

Annual Governance Statement for Norfolk County Council 2014-15

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 18 June 2015 that, in his opinion, the system of internal control, including the arrangements for the management of risk during 2014-15, 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 24 September 2015 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. Simon George, Executive Director 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 2014-15, 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 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. The Council administers the Norfolk Pension Fund and the Norfolk Firefighters Pension Fund. The governance arrangements are statutorily prescribed. The Council complies with these requirements. For further details, please consult [the Pension Fund Governance Statement](#) and [Norfolk Fire and Rescue Annual Assurance Statement](#) directly.
- 2.6. The Council hosts or is represented in several Joint Committees which are:
 - Norfolk Records Committee,
 - Norfolk Joint Museum Committee,
 - Eastern Shires Purchasing Organisation (ESPO),
 - Norwich Highways Agency Committee,
 - Eastern Inshore Fisheries and Conservation Authority
 - Norfolk Parking Partnership Joint Committee and
 - Great Yarmouth and Waveney Joint Health Scrutiny Committee.
 - Road Casualty Reduction Partnership Board
 - 2 Regional Flood & Coastal Committees (Eastern and Central)
 - Parking and Traffic Regulation Outside London Adjudication Joint Committee
 - Bus Lane Adjudication Service Joint 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 Council has the six subsidiary companies below:
 - The largest subsidiary company which is wholly owned by the Council is the Norse Group Limited. It is the parent company of NPS Property Consultants Limited, Norse Transport, Norse Eastern 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 and its services, please refer to its website at <http://www.norsegroup.co.uk/>
 - Norfolk Energy Futures Ltd is wholly owned by the Council, see link for further information at <http://www.norfolkenergyfutures.co.uk/>.
 - Hethel Innovation Ltd, is wholly owned by the Council, see link for further information at: <http://hethelinnovation.com/>.
 - The Great Yarmouth Development Company, which is jointly owned with Great Yarmouth Borough Council, is controlled through a 100% holding in Norfolk

Regeneration Company Ltd, which itself owns 50% of The Great Yarmouth Development Company.

- Independence Matters is a Community Interest Company (CIC) which started trading 1 November 2013. The Council owns 49% of the shares for the initial contract period of three years. For more information regarding Independence Matters please refer to its website at <http://independencematters.org.uk/>.
- Norfolk Safety Community Interest Company (CIC) is a new company set up in January 2015 and wholly owned by the Council. The company, operating in partnership with Norfolk Fire and Rescue Service, will provide a range of risk management, training and development and other services to public bodies, third sector organisations and businesses. Any surpluses generated by the company will be reinvested in activities to make Norfolk a safer place to live and visit

All above subsidiary companies have Council Member and/or Officer representation on their boards of directors.

2.8. The Council is also a partner in seven pooled funds:

- The Norfolk Learning Difficulties Pooled Fund now exists only as a legal entity as part of the arrangements for commissioning Learning Difficulties health services. Parties to the fund only contribute a nominal sum to it and the Council now receives funding directly from Central Government as part of the formula funding.
- Norfolk Pharmaceutical and Medicines Management Pooled Fund. The Council and the Clinical Commissioning Groups (CCG's) (previously the Norfolk Primary Care Trusts) entered into an agreement to provide a pharmaceutical and medicines management service in Norfolk. The Council provides financial management for the Pooled Fund.
- There are five Better Care Fund pooled arrangements in place, one with each of the five CCGs in Norfolk. The Better Care Fund (BCF) requires local authorities with responsibility for social services and CCGs to create a pooled commissioning fund for the provision of integrated health and community care services, with a priority purpose of reducing unplanned admissions to hospital. Each of the pooled funds will be secured through an agreement under section 75 of the National Health Service Act 2006, which include the governance arrangements in place. The Council holds the pooled funds and provides administrative support, for which the Council is reimbursed.

3. The purpose of the governance framework

- 3.1. The governance framework comprises the systems and processes, culture and values by which the 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 the Directors adequate information to review the activities of the Group and review and control the business risks.
- 3.4. The NORSE board includes a Council Member and is currently chaired by the Executive Director of Resources of the Council. There is a shareholder committee comprised of six Members. The shareholder committee meets quarterly and monitors the performance of NORSE. A member of the shareholder board, the shareholder representative, also attends the NORSE board. The Council holds control of the Group of Companies by way of its shareholding, restrictions in the NORSE articles of association and the voting rights of the Directors.
- 3.5. The governance framework has been in place at the Council, NORSE, Independence Matters, Norfolk Energy Futures Ltd, Hethel Innovation Ltd and the Great Yarmouth Development Company Ltd for the year ended 31 March 2015. The former Head of Human Resources and Organisational Development fulfilled the role of Managing Director (Acting) for part of the year, until a permanent appointment became effective in August 2015.

During most of the Financial Year, the Council has operated under a Committee System as per the changes to the Council's Constitution that were agreed by Full Council in November 2013 and took 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. Specific governance arrangements relating to the other subsidiary companies have been considered separately under 4.23 to 4.26. 4.27 considers the governance arrangement for a major European programme, which the Council has been appointed to manage on behalf of the European Commission. In drawing up this statement a wide range of officers have been consulted – See note 1 to this Governance Statement.

	Control	Effectiveness
4.1	Identifying and communicating the authority's vision of its purpose and	The County Council continues to manage significant changes as a result of the economic downturn. Since 2010, the citizens and service users have been able to influence and inform the

	Control	Effectiveness
	intended outcomes for citizens and service users.	<p>authority's vision through two significant consultation exercises: the Big Conversation in 2010 and Putting People First in 2014.</p> <p>The Council continued to operate under the strategic vision set in February 2014 by the then new political leadership and the key priorities for the County Council are as follows:</p> <ul style="list-style-type: none"> • Excellence in education • Real jobs • Good infrastructure, and • Supporting vulnerable people. <p>The new Managing Director has kick started a review of the authority's strategic direction under the banner of "Re-imagining Norfolk". This work has three themes:</p> <ul style="list-style-type: none"> - Defining Norfolk's Ambitions – its outward facing role - Defining Norfolk Public Service – one virtual public service based on collaboration and service re-design - Transforming The Council - into the more strategic organisation we need to be. <p>The vision is communicated through the County Council Plan, available on the Council website throughout the year.</p> <p>Individual NORSE companies have separate mission, vision and value statements.</p>
4.2	Reviewing the Council's vision and its implications for the authority's governance arrangements.	<p>Changes have taken place during the year in the Council's organisational arrangements, in line with the above vision. Agendas and minutes for all public meetings are accessible on the Council's website and those meetings are well publicised.</p> <p>The Audit Committee considers the governance arrangements (as set out in this statement) are sufficient to fully support the Council's vision.</p> <p>The need to understand the implications of changes in strategic vision for the Council's governance arrangements and in particular the management of information and performance throughout the Council is embedded in the new "Re-Imagining Norfolk" strategy (See above – third theme of the three-fold strategy).</p> <p>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.</p>
4.3	Translating the vision into objectives for the	Service objectives set out how we will deliver our priorities and Chief Officers have prepared plans against these objectives

