contract was terminated in May 2014 by the then Cabinet, on the recommendation of Full Council on the grounds of planning failure, following the withdrawal of £169m of waste credits by Defra and the failure of the Secretary of State to make the promised decision on the 14th January 2014. The estimated costs of contract termination are £33.7m and funding for this has been identified from reserves and planned savings.

The Council has agreed a three-year rolling budget to help ensure and maintain strategic focus and grip in the face of a continuingly severe funding picture for local public services.

Norfolk County Council has agreed a new strategic partnership to transform its aged ICT infrastructure, radically improve its ability to interrogate and use information internally and across other public sector partners to transform service delivery and support the delivery of more savings. The resultant programme, Digital Norfolk Ambition (DNA), involves stakeholders across the Norfolk public sector community. It is exciting and ambitious and its successful delivery is therefore critical to the whole organisation. A DNA programme board is in place and reports through the Chief Officer Team as part of the council's programme management approach.

County Council elections in May 2013 resulted in a change in Administration with no overall majority and a new Council Leader elected on 23rd May 2013. In November 2013, Norfolk County Council resolved to change from the Leader and Cabinet system of governance to a Committee system of governance, with the key purpose of this change being to involve the majority of elected councillors in decision making at Norfolk County Council. The Committee system became effective in May 2014 and is now bedding in. This change is particularly significant at a time where no political party owns an overall majority at Full Council.

Key governance issues that need to be addressed, against this background, are set out below.

7.1 Information Security

Issues have been highlighted in previous years with regards to the need to strengthen corporate governance to improve information security and data protection.

An Information Management Service has been established and is being embedded within the Council. Significant steps have been taken to strengthen awareness and compliance with the corporate Information Security Policy. However, recent reported breaches of the

Data Protection Act show that more needs to be done to fully embed good practice with regards to the security of paper documents.

Awareness and training campaigns and additional in-built controls have been successful in strengthening the security of electronic data and these continue.

7.2 Asset Management – Buildings

Internal audit reports and independent reviews have identified that controls need strengthening in order to maximize the return on investments from our existing capital assets, either in the form of maximizing the usage of available accommodation by the Council's services, or in terms of better controlling the income stream that results from the exploitation of our capital assets. Stronger control would enable the Council to reduce overall property costs and increase the scale and speed at which capital receipts are generated.

A need has also been identified for better controls in the management of the capital programme in terms of the prioritization of capital projects and coordination of the delivery by third parties.

Towards the end of 2013-14 the Council took action to strengthen its asset management function within the corporate finance team. This involved strengthening the overall management of capital assets, including a more structured relationship with third party providers and a review of internal governance arrangements for the management of properties. On 14 April 2014, the then Cabinet approved an Asset Management Plan for 2014-17. This sets out the plan to manage the Council's assets, and support the delivery of the Council's 2014-15 revenue and capital budgets over the short and medium term. Going forward the Asset Management Plan will be refreshed annually on a roll-forward basis.

7.3 Delivery of Services through third parties

A significant proportion of services – including services critical to the public – are delivered through third parties.

The Head of Procurement has overall responsibility for procurement of third party contracts and reports to the Interim Head of Finance, a member of the Chief Officer Group.

During 2013/14, the procurement team and commissioning colleagues from children's services and the integrated adult commissioning team co-located to strengthen joint working throughout the commissioning cycle, including the letting of contracts and their subsequent monitoring. The council is formalising this arrangement into a 'commissioning hub' to support more-integrated commissioning across the council.

A corporate register of all contracts valued at over £50,000 has been put in place and is used to support the planning of procurement activity.

The council successfully defended the case of *Turning Point Limited v Norfolk County Council* (which revolved around the council's tendering approach) in May 2012 but

subsequently took the opportunity to review its tendering processes. The revised processes were thoroughly tested in 2013/14, when the council delivered a series of major contracts – for highway works, highway professional services, traffic signals and ICT – through the competitive dialogue process.

Lord Young, the Prime Minister's adviser on enterprise, awarded the council a prize for *Best Council to do Business With* in May 2013.

The Council has taken steps to address control weaknesses around the accreditation of adult care providers which were identified in an internal audit report and will incorporate the lessons learned into accreditation of providers in other spend categories. It also recognises that there is currently an issue - in a minority of cases - with purchase orders not being placed at the time when a spending commitment is entered into, and is taking steps to address this issue.

During 2013/14, significant performance issues arose in the delivery of certain adult social care services by third parties and necessitated strong council action. These were:

- a package of domiciliary care contracts awarded to Care UK Limited, where there were significant performance issues around the time of transition from the former provider. Contracts providing services for just over 200 people in the Broadland area are to be re-let after the current provider Care UK and Norfolk County Council agreed to terminate their contracts in that part of the county in June 2014; and
- contracts for mental health and drug and alcohol recovery services, with the Norfolk and Suffolk NHS Foundation Trust (NSFT).

In the former case, senior Council staff, including the Head of Procurement and Director of Integrated Commissioning, are overseeing the strategy for domiciliary care tendering to ensure that future contracts are less vulnerable to failings of this kind and the Adult Social Care Service engaged users to gain further insight into quality issues and enhance the quality monitoring.

The difficulties being encountered by the NSFT are a significant concern to the council, as they are a significant provider to the Council but also a major player in the local health economy, with whom many of the council's clients have contact. The Council has given notice on an agreement for provision of mental health services by the trust and the services will be brought back in house. The Director of Public Health, supported by the Head of Procurement, is overseeing delivery by the trust of an improvement plan for the drug and alcohol recovery contract.

7.4 ICT Business Continuity

The Council's email system suffered a fault over the 2014 Easter weekend with about 2000 staff, a third of users, affected. Business Continuity Plans were effectively invoked throughout the Council, such that the delivery of critical services was not affected. Further assessment of this will be made and reported appropriately to the Policy and Resources Committee by the Resilience Team.

As a result of the fault, approximately 2,000 members of staff could not use their email account to send or receive any internal or external emails for a total of 7 working days, despite all efforts from the Council ICT team and specialists brought in from Microsoft and Hewlett-Packard. There was no loss of data and key business systems including Carefirst were not affected, however, Outlook Calendar functionality was impaired for those affected.

The longer term mitigation is set out in the risk registers, where the risk of loss of key ICT system is documented. The key point is that implementation of the DNA, which involves moving the servers to a cloud hosted by HP will have greater resilience. Whilst this reduces our risk with respect to our "direct" provision of this service it generates different risks and there is a strand of the DNA project that is examining this.

We propose over the coming year to continue to take steps to address these issues, to further enhance our governance arrangements. We are satisfied that these steps are appropriate and will monitor their implementation and operation as part of our annual review.

Leader - George Nobbs

A handwritten signature in black ink that reads "George Nobbs". The signature is written in a cursive style and is positioned above a horizontal line.

Managing Director –Wendy Thomson

A handwritten signature in black ink that reads "W Thomson". The signature is written in a cursive style.

30 September 2014

Notes:

Note 1: The following senior officers have contributed to drafting this statement

- Managing Director (Acting),
- Head of Planning, Performance and Partnerships,
- Practice Director, nplaw (Monitoring Officer),
- Interim Head of Finance,
- Head of Democratic Services,
- Head of Customer Service and Communications,
- Acting Head of HR,
- Chief Fire Officer,
- Interim Director of Children's Services,
- Director of Community Services,
- Interim Director of Public Health,
- Interim Director of Environment, Transport and Development; and
- Finance Director NORSE.