

Draft Annual Governance Statement for Norfolk County Council

2022-23

1. Introduction

- 1.1. The Accounts and Audit (England) Regulations 2015 (as amended) 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 and Governance Committee undertakes these duties on behalf of the Council.

- 1.2. Due to delays with the audit of the previous draft statement, for 2021-22, this draft statement, for 2022-23, will be published alongside the previous year's draft statement to fulfil the above regulation's timetable. It is anticipated that the 2021-22 statement will be approved by the Audit and Governance Committee mid-2023.
- 1.3. The Council continues to operate in a period of unprecedented challenges, with increases in demand for services, the rise in the cost of living and the need to close significant budget gaps over the coming years. Despite this, improvements in services are happening, and progress is being made with delivering the strategic priorities. The Annual Report documents the progress being made with meeting with the Corporate Delivery Plan 2022-23. This was reported to Cabinet, [see pages 217 to 282 Cabinet agenda 10 May 2023](#).
- 1.4. The key activities the Council is currently involved in are as follows:
- Levelling Up - Norfolk has signed an in-principle agreement with Government to achieve a devolution deal (see 1.5 for more information).
 - Strategic review – Developing the Organisation's capability and capacity to be more sustainable and operate effectively and efficiently, providing the right services to residents. Undertaking a consultation with staff during the year (see 1.6 for more information).
 - Integrated Care System – Bringing together providers and commissioners of NHS services with local authorities and other partners to improve population health and care
 - 'Connecting Communities' in Adult Social Services – Working in partnership with front line teams, the voluntary sector, providers, and districts to empower communities to develop the support they require, specific to their unique strengths and needs. At the heart of the programme is an aim to help people in Norfolk access the right service for them at the right time.

- Net Zero Norfolk – The Council is committed to achieving net zero carbon emissions on its estates by 2030 and a strategy for that was endorsed at the March 2023 Infrastructure and Development Select Committee and was approved by Cabinet [see Item No.8. Cabinet Agenda 10 May 2023.](#)

- 1.5. In December 2022 the Council signed an in-principle agreement with Government to pursue a devolution deal – “A Deal for Norfolk” – worth £600m of investment over 30 years and bringing with it a range of other powers and funding to Norfolk too. Finalising a deal would mean that, from 2024 onwards, the Council can do more to:
- Target funding and resources to Norfolk’s own growth and infrastructure priorities
 - Attract and retain new and key businesses and sectors
 - Invest in the skills we know we need
 - Unlock housing and employment sites
 - Raise our profile nationally, enabling our voice to be heard by Government and help shape future policies

As part of the deal, the Council would have a Council Leader who is directly elected by the public, with the first election in May 2024. In order for the deal to come to pass NCC completed a Public Consultation leading to Full Council to pass a resolution during 2023-4, to change to a Directly Elected Leader. [Detail about the deal was included in the Extraordinary Meeting dated 17 January 2023, see item no. 4, page 6.](#) The consultation will be submitted to the government, which will trigger the next phase of the process over the deal - the necessary legislation to allow it to happen. In the mean time negotiations will continue.

- 1.6. The Strategic Review, first announced in April 2022, has identified a number of changes necessary to ensuring the council continues to be well-run, is delivering best value to our residents, and spending money where it is needed most. This is not a one-off event; it will be a journey of continuous improvement that will help future-proof the council and the services it delivers. Among the priorities for the first stage are removing areas of duplication, adjusting management layers, and improving spans of control, designing a pay and rewards strategy based on transparency and market alignment to support recruitment and retention ensuring the organisation is competitive in the job market, as well as improving consistency to support career development and equality.
- 1.7. At the Annual General Meeting of the county council, Conservative group leader, Cllr Kay Mason Billig was voted in as the new council leader. She succeeds Andrew Proctor who stood down from the role due to ill health. Cllr Andrew Jamieson will be deputy leader as well as continue as cabinet member for finance. Full details of the Cabinet and Committee Chairs are reported in the [minutes of the Annual General Meeting](#). It was confirmed, at that meeting, that in order to strengthen partnership arrangements with the NHS, Cabinet responsibilities for Public Health and Wellbeing will have a separate portfolio from

responsibilities for Adult Social Care. The Leader also confirmed that she intends to review the existing leadership model and take any decision that requires Council agreement to that body in due course.