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	authority and its partnerships	<p>identifying the planned actions, key milestones and responsible officers.</p> <p>Each service plan supports directly the corporate vision as set out by the Council.</p> <p>Working with a range of partners and partnerships is core activity for the 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 Council will achieve its objectives.</p> <p>The representation of council's elected Members and Chief Officers on key partnership boards is at the core of ensuring that the partnerships the County is engaged in, contribute to the delivery of the Council's vision for Norfolk.</p> <p>Examples of representation on key partnerships across departments are as follows:</p> <ul style="list-style-type: none"> - The Norfolk Health and Wellbeing Board was established in March 2013 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 2014-15, the Council was represented as follows: a dedicated County Council Member representative, Chairpersons of the Children's Services and Adult Social Care Committee, Managing Director, Interim Director of Public Health, Interim Director of Children's Services, and the Director of Community Services. - Safeguarding Boards for Adults and Children have representation from the relevant Service Committee Chair person and the relevant Council Chief Officer. - 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 Council is represented by the Leader of the Council, who sits on the Board. - The Countywide Community Safety Partnership provides strategic leadership of the community safety agenda in Norfolk and the Council is represented by the Chair of the Communities Committee, the Executive Director of Community and Environmental Services, Brigade Manager, Norfolk Fire and Rescue Service, and the Community Safety Assistant Director.

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		<ul style="list-style-type: none"> - The Norfolk Children and Young Peoples' Strategic Partnership Board leads on the children's agenda and the Council is represented by the Chair of the Children's Services Committee, the Interim Director of Children's Services, Interim Director of Public Health, and Assistant Director (Early Help). <p>Less formalised collaborative working also continues to be developed with other local authorities.</p> <p>For example, 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 were 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; waste treatment; customer contact and recruitment.</p> <p>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.</p> <p>The Norfolk Fire and Rescue Annual Assurance Statement provides details of how service priorities are established over the medium term.</p>
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	<p>The newly appointed Managing Director has identified that the overall performance framework, processes and indicator set need refreshing and work started in February 2015 under her lead. The new framework will focus on the delivery of the council's four priorities (as per 4.1).</p> <p>In addition a paper was presented to, and accepted by, the Policy & Resources Committee in March 2015 that recommended a stronger role for the committee in overseeing corporate performance arrangements and calling-in areas of poor performance from across the council.</p> <p>During 2014-15, performance has been measured through the Council's corporate performance management framework, which had been agreed by Cabinet (prior to the introduction of the Committee system of governance) in May 2013. The framework reflects the challenges 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 has provided over the</p>

	Control	Effectiveness
		<p>last 4 years a balanced approach to performance reporting through a framework focussed on four themes:</p> <ul style="list-style-type: none"> • Managing change • Managing resources • Quality and performance of services • Outcomes for Norfolk people. <p>It has aimed to place 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 as effectively as possible.</p> <p>Dashboards have been 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 have helped focus attention on poorly performing areas and highlight areas of good performance. Performance Dashboards are reported to Service Committees and used by COG and Departmental Management Teams to monitor the organisation's performance. These have also formed the basis for reporting to the public and our partners.</p> <p>At the end of 2014-15, the Leader of the Council published on the website his views on the achievements of the year, assessed against the four priorities as detailed at 4.3. His report identified many successes to be celebrated in all areas, as well as including some areas where more progress needs to be achieved. Leader's annual review 2014-15.</p> <p>The Boards for the NORSE companies include senior member and officer representation appointed by the Council to consider their performance and that their services are delivered in accordance with the Council's Objectives.</p> <p>The Norfolk Fire and Rescue Annual Assurance Statement provides details of performance framework in place and key indicators monitored.</p>
4.5	Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer	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.

	Control	Effectiveness
	<p>functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements</p>	<p>The Constitution link can be found on our website and includes all of these issues, including a scheme of delegation.</p> <p>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.</p> <p>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. A Policy and Resources Committee has also been established, which has 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 also has responsibility for corporate shared services including ICT, finance, legal, communications and human resources and organisational development.</p> <p>Role descriptions for Members and the roles they undertake are clearly set out in the Constitution.</p> <p>The new governance structures were reviewed in November 2014 and adjustments have been made, as agreed at the Annual General Meeting of the Council on 18 May 2015 and reflected in the Constitution, including strengthening communication channels and collaborative working between the Policy and Resources Committee and the other Service Committees.</p> <p>There is specific advice within the Constitution provided 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.</p> <p>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 the controls that the Council exercises over NORSE and the actions which require prior approval of the Council.</p>
4.6	<p>Developing, communicating and embedding codes of conduct, defining the standards of</p>	<p>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 and</p>

	Control	Effectiveness
	behaviour for members and staff.	<p>training was provided to Members following the 2013 Council elections.</p> <p>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.</p> <p>The Constitution Advisory Group reviews standing orders and all other aspects of the Constitution at least annually and recommends appropriate changes for the approval of the Council.</p> <p>For NORSE these areas are the responsibility of the Board and include written standards of conduct and behaviour.</p>
4.7	Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality	<p>The Council's new Constitution was agreed on 28 April 2014 and a review of the new Constitution conducted between November 2014 and May 2015. All elements of the Constitution were reviewed including the scheme of delegation and Contract Standing Orders which, where appropriate, were amended. The Constitution sets out the decision making framework, Financial Regulations, a Member Protocol on Contracts and Purchasing, a Working Groups Protocol and a Protocol for conducting Committee business also form part of the Constitution.</p> <p>Using information to allow the 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.</p> <p>Data Quality processes and procedures exist within the council's core line of business system management and are undertaken on a daily basis. Continued good progress during 14/15 has been shown, however there is still further critical work needed around the culture within the council to embed the importance of accurate and timely information is not just a desktop exercise but that it can have a real impact on our citizens.</p> <p>Significant improvements were achieved during 2014-15 with regards to the range of data made available to Members to support good decision making. In particular, reporting around capital budget monitoring was significantly strengthened, with a wider range of data analysed and presented to Members and the spend data being profiled over the year in order to put monthly data into context.</p>