- 1.8. The Executive Director of Finance and Commercial Services and the Director of Governance left the County Council on 8 January 2023 and 14 April 2023. At the December 2022 Council meeting it was agreed that their posts will not be replaced on a like for like basis and their statutory responsibilities would be reallocated to other officers. The full Council approved the appointment of the Section 151 Officer and Monitoring Officer from within its current staff members with the capability and experience to fulfil the statutory responsibilities associated with those roles. From 5th June 2023, the Adult Social Services Director - Strategy & Transformation has been appointed as interim Executive Director of Adult Social Services (statutory DASS) to cover the present Executive Director's secondment to the Care Quality Commission for the next year. On the same date the responsibility for Public Health Services will also transfer to the Interim Executive Director.
- 1.9. As part of producing this statement, Executive Directors have completed and signed an Annual Positive Assurance Statement and completed a supporting departmental assurance table. Action plans are being put in place where any strengthening may be required. These plans are being followed up and assurance on completed actions, will be reported to the Audit Committee in July 2023.
- 1.10. 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 will report to the Audit Committee in July 2023 that, in his opinion, the system of internal control, including the arrangements for the management of risk during 2022-23, are acceptable and therefore considered sound.

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 Delivering Good Governance in Local Government (CIPFA/SOLACE, 2016). Changes to the Code were approved in February 2023, as the Constitution had been updated. If you require any further information regarding this statement please contact Adrian Thompson, Assistant Director of Finance (Audit), 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 2022-23, 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 Other relevant code of practices that are followed by the Council are The Prudential Code for Capital Finance in Local Authorities (2021 Edition) and the Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes (2021 Edition).
- 2.5 This statement explains how the Council has complied with the Code of Corporate Governance, the above codes of practice, and meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2015 (as amended), in relation to the publication of an Annual Governance Statement.
- 2.6 The Council administers the Norfolk Pension Fund, and the governance arrangements are statutorily prescribed. The Council complies with these requirements. For further details, please consult the [Norfolk Pension Fund Governance Strategy Statement 2022](#).
- 2.7 The Council hosts or is represented on several Joint Committees, which are
- Norfolk Records Committee,
 - Norfolk Joint Museum Committee,
 - Eastern Shires Purchasing Organisation (ESPO),
 - Eastern Inshore Fisheries and Conservation Authority,
 - Norfolk Parking Partnership Joint Committee,
 - Norfolk and Waveney Joint Health Scrutiny Committee,
 - Joint Committee for Transport for Norwich (formerly the Joint Committee for Transforming Cities Fund projects, until June 2021)
- 2.8 The Council currently owns eight companies; seven are limited by shares and one is limited by guarantee with no share ownership:

Active Companies:

- The largest wholly owned company by the Council is the Norse Group Limited. For more information regarding NORSE and its services, please refer to the [Norse Group website](#).