	Control	Effectiveness
4.8	Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability	<p>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 Full Council.</p> <p>Chief Officers regularly review the corporate risk register and report regularly to their relevant committees on their departmental risk registers.</p> <p>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.</p> <p>All the governance issues identified through the preparation of this document had already been identified through the risk management process.</p>
4.9	Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained, in line with the CIPFA Code of practice on managing the risk of fraud and corruption	<p>The Council has an Anti-Fraud and Corruption Strategy, which is reviewed annually by the Audit Committee and was reviewed at the January 2015 meeting (Item 10).</p> <p>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.</p> <p>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.</p> <p>Having considered all the principles, the Chief Internal Auditor is satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.</p> <p>This is achieved by meeting the CIPFA Code of practice principles on managing the risk of fraud and corruption which states that the leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.</p> <p>The five key principles of the code are to:</p>

	Control	Effectiveness
		<ol style="list-style-type: none"> 1. acknowledge the responsibility of the governing body for countering fraud and corruption 2. identify the fraud and corruption risks 3. develop an appropriate counter fraud and corruption strategy 4. provide resources to implement the strategy 5. take action in response to fraud and corruption. <p>http://www.cipfa.org/services/counter-fraud-centre/code-of-practice</p>
4.10	Ensuring effective management of change and transformation	<p>Change is managed using industry standard programme and project management techniques, facilitated by the Programme Office. Each programme of projects is sponsored by an Executive Director and each project is sponsored by a senior officer. The sponsors are accountable for the successful delivery of their programmes and projects and the achievement of the outcomes.</p> <p>The current changes and their supporting plans underpin delivery of the efficiencies and budget savings for 2015-18 for each Directorate. Regular monitoring reports on the change programmes are provided to the relevant Service Committees and the Policy and Resources Committee as part of the Council's performance management framework.</p> <p>The Re-Imagining Norfolk paper to the Policy and Resources Committee on 1 June 2015, set out a strategic direction for the Council which will radically change the role of the County Council and the way it delivers its services. The changes and transformation required to deliver this vision are being defined.</p>
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	<p>A permanent appointment has been made to the role of Executive Director of Finance, which took effect on 26 May 2015.</p> <p>An Interim Executive Director of Finance has been the Chief Financial Officer for the Council for the year 2014-15; he was a member of the Chief Officer Group where the decisions are made with respect to</p> <ul style="list-style-type: none"> • the development and implementation of strategy • delivery and resourcing for the strategic objectives. <p>He was actively involved in and can influence material business decisions through his membership of this Group, other groups and attendance at relevant Council meetings. He was responsible for advising on:</p> <ul style="list-style-type: none"> • financial strategy and financial planning, in both the short and medium term,

	Control	Effectiveness
		<ul style="list-style-type: none"> • risk management and • budgetary control and accountancy throughout the Council. <p>The finance function is resourced and fit for purpose and both the interim and permanent Executive Directors of Finance are qualified and have wide experience of local authority finance.</p> <p>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).</p> <p>For NORSE the Group has a qualified Chief Financial Officer and the results are consolidated into the annual Statements of Accounts of the Council.</p>
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 how they deliver the same impact	<p>The Chief Internal Auditor conducts a self-assessment to the CIPFA Statement on the Role of the Head of Internal Audit (2010). 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.</p> <p>The Chief Internal Auditor attends the Chief Officer Group when needed.</p> <p>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 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>The internal audit team complies with the requirements of the relevant professional standards, ie the United Kingdom Public Sector Internal Audit Standards.</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, and are described in the Monitoring Officer Protocol in the Constitution.
4.14	Ensuring effective arrangements are in place for the discharge of the	The responsibilities of Head of Paid Service are included within the post of Managing Director, as described in the Constitution.

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	head of the paid service function	
4.15	Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.	<p>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 relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	<p>The Practice Director of Nplaw is the Council's Head of Law and the Council's Statutory Monitoring Officer. She seeks to ensure 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 25 years.</p> <p>An Annual Report from the Monitoring Officer is reported every year to the June Audit Committee.</p> <p>With regards to the Norfolk Pension Fund, a new Oversight Board was set up, due to meet for the first time on 17 July 2015. One key role of the new Board is to assist Pensions Committee and Officers with ensuring compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the scheme.</p> <p>For NORSE the Company Secretary performs this role.</p>
4.17	Whistle-blowing and for receiving and investigating complaints from the public	<p>Whenever a member of the public contacts the 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.</p> <p>The policy was reviewed during 2014-15 and an updated version will be published during 2015.</p>

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		<p>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</p>
4.18	<p>Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.</p>	<p>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.</p> <p>The Council holds the “Charter Plus” for Elected Member Development.</p> <p>The move to a new system of governance was supported throughout the year by a series of member workshops on the system of governance itself and committee specific sessions to make sure Members were properly prepared for the new Committee system.</p> <p>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.</p> <p>Induction, management and appraisal processes are used to identify and address development needs of Senior Officers. A new approach has been introduced to the Senior Officers appraisal process in March 2015, as part of the overall refresh of performance management throughout the Council, as lead by the new Managing Director.</p> <p>Within NORSE the Company Secretary is responsible for providing Directors with advice about their roles and responsibilities.</p>
4.19	<p>Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation</p>	<p>The 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 and delivered twice a year to every house in Norfolk, We publish Your Norfolk extra – an electronic version six times a year 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</p>

	Control	Effectiveness
		<p>and engage staff, using online discussion tools such as Yammer and are active in many community forums.</p> <p>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.</p> <p>Our online consultation tool – Consultation Finder lets people find out what consultations are underway, how they can take part and updates people on how their feedback has been used. We manage on behalf of a partnership and regularly 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.</p> <p>We ensure our corporate consultations, such as that concerning the budget, are sensitive to people with differing needs, use a variety of channels including enabling telephone feedback via our customer services operations.</p> <p>The Council provides funding to Healthwatch Norfolk. Healthwatch Norfolk is the new independent consumer champion created to gather and represent the views of the public. Healthwatch plays a role at both national and local level and will make sure that the views of the public and people who use services in Norfolk are taken into account.</p> <p>NORSE provides information via their websites, staff newsletters, and local media. Feedback from customers is regularly obtained by large scale customer surveys.</p>
4.20	Enhancing the accountability for service delivery and effectiveness of other public service providers	<p>The Council ensures the accountability and effectiveness of other public service providers in three main ways:</p> <ul style="list-style-type: none"> • Working to ensure public service improvements through key partnerships. <p>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.</p> <p>The Council oversees practical arrangements for the Health and Wellbeing 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. During the course of 2014-15 the Board has overseen the development and agreement of a Better Care</p>

	Control	Effectiveness
		<p>Fund plan for Norfolk involving a £65m pooled commissioning fund for the provision of integrated health and community care services.</p> <p>A similar example is the Council's involvement with the Norfolk Community Safety Partnership with key public safety services and agencies.</p> <ul style="list-style-type: none"> • Through strategic agreements with key partners for the delivery of services on the Council's behalf. <p>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.</p> <ul style="list-style-type: none"> • Quality assurance of independent sector providers. <p>Wherever significant elements of the 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 may require that improvements are made and reported on.</p> <p>During 2014-15, two significant services were taken back in-house due to significant performance issues by the independent sector provider. These contracts related to the provision of domiciliary care (June 2014) and mental health and drug and alcohol recovery services (October 2014).</p> <p>There are quality assurance functions in each main department, and the performance of provider delivered services is reported to members through monitoring reports.</p> <p>A new Quality Assurance framework was approved by the Adult Social Care Committee in January 2015 to ensure early detection of any potential issue.</p>
4.21	Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's	<p>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.</p> <p>The Council engages fully in the governance processes in place within the partnerships it is partner to. However, the integration within the Council's own governance arrangements of the work achieved through partnership and controls to</p>

	Control	Effectiveness
	report on the governance of partnerships, and reflecting these in the Council's overall governance arrangements.	<p>ensure strong links with the Council priorities and ambitions need to be strengthened.</p> <p>The Corporate Planning and Partnerships Service is available to provide hands-on project capacity to implement consistent governance standards across key significant partnerships and ensure they continue to be productive, efficient and effective.</p>
4.22.	The specific arrangements with respect to NORSE are set out opposite	<p>NORSE Group company secretary confirmed the following arrangements are in place:</p> <ul style="list-style-type: none"> • The NORSE 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 Executive Director of Resources. • Another Member attends Board meetings as shareholder representative. The County Council holds control of the Group of Companies by way of its shareholding, controls in the NORSE Articles of Association 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 2015. • The final results report for 2013-14 were presented to the Economic Development sub-committee in Sept 2014, and the annual report was sent to all Members. In accordance with the Council's Financial Regulations, once the 2014/15 results are finalised they will be presented to the Policy & Resources Committee. This is line with provisions in the Council's Constitution. • 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.

	Control	Effectiveness
		<ul style="list-style-type: none"> • 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 Executive Director 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 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	<ul style="list-style-type: none"> • The Board is responsible for management of internal control throughout Hethel Innovation Ltd. The Assistant Director Economic Development and Strategy 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.

	Control	Effectiveness
		<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The Board is responsible for management of internal control throughout Great Yarmouth Development Company Ltd. The Assistant Director Economic Development and Strategy 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 mechanism to monitor the revenue and capital expenditure. • Details of the GYDC have been reported to the Policy and Resources Committee 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.
4.25.	Independence Matters Community Interest Company	<ul style="list-style-type: none"> • Governance of Independence Matters is achieved through direct member and officer involvement in the key corporate structures. Independence Matters is managed by two Boards – an Enterprise Development Board (EDB) and a Social Enterprise Board (SEB). • The relationship between the council and Independence Matters is managed via the <u>EDB</u>, on which the Council has voting control. The governance arrangements for the EDB are set out in the Enterprise Development Agreement and are explained below. • The EDB is chaired by the Council's Executive Director of Adult Social Services. It also contains the Council's Member Chair of the Adult Social Care Committee 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 <u>SEB</u> has ultimate responsibility for governance within the company. The company has voting control and the Council is represented on the SEB. The governance

	Control	Effectiveness
		<p>arrangements for the SEB are set out in the Company Articles of Association and explained below.</p> <ul style="list-style-type: none"> • The SEB includes the Managing and Finance Directors within Independence Matters, the Finance Business Partner for Adult Social Care, two staff representatives and two stakeholder representatives. • The first Independence Matters AGM took place on 6 November 2014. Accounts for all trading up to 31 March 2014 were made available at the AGM as was an accompanying annual report. The next Independence Matters AGM is planned to take place on 5 November 2015. Accounts for the year ending 31 March 2015 will be made available at the AGM. • A full business risk register and Quality Assurance framework for Independence Matters is in place. Independence Matters has ISO9001 certification for Norfolk Industries. It is not intended to seek ISO 9001 certification for the rest of the organisation. Independence Matters uses the Council Health & Safety policy. • 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.
4.26	Norfolk Safety CIC	<ul style="list-style-type: none"> • Norfolk Safety CIC is a new company established in January 2015, wholly owned by the Council and limited by guarantee. • A Board of Directors, including a Member of the Council, oversees the operation of the Company. Arrangements for establishing the working arrangements of the Company are currently in hand. • Annual budgets and the business plan will be approved by the Board and progress against these reported regularly to Board meetings. The Board will regularly review the business risk register. • Regular performance management meetings between a designated Board member and the General Manager of the Company, will review both financial and non-financial performance. • The Company will look to adopt quality assurance and health and safety policy standards consistent with The Council as appropriate to the activities of the Company.
4.27	France (Channel) England programme	Norfolk County Council has been appointed to manage the 2014-2020 France (Channel) England Interreg Va European programme.