- Hethel Innovation Ltd, is wholly owned by the Council. For more information, please refer to the [Hethel Innovation website](#).
- Independence Matters is a Community Interest Company (CIC) which started trading 1 November 2013. The Council now owns 100% of the shares (holding was previously 49%, but on 28 March 2023 the Council purchased the remaining 51% of the shares). In response to the issues facing a national home care provider and to ensure continuity of care, Home Support Matters was set up on 10th December 2018, as a wholly owned subsidiary of Independence Matters. For more information regarding Independence Matters please refer to the [Independence Matters website](#).
- Norfolk Safety Community Interest Company (CIC) operates in partnership with Norfolk Fire and Rescue Service. For more information, please refer to the [Norfolk Safety CIC website](#).
- Legislator 1656 Limited is a holding company which is jointly owned with Norwich City Council. The company owns 100% of Legislator 1657 Limited whose principal activity is the leasing of investment properties.
- Repton Property Developments Ltd is wholly owned by the Council. Its primary objective is to undertake direct property development with the aim of maximising financial returns (capital receipts and revenue income) for the Council to support service delivery. In addition, NCC through its ownership of the company is seeking wider social, economic and environmental outcomes and the following secondary outcomes have been established: -
 - Contributing to meeting Norfolk's growing housing demands
 - Provision of quality homes to raise design and performance standards
 - Provide economic stimulus by increasing overall capacity for property development and by taking control of developing specific sites preventing land banking
 - Support creation of quality jobs and economic growth.
- For more information, please refer to the [Repton Property website](#).
- NCC Nurseries Limited is wholly owned by the Council and was incorporated on 27 November 2019. The company has been set up to provide nursery provision after the previous provider, Great Yarmouth Community Trust, went into receivership. The company has obtained alternative providers to run the nurseries. Cabinet agreed to dissolve the company at its meeting on 30 January 2023. An application will shortly be made to Companies House to dissolve the company.
- LCIF 2 Limited is a management company which is responsible for the set up and implementation of the Low Carbon Innovation Fund. The company is limited by

guarantee with no share ownership and the guarantees are provided 50% by the Council and 50% by the University of East Anglia. The Fund will invest in equity and convertible loans to support growing technologies across three LEP areas (New Anglia, Hertfordshire and the Cambridge and Peterborough Combined Authority).

Non-Active/Dissolved companies:

- NPLaw Ltd (formerly Public Law East Limited), incorporated on 13 February 2017, is a wholly owned company. It is currently dormant.

Where appropriate the wholly owned/partly owned companies have Council Member and/or Officer representation on their boards of directors. Assurance about the governance in place for Norse has been obtained through the reports received by their Internal Auditors and a signed Group Annual Assurance Statement. All other significant companies have provided an Annual Positive Assurance Statement and completed a supporting assurance table, confirming the effectiveness of their governance framework. No concerns have been identified. An internal audit is being completed for Repton Property Developments Ltd. Work has been performed reviewing Norse's internal audit plan, Norse internal audit reports and minutes of the Norse Audit Committee. KPMG are responsible for performing their internal audits. There is a wide range of audit topics, and the results of the audits are reported back to their Audit Committee. Required actions from the audits performed are monitored. An external review was published on 26th August 2022 by Grant Thornton on the governance arrangements of Norse.

2.9 The Council is a partner in five pooling arrangements, detailed below:

- The Norfolk Learning Difficulties Pooled Fund now exists only as a legal entity as part of the arrangements for commissioning Learning Difficulties health services. The Council now receives funding directly from Central Government as part of the formula funding.
- Norfolk Medicines Support Service. The Council, the Norfolk and Waveney Integrated Care Board and Arden and Greater East Midlands Commissioning Support Unit, have put in place a Service Level Agreement which has been signed and have drafted a Section 75 agreement which is ready to sign that covers the formal arrangement into the future. The Norfolk and Waveney integrated Care Board (ICB) is the lead commissioner and Arden, and GEM are the provider.
- Since July 2022, under the Health and Care Act (2022), Clinical Commissioning Groups (CCGs) have been abolished and the local CCG has been replaced with the Norfolk and Waveney Integrated Care Board (ICB). The Better Care Fund (BCF) requires local authorities with responsibility for social services and the ICB to create a pooled commissioning fund for the provision of integrated health and community care services, with a priority purpose of supporting the integration of

health and care. It incorporates Better Care Fund monies and Improved Better Care Fund grant. The pooled fund is secured through an agreement under section 75 of the National Health Service Act 2006. The Norfolk and Waveney ICS Executive oversees the governance of the pooled fund. The Better Care Fund plan, which sets out how funds are spent, is required to be approved by the Health and Wellbeing Board. The Council administers the pooled funds.

- Norfolk County Council, with all seven district councils participated in the Norfolk Business Rates Pool until 2022-23. Under the new governance agreement for the 2022-23 Pool, any business rate gains retained in Norfolk are to be redistributed to individual pool members, who will make their own local decisions about how the funds are to be used.
- Norfolk County Council acts as the accountable body for the Greater Norwich Growth Board Infrastructure Investment Fund. Further information can be found on the [Greater Norwich Growth Board website](#).