	Control	Effectiveness
		<p>The programme is an EU Commission programme funded through the Cohesion Fund and provides up to €223M of grant covering the geographic area of South and East England and Northern France. This will leverage up to a total of €315M of funds (with match funding). The programme budget is agreed by the French and UK Governments. The Cooperation Programme (CP) has been approved by both national governments for submission to the Commission.</p> <p>The Council will be responsible for delivering the following functions:</p> <ul style="list-style-type: none"> • The Managing Authority, which will manage the delivery of the Cooperation Programme • The Certification Authority, which will be responsible for payments to partners and claims from the European Commission • The Audit Authority, which will provide assurance and be accountable to the European Commission and its Court of Auditors • The Joint Technical Secretariat, which will assist all of the above under the authority of the Managing Authority. <p>The provision of all of the above will be funded through the Technical Assistance budget, included in the overall €223M budget for the programme.</p> <p>The development of the programme framework has been overseen by a Programme Preparation Group, with representation from the two Member States involved, ie France and Britain. This group is now due to morph into a Programme Monitoring Committee, which will oversee the delivery of the programme.</p> <p>Within the Council, a Project Board has been set up to oversee the management of risks this initiative generates for the authority. The Board meets six monthly and receives reports with regards to:</p> <ul style="list-style-type: none"> - Budget monitoring of the Technical Assistance, - Progress on the setting up of the above four functions, - Risk management updates, - Any other organisational issue that may arise. <p>Once the programme is up and running, it is anticipated the Project Board will also receive reports with regards to:</p> <ul style="list-style-type: none"> - Performance Management against the performance targets set in the Cooperation Programme and - Audit Authority internal control reports.

	Control	Effectiveness
		<p>The Audit Committee has been kept up to date with work undertaken to prepare and set up the Audit Authority function. Once this is up and going, the audit strategy, the annual plan and the Annual Opinion Report issued by the Audit Authority will be reported to the Audit Committee 'to note'.</p>

5 Review of the effectiveness

The 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.

Paragraphs 5.7 to 5.11 set out the review mechanism for the County Council's subsidiary companies.

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 Executive Director of Finance/Chief Internal Auditor was made to the Audit Committee at its 18 June 2015 meeting. There were no exceptions to report. • An Annual report of the Monitoring Officer was made to the Audit Committee at the 18 June 2015 meeting. There were no exceptions to report. • Approval of the annual Statement of Accounts is by the Audit Committee each September. • 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 2013. These were reviewed and updated in 2014 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.

	Process	Comment
		<ul style="list-style-type: none"> • Corporate and departmental risk registers are in place and being used by managers as a management tool. • The Chief Officer Group has commissioned a thorough review and refresh exercise of the Corporate Risk Register, measuring against a number of other similar Local Authority high level and Strategic Risk Registers. The analysis is currently being worked on and the new risk register embedded as soon as amendments are approved by the Chief Officer Group. The refresh will allow for a full re-evaluation and subsequent integration of existing risks into a new risk register that better reflects the strategic risks to the Council. This will provide the Chief Officer Group with a sharper and more effective focus on the management of the mitigation of those key risks. • Reporting of risk management activity to Members is embedded; for instance risk registers are regularly reported to the Audit Committee, quarterly as part of the Performance and Risk Report to each of the Committees, regularly to Chief Officer Group and Senior Management Teams. The quality and range of data and information included in these reports has been strengthened during 2014-15 to better inform Committee Members on progress with managing specific risks and give them a better overview of the risk profile of each services. • 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 the Human Resources Shared Service 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) The 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
3	Provision of effective, efficient and responsive	Regular financial management reports have been made to the Policy and Resources Committee. During the year,

	Process	Comment
	systems of financial management.	the Council has embedded the 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.	<p>Continued investment in core skills generic and profession. The Learning & Development priorities are being reviewed by COG. These include induction, management and appraisal processes to identify and address development needs of staff.</p> <p>The appraisal process is under review, as part of the overall review of the performance management framework lead by the new Managing Director.</p> <p>A revised senior managers' performance management scheme was introduced in March 2015 and a range of other actions is taken forward around performance management of all staff. Key aspects are ensuring that all employees understand the council's strategic direction and priorities and how their job relates to them through their individual objectives, and that performance conversations are consistently outstanding and galvanise positive action.</p> <p>Improved performance is also supported by the launch of new Ways of Working in place of the old Competency Framework, a simpler more focused Appraisal Scheme, and linking annual work objectives more clearly to ongoing work reviews during the year.</p>
5	Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where appropriate.	<p>The County Council Plan sets out the Council's strategic ambition, priorities and the areas of the Council's business where it needs to make the fastest improvements to secure Norfolk's long term future. In the year under review, the transition in governance arrangement from Cabinet to Committee saw less corporate focus on measuring and monitoring the progress towards the council's strategic priorities. Committees focused their performance monitoring on the specific service objectives within their remit, following the arrangements set out in section 4.4 above.</p> <p>Each Committee considers performance monitoring reports quarterly. These provide both quantitative and qualitative performance information and where available and appropriate, benchmarking against national averages and statistical neighbours.</p>

	Process	Comment
		<p>In parallel, each Departmental management team reviews performance at least monthly, with challenge provided by the Business Intelligence function.</p> <p>External challenge has been provided through inspections and peer reviews. See section 5.6 below.</p> <p>Section 4.4 above provides details of the corporate performance management framework that has been in place during 2014-15. The framework is currently being reviewed (see 7.2 for details) in order to strengthen the Council's ability to identify issues and provide effective remedial actions timely.</p> <p>Corporate capacity has been prioritised this year to support Children's services. New dashboards and performance reports have been commissioned and delivered to help the Leadership Team in the service to rigorously monitor and take action on performance. Leadership in Children's Services has been strengthened throughout 2014/15 and put a clear focus on tackling performance. A fourth Assistant Director post has been confirmed in 2015, with a clear focus on Performance and Challenge.</p> <p>Ofsted inspected Children's Services in July 2015 and the report is still awaited.</p>

5.2 The Council, Service Committees, Audit Committee, and Pensions Committee

Process	Comment
<p>The scrutiny function is carried out and developed through the Council, the Audit Committee, Service Committees and the Pensions Committee.</p>	<p>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. 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</p>

	<p>developed and tested the new Constitution. The new Constitution was subject to a sixth month review, led by a steering group of the Group Leaders, and improvements to the new system of governance were adopted at the Council's AGM in May 2015.</p> <p>The Pensions Committee and the Audit Committee continue in their current roles. The Pensions Committee will now be supported by the new Oversight Board, due to meet for the first time on 17 July 2015.</p>
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5.3 The Standards Committee

Process	Comment
The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and co-opted members.	<p>The Committee met once during 2014-15. Its business included:</p> <ul style="list-style-type: none"> • A review of the standards complaints received during 2014 • A reminder of the role of group leaders in assisting with the resolution of complaints that are member to member • A reminder that new legislation has introduced the right to film Council meetings and advice on how to support this.