2.10 Norfolk County Council has been designated to manage the 2014-2020 France (Channel) England Interreg Va European programme.

The programme is a European Commission (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) was approved by both national governments and by the EC in October 2015. Further information can be found on the [France \(Channel\) England Interreg Va European programme website](#).

Following the UK Government's EU (Withdrawal Agreement) Bill i.e., "Brexit", the programme is guaranteed to continue until its natural conclusion in line with the Cooperation Programme, fully funded by the EC up to 31/12/2023 and then by the two national governments until 31/03/2025.

Within the Council, a Project Board has been set up to oversee the management of risks this initiative generates for the authority. The Managing Authority reports into the existing governance arrangements for the Council.

The Audit Authority (AA) reports to the Audit Committee on progress made against the audit strategy and audit plan. Should significant issues arise and fail to be resolved with regards to the management and control system, these would be reported to the Audit Committee. The annual report for 1/7/2021 to 30/06/22 stated the AA opinion for both the programme accounts and the management and control system over 2021/22 is "unqualified".

The programme also has its own governance arrangements involving Member States and EC representatives, which will continue into 2025.

3. The purpose of a governance framework

- 3.1 A 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 wholly owned 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.

4. The Governance Framework

- 4.1 The Council achieves good standards of governance by applying the principles of Delivering Good Governance in Local Government: Framework (CIPFA/SOLACE, 2016).

The Council's Code of Corporate Governance sets out the Council's governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, effective, honest, and accountable manner. The Code is based upon the following principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- B. Ensuring openness and comprehensive stakeholder engagement**
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- F. Managing risks and performance through robust internal control and strong public financial management**
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.**

- 4.2 These principles represent best practice and are taken from the 'International Framework: Good Governance in the Public Sector' produced by CIPFA/IFAC. Good governance is dynamic and involves continuous evaluation and review. To achieve good governance the Council should achieve their intended outcomes, while acting in the public interest at all times. As overarching requirements for acting in the public interest, principles A and B apply across all other principles (C – G).
- 4.3 The Council's [Code of Corporate Governance](#) details the arrangements in place to comply with each of the principles. This Annual Governance Statement reviews the effectiveness of those arrangements.

5. Effectiveness of the governance framework

- 5.1 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 Head of Paid Service and Executive Directors within the County Council who are responsible for the development and maintenance of the governance environment
- The statutory roles of the Council's Monitoring Officer and Section 151 Officer
- The signed departmental assurance statements received and signed by Executive Directors for 2022-23
- The Annual Governance Statement working group
- Work performed by Internal Audit
- Comments made by the external auditors and other review agencies and inspectorate
- Systems and controls carried out as outlined in the Code of Corporate Governance.

Responsibility for this annual review has been delegated to the Audit and Governance Committee. **Overall, it is considered the Council's governance arrangements continue to be fit for purpose, in accordance with the governance framework.**

- 5.2 The effectiveness of the governance framework can be demonstrated by the following:

- **Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**
 - Executive Directors confirmed; in all significant respects services comply with the Council's Constitution, Financial Regulations and key policies and procedures which include for declarations of interest, compliments and complaints and whistleblowing. Where required, actions are being put in place to ensure full compliance.
 - Reports on Anti-Fraud and Corruption, Whistleblowing and Money Laundering Reporting Officer activity were reported to the Audit and

Governance Committee during the year either as part of the Norfolk Audit Services (NAS) Quarterly reports or in specific reports for those themes.