5.4 Chief Financial Officer

Process	Comment
The Executive Director 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

Process	Comment
Internal Audit provide independent and objective assurances across the whole range of the Council's financial and non-financial activities	<ul style="list-style-type: none"> • Terms of reference for the Audit Committee are reviewed annually and changes approved by the Full Council. • The Audit Committee received an Annual Report on the delivery of the Internal Audit Plan and the assurance opinion at its 18 June 2015 meeting. No exceptions were reported. • 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.

	<ul style="list-style-type: none"> • The internal audit team is compliant with the relevant professional standards, namely the United Kingdom Public Sector Internal Audit Standards. • 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.
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5.6 Other explicit review/assurance mechanisms

	Process	Comment
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.	<ul style="list-style-type: none"> • The overall key message in the Audit Commission's Annual Audit Letter in October 2014 (available on the Council Finance webpage) was that an unqualified opinion was issued on the Council's accounts for 2013-14. • 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.	<ul style="list-style-type: none"> • The County Council complies with the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 (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 self-assesses compliance annually. An external assessment will be organised over the next three years, in line with the requirements of the standards.
3	<p>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.</p> <p>Include peer reviews.</p>	<p><u>Resources</u></p> <ul style="list-style-type: none"> • The Public Services Network (PSN) allows the UK government to safely and securely enable and share public services effectively and efficiently. The PSN compliance needs to be renewed annually to ensure that Norfolk continues to take advantage PSN services including secure email and DWP returns. The accreditation renewal was due in January 2015 and finally achieved on 8 September 2015. (Included at 7.1 as a significant in-year issue).

	Process	Comment
		<p><u>Children's Services</u></p> <p>Ofsted revisited The Council in 2014 to look at support provide by the Local Authority to drive School Improvement and this was confirmed as effective.</p> <p>A regional peer review on the area of Safeguarding for Children's Services in Spring 2014 confirmed that the framework is being strengthened and confirmed that alternative models would not deliver quicker results.</p> <p>Improvements were achieved through:</p> <ul style="list-style-type: none"> - the implementation of a whole-system improvement programme led by a strong, experienced Children's Services leadership with the capacity and capability to secure children's safeguarding and drive strategic improvement and - improvements in the use of data, rigorous performance monitoring and external peer review. <p>Ofsted inspections of individual children's home throughout the year show that effectiveness has either be maintained or improved across the board, demonstrating the positive impact of the strengthened governance framework within Children's Services.</p> <p>The Council was visited by Ofsted in July 2015 and the report has not been issued at the time of publication of this document.</p> <p><u>Community and Environmental Services (CES)</u></p> <ul style="list-style-type: none"> • The Adult Education Service was inspected by Ofsted in January 2015 and the overall effectiveness of the service was judged inadequate. An improvement plan and a monitoring process are in place. • Other accreditation obtained by CES have been appended at Appendix 1. • 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, particularly in relation to project governance, which have subsequently been confirmed as being addressed after an update review by Local Partnerships.

	Process	Comment
		<p data-bbox="710 331 960 365"><u>Adult Social Care</u></p> <ul data-bbox="662 409 1484 1171" style="list-style-type: none"> <li data-bbox="662 409 1484 696">• A Peer Review of Adult Safeguarding in Norfolk was carried out in May 2014 by an independent team led by the Local Government Association. The Safeguarding responsibilities of Local Authorities became statutory under the Care Act from April 2015. The external reviewers assessed our safeguarding arrangements as sound and concluded that adults are safeguarded in Norfolk. The Safeguarding Peer Review made several recommendations for Norfolk in order to help us improve and be ready for the implementation of the Care Act. An action plan was developed from the recommendations and has been progressed. The Adult Board now has a safeguarding Board manager role which mirrors the Children’s Board manager role. Also in order to develop a wider strategic role, the new Chair of NSAB has been working with the Safeguarding Children’s Board, the local Chairs Group and a range of other relevant bodies to identify areas of common interest and possible shared initiatives. <p data-bbox="710 1267 952 1301"><u>Fire and Rescue</u></p> <ul data-bbox="662 1323 1476 2022" style="list-style-type: none"> <li data-bbox="662 1323 1476 1464">• Fire and Rescue Authorities must provide both local communities and the Government with an annual statement of assurance on financial, governance and operational matters. <li data-bbox="662 1469 1476 1653">• 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. <li data-bbox="662 1657 1476 1765">• The Annual Statement of Assurance for 2013/14 can be found at NFRA Annual Statement of Assurance 2014-15 <li data-bbox="662 1769 1476 1953">• 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. <li data-bbox="662 1957 1476 2022">• Details of the review programme can be found at Fire Peer Review.

	Process	Comment
		<ul style="list-style-type: none"> • 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	<p>Two independent reviews were commissioned regarding the decision making, contract provisions and processes around the <u>Residual Waste Treatment Contract</u>. These were undertaken by PWC and by Mr Stephen Revel the County Council's Independent Person.</p> <p>The independent report commissioned in April 2014 from Stephen Revel is still awaited. It was however reported to the Policy and Resources Committee on 1 December 2014 that, 'Norfolk County Council has agreed a full and final settlement in line with the £33.7m reported to the Council on May 27 2014 for ending the Willows energy from waste project. This move closes negotiations with Willows Power and Recycling Limited relating to the contract for the proposed development near King's Lynn.</p> <p>A vote by councillors in April led to withdrawal from the scheme on the basis of the failure to obtain planning permission. Following that decision a series of payments have already been made by the County Council in recent months, such as foreign exchange costs and costs relating to the public inquiry. A last payment of nearly £5.9m was made on November 28 bringing this in line with the £33.7m reported to Council in May this year'.</p>

5.7 Review Mechanisms for NORSE

	Process	Comment
	NORSE activities review mechanisms include	<p>The NORSE Group Company Secretary confirmed that the following review mechanism are in place.</p> <p>Quarterly Board meetings receive reports on all aspects of the Business.</p> <p>The Board includes a senior Member and is chaired by the Executive Director of Resources of the Council.</p>

		<p>Board meetings are also attended by the shareholder representative.</p> <p>The Shareholder Committee, comprising six Members and politically balanced, receives quarterly reports on the activities of the Companies. Shareholder consents as required under the Articles of Association are considered for approval by the Executive Director of Finance in consultation with the shareholder representative.</p> <p>All Board Papers are sent to the Council's Executive Director of Finance, who has a standing invitation to Board meetings, and also to the Council's Monitoring Officer.</p> <p>Norse Board approved internal control arrangements in July 2011, as part of a review at the time of the introduction of the Bribery Act.</p> <p>The services provided by Norse Care are subject to external audit by the Care Quality Commission.</p>
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5.8 Review Mechanisms for Hethel Innovation Ltd (HIL)