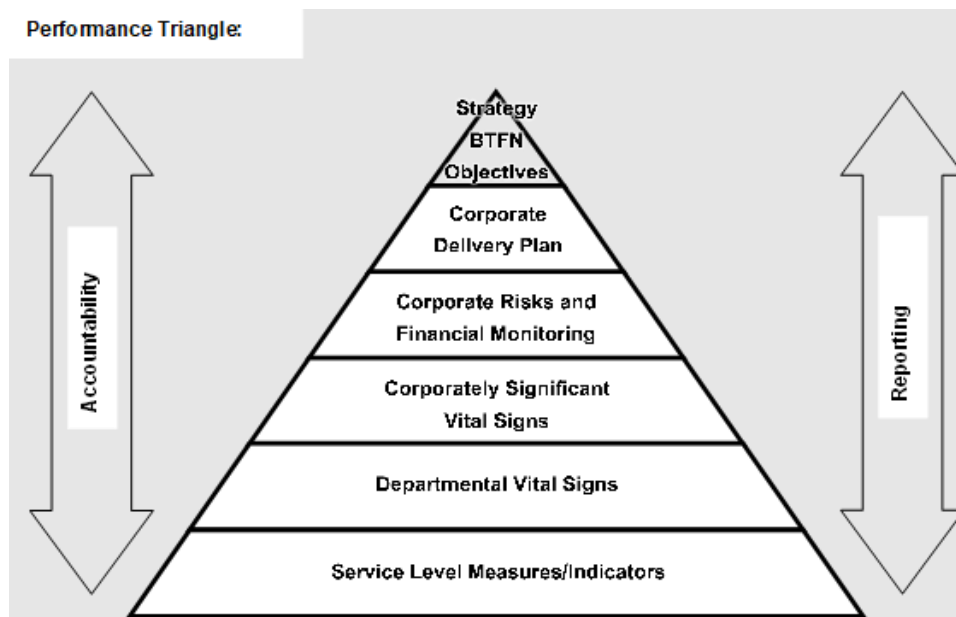
- ⊖ The Constitution was reviewed and agreed at Full Council on 19 July 2022 and revised on 28th March 2023.
 - A register of Members interests, and a register of gifts and hospitality is published for each Member on the Norfolk County Council internet. Controls are in place to keep these up to date.
 - Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged. The Council have since agreed that the Committee will be called the Audit and Governance Committee. The Audit and Governance Committee has met during the year and considered both standards and audit matters.
 - There was one standards complaint received this year and no further action was taken.
 - Progress on the Council's Equality, Diversity, and Inclusion objectives 2020-2023 was reported to Cabinet. [For more detail go Cabinet Agenda 6 March 2023 to Item 16, page 384.](#) The objectives and priorities for 2023 - 2026 are set out in [page 395 of the Cabinet agenda 6 March 2023.](#)
 - The then Monitoring Officer's Annual Report was reported to the Audit Committee in November 2022. There are no exceptions to report.
 - The Modern Slavery Statement 2021-22 ([Item No 15, page 362 of the Cabinet agenda 6 March 2023](#)) explains the steps the Council has undertaken to help ensure there is no slavery or human trafficking within the organisation, sub-contractors, partners or supply chains.
- **Principle B – Ensuring openness and comprehensive stakeholder engagement.**
 - Cabinet, Scrutiny Committee, Select Committees and Full County Council have met regularly throughout the year. The Council encourages openness and accountability by making available the agenda and public reports to the public prior to the meetings, and minutes are available afterwards. There is provision for the public to ask questions. All meetings were filmed and streamed live on You Tube on the NCC Democratic Services Channel. Decisions taken at Cabinet and Full County Council have been recorded in minutes.
 - Decisions taken by the Head of Paid Service and Portfolio Holders are published as a Summary which is reported to Cabinet. Any Delegated Decisions called in from those made by Cabinet Members are considered at a subsequent Scrutiny Committee.
 - A [Norfolk Strategic Planning Framework](#) , updated in January 2021, has been endorsed by all stakeholder authorities. It includes the shared objectives with Norfolk's Local Planning Authorities (including Norfolk County Council).