	Process	Comment
	<p>HIL activities review mechanisms include</p>	<p>Quarterly Board meetings received reports on all aspects of the Business.</p> <p>The Board includes a senior Member and a senior officer of the Council and is chaired by the Chairman of Hethel Engineering.</p> <p>Senior Management meetings included Council representation.</p> <p>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.</p> <p>A self-assessment checklist is being developed with the assistance of the internal audit team to support annual governance assurance.</p>

5.9 Review Mechanisms for Great Yarmouth Development Company Ltd

	Process	Comment
	Great Yarmouth Development Company Ltd activities review mechanisms include	<p>Monthly Board meetings received reports on all aspects of the Business.</p> <p>The Board included a senior Member and a senior officer of the Council and is chaired by Cllr Bernard Williamson of Great Yarmouth Borough Council.</p> <p>Senior Management meetings include Council representation.</p>

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

	Process	Comment
	IM CIC activities review mechanisms include	<p>Quarterly Enterprise Development Board (EDB) meetings measured the success of the business in meeting the outcomes laid out in the service specification.</p> <p>Quarterly Social Enterprise Board (SEB) meetings received reports on the operational and financial aspects of the Business.</p> <p>The EDB included 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.</p> <p>By virtue of member involvement, the EDB has responsibility for making recommendations to full Council as necessary regarding Performance Notices or Remedial Action Plans.</p> <p>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.</p> <p>The services provided by Independence Matters are subject to external audit by the Care Quality Commission.</p>

5.11 Review Mechanisms for Norfolk Safety Community Interest Company (NSCIC)

	Process	Comment
	NSCIC activities review mechanisms include:	<ul style="list-style-type: none"> • A Board of Directors, including a Member of the Council, oversees the operation of the Company. Arrangements for establishing the working arrangements of the Company are currently in hand. • Annual budgets and the business plan will be approved by the Board and progress against these reported regularly to Board meetings. The Board will regularly review the business risk register. • Regular performance management meetings between a designated Board member and the General Manager of the Company, will review both financial and non-financial performance. • The Company will look to adopt quality assurance and health and safety policy standards consistent with The Council as appropriate to the activities of the Company.

6 A challenging context

- 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. The Labour Council Leader secured support from UKIP, the Liberal Democrats and the Green party and leadership has continued to be exercised throughout 2014-15 by this alliance.
- A new Managing Director was appointed during the year, which took effect in August 2014, replacing the current Director of Resources acting up to the role. This enabled the council to move forward on the restructuring and permanent appointments at the top of the organisation. The revised management structure was presented to and approved by the Full Council on 20 October 2014. [Report to Full Council on new management structure \(p25\)](#).

A permanent Executive Director for Finance, Children's Services and for Community and Environmental Services have been successfully appointed during the year, which means all Chief Officer roles are now fulfilled by permanent members of staff.

Heads of Services posts have all been appointed to, with the following still fulfilled through interim staff:

- Head of ICT and Information Management
 - Head of Human Resources and Organisational Development
 - Head of Property.
- The Authority faced a challenging year in 2014/15 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. Financial pressures have become significant in 2014/15 in the Adult Social Service budgets (see 7.4)

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 2015/16 and beyond will continue to be extremely challenging with a need to bridge a funding gap of £144 million over the Medium Term to 2018-19. 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.

- Following on from the election in May 2013, the Council resolved, in November 2013, 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 The Council. The Committee system became effective in May 2014 and has bedded in throughout the year. This change was particularly significant at a time where no political party owned an overall majority at Full Council.
- The Council signed a contract with Hewlett Packard (HP) in December 2013 to put in place 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 delivery of the programme started during 2014-15.

Since then, all staff have been moved onto a new, much more resilient email and calendar service (Office 365), removing a major risk to business continuity, and a robust infrastructure has been put in place enabling the deployment and management of new laptop and desktop computers. So far, sixty per cent of the new computers have been rolled out and plans are in place to either replace the XP devices with Windows 8.1 or Windows 7, or to deploy a thin client solution.

A new identity management system, “Sailpoint”, will be deployed during 15/16 Financial year, which reduces information security risks by providing much more robust control over which employees have access to which information.

The programme management arrangements for Digital Norfolk Ambition (DNA) were reviewed in Spring 2015 and new arrangements are now in place, chaired by the Executive Director of Resources. Regular updates are provided to the Policy and Resources Committee and a member working group to provide closer oversight has been established. A comprehensive progress report was presented to the Policy & Resource Committee meeting on 1 June 2015 (page 25 to 33) ([Link to the report](#)), which sets out the progress made and also the challenges which we still face. Regular reporting to the Policy & Resource Committee will continue until full implementation of the programme.

- In parallel to the Digital Norfolk Ambition roll out, a major refurbishment project of the County Hall building reached the execution phase in 2014-15, involving relocation of staff across the building to enable building work and ultimately aiming at rationalising the Council’s estate.
- In May 2015, a new strategy was endorsed by the Council to reshape the council’s approach to delivering its services. The new vision looks to create a Norfolk public service by forging alliances with other organisations to free up capacity across the county, reducing the costs of providing services by working closely with communities at grass roots level, and providing seamless services for residents, regardless of what organisation is delivering them, to meet the needs of people in their daily lives.

The vision reconfirms the four priorities as per 4.1 above which, together, are designed to make communities more self-sufficient, give people greater independence and more control over their lives. This will be underpinned by fostering an economy where more jobs are created, ensuring people have the financial resilience to run their own lives.

More details on the new strategy can be found in the [report to Policy & Resources Committee on Re-Imagining Norfolk dated 1 June 2015](#).

7 Significant governance issues

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

7.1 PSN Accreditation

By the end of the March 2015, the Council had not secured the renewal of its Public Sector Network (PSN) accreditation, which was due in January 2015. Accreditation was subsequently achieved on 8 September 2015.

7.2 Performance Management

In recognition of the challenges now facing the council, it has been recognised that performance management can be strengthened at a corporate level. A review was commissioned and the outcome reported to senior officers of the council. An action plan is being formulated to take forward the recommendations from that review.

Implementation of the recommendations will ensure a consistent and robust approach to strategic and operational performance management against the Re-imagining Norfolk principles.

7.3 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. This remains a challenge and an area to be strengthened for the Council.

An Information Management Service has been established to drive improvements across the Council. Significant steps have been taken to strengthen awareness and compliance with the corporate Information Security Policy and the County Council's compliance culture. However, breaches of the Data Protection Act reported during the year show that more needs to be done to fully embed good practice with regards to the security of paper documents.

COG agreed a new governance model in regards to information governance and this has started to be implemented, along with an Identity and Access Management (IDAM) solution that will enable the right user to have the right access to corporate systems based on their role within the council, no more or less.

Work has also been undertaken during the year to improve awareness of information security expectations across the Council's maintained schools. Data sharing protocols and data exchange agreements, in place between Children's Services and key partners, have been strengthened and awareness raised across staff within this department throughout the year. This has enabled Norfolk County Council to be one of the first authorities to respond positively to the joint-ministerial call, issued on 3 March 2015, for greater sharing of information between agencies in order to better safeguard vulnerable children. A [report](#) was presented to the Policy and Resources Committee to that effect on 23 March 2015.

The refurbishment of County Hall and relocation of staff during 2014-15 has presented some challenges to information security during physical relocation. The environment offered on the new refurbished floor and the flexible working model continue to present

challenges to information security in themselves and make staff awareness and engagement a corner stone to adequate protection of data and information confidentiality.

7.4 Management of the Financial Pressures in Adult Social Services

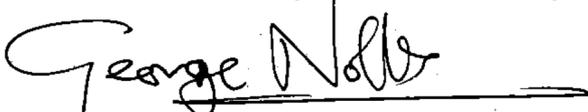
At the end of 2014/15, the Adult Social Services budget was in an overspent position of approximately £8m before use of reserves and one-off funding. This was reported to the Adult Social Services Committee on 11th May 2015. Authorities across the country are facing significant challenges in balancing the Adult Care Budget. An enquiry to County Councils across the country reported an average overspend of 1.1% on aggregate budgets of £4.175bn, over the 25 responses received.

The funding shortfall for 2015/16 is currently estimated at £10.8m and planned savings will have to be identified to meet this. Further mitigating actions are being identified, in order to bring the budget back into balance. These have been reported at the Adult Social Care Committee on 29 June 2015.

7.5 ICT Business Continuity

The Council's email system suffered a fault over the 2014 Easter weekend, which was reported in the 2013-14 Annual Governance Statement. The cause of the original failure has now been satisfactorily addressed through the move to Microsoft Office 365 as part of the Digital Norfolk Ambition arrangements. The risk is greatly reduced as our email service is now on a shared Microsoft owned cloud platform and therefore the majority of issues are owned and managed by Microsoft however we do still retain some key infrastructure on site to provide connectivity to Microsoft.

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


Managing Director – Wendy Thomson

Notes:

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

- Managing Director,
- Executive Director of Adult Social Services,
- Interim Executive Director of Children's Services
- Executive Director of Communities and Environment
- Interim Executive Director of Finance (Section 151 Officer)
- Executive Director of Resources
- Head of Planning, Performance and Partnerships,
- Practice Director, nplaw (Monitoring Officer),
- Head of Democratic Services,
- Acting Head of HR,
- Chief Fire Officer,
- Interim Director of Public Health, and
- Finance Director NORSE.

Appendix 1

Additional information on service specific accreditations obtained by Service Departments

CES

- In March 2015 the Trading Standards Service was inspected by the Driver and Vehicle Licensing Agency (DVLA) to ensure we have robust procedures for personal data requests. The inspector was satisfied with our processes and procedures and our physical and ICT security for the personal data held.
- External audit by an ISO9001 certification body of the Trading Standards calibration and verification services is performed annually and during 2014/15 certification was maintained following confirmation that the requirements of standards and regulations are met on a continuing basis.
- External audit on behalf of the Secretary of State (BIS) of the Trading Standards verification service, as part of the East of England Trading Standards Notified Body which Norfolk lead on, was performed in January 2015. The audit team confirmed that compliance with the requirements of the standards, regulations and EU directives are met on a continuing basis and designation maintained. Norfolk also perform audits on behalf of the Secretary of State (BIS) on other Trading Standards Notified Bodies.
- Various audit and inspection activities in relation to granting and management of external funding.
- Successful bids were made to DfT for the following, £3.69m winter damage money (awarded March 2014), £5.41m pothole repair money (awarded June 2014) and £9.1m Challenge Fund for Norwich Greater Area Surface Water Drainage (awarded March 2015)
- Annual audits by the United Kingdom Accreditation Service (UKAS), as the UK National Accreditation Body, to confirm that the laboratories - both the Highways Testing laboratory and the Trading Standards Calibration laboratory - are meeting the standards required to maintain their accreditation status. Audits performed by UKAS during 2014/15 have confirmed that compliance is being achieved on a continuing basis and therefore accreditation was maintained.
- Annual review/inspection of the Historic Environment Service in terms of its status as a Registered Organisation by the Chartered Institute for Archaeologists, the body responsible for professional standards in archaeology. Inspectors recommended improved recording of informal in-house training and encouraging greater Chartered Institute for Archaeologists membership amongst staff, both of which are being addressed.
- The County Council's 'O' licence – the Operator's Licence needed to be able to operate goods vehicles over 3.5 tonnes for business use – was granted by the Traffic Commissioner. We have an Operator Compliance Risk Score (OCRS) of 'green 00' for Roadworthiness (the highest possible score) and grey 'Nil Score' for traffic (reflecting that we have had no enforcement encounters or issues within the last 3 years).

- 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, SQA and HCTA. Regular standard External quality assurance inspections of qualification standards are carried out to maintain awarding body status. In addition, staff in the casualty reduction team, who provide training services (e.g. driver training), undergo standards checks by the Driver and Vehicle Standards Agency to maintain training authorities – no issues identified.
- Libraries currently offer JAUPT accredited driver training as part of the drivers CPC. Both the centre and courses have been externally audited - 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 the Contractor operates under, for which the Council and Contractor receive a copy of the inspection report. No major issues raised.

Resources

- The Local Government Ombudsman (LGO) provides an annual review letter with regards to complaints management. The LGO has not raised any issues with any NCC cases referred to them during the 2014-2015 financial year. The LGO has changed their reporting approach. There were 15 cases where a complaint about the Council was upheld in 2014-15. Details of decisions are reported on the [LGO website](#).