- A [Customer Service Charter](#) sits at the heart of how we relate to each customer.
 - There is an agreed Media Protocol delivered by the media team.
 - During the year the Council has effectively engaged with stakeholders, residents and people who use the services provided, for example on the County Deal, mobile libraries, and annual budget. The Council consults on changes to services and other key decisions, such as the annual budget. The Council embraces the “We Asked, You Said, We Did” approach to consultation by publishing key findings from consultations and feeding back how these have contributed to council decisions.
 - [The Norfolk Residents Panel](#), designed to enable local people share their views on how Norfolk County Council can best provide and improve its service to the county’s residents. The panel is made up of an average of 2,000 residents from across Norfolk. They are invited to participate in surveys, focus groups and online sessions throughout the year about a range of topics affecting Norfolk.
- **Principle C – Defining outcomes in terms of sustainable, social, and environmental benefits.**
 - The Council’s strategy [Better Together, for Norfolk 2021-2025](#) is structured around five key strategic and interlinking priorities:
 - A vibrant and sustainable economy
 - Better opportunities for children and young people
 - Healthy, fulfilling, and independent lives
 - Strong, engaged, and inclusive communities
 - A greener, more resilient future

These are intended to deliver improved environmental and social outcomes for people in Norfolk. Section 18 of Contract Standing Orders guides our procurement activity to ensure that the c. £900m spent each year on procured goods, services, and works helps to deliver targeted social value, see [Part 11D: Contract standing orders](#). In particular, we focus on the environment, skills, and apprenticeships.

In April 2022 Cabinet agreed an increased focus on climate change, which resulted in development of the [Council’s Climate Strategy \(see item No 8\)](#). This was endorsed by the Infrastructure and Development Select Committee in March 2023 and approved by Cabinet in May 2023. Once agreed, the Climate Strategy and associated policies and other relevant resources will be published on the [Norfolk County Council website](#)

- **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.**



The above shows a performance triangle with the Better Together, for Norfolk objectives at the top, with Corporate Delivery Plan, Corporate Risks and Financial Monitoring, Corporately Significant Vital Signs, Departmental Vital Signs and Service Level Measures/indicators included below. Two arrows either side showing accountability and reporting flows both upwards and downwards.

- At their meeting on 4 April 2022, Cabinet approved the Corporate Delivery Plan, which supports the Better Together, for Norfolk 2021-2025 strategy. The Corporate Delivery Plan is supported and underpinned by a number of internal processes and systems, to ensure timely oversight successful delivery of the benefits defined within. Depending on the nature of the activity, these systems vary, from programme specific boards to the formal Council governance as defined by the Council's Constitution or may simply be part of the departmental plans and be monitored through the standard operational KPIs and our Corporately Significant Vital Signs.
- During the year Cabinet received performance monitoring reports on the identified key areas (vital signs). These included performance dashboards and a detailed review of those areas not performing as expected. These provided both quantitative and qualitative performance information. Where performance is not meeting expectations, the reasons why are discussed and the required action to improve performance is identified.
- On 11th January 2023 Cabinet approved the Organisational Performance Framework, pending some updates after the Strategic Review Consultation. The Framework lays out the approach and expectations against the following areas:
 - Performance Framework Principles
 - Performance Governance
 - Performance Management Culture
 - Vital Signs measurement, reporting, target setting and trend analysis
 - Performance Reporting Cycle.
- The new Framework is built around five pillars
 - Accountability

- Assurance
- Transparency
- Quality
- Value.
- Good governance in a performance context is about having a clear focus on what is taking place across Departments. The Insight and Analytics (I&A) team provide a full spectrum of insights and analytical services from data & information governance to intelligence and assessments. I&A enable evidence-based decision making from front line/tactical needs, operational requirements to strategic decision making by senior leaders and elected Members. As a result, the Council is making greater use of data and insight to inform decision making, optimise operational delivery and improve business planning. Executive Directors and Departmental Managers have a view of performance and their Vital signs which are reviewed ahead of the Vital signs' cabinet report and as part of their performance management arrangements.
- In the future the monitoring of the Council's performance shall be considered holistically, with risk management, finance and the Corporate Delivery Plan outcomes forming part of the overall assessment of the health of the Council.
- External challenge has been provided through benchmarking, inspections, and peer reviews. The significant improvements made in services for Children and their families have been recognised by Ofsted. Details of this and other inspections and peer reviews are included in Appendix 1.
- **Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.**
 - The new HR and Finance system, myOracle, was launched in April 2022 and there a programme of ongoing development work to realise full system benefits outlined in the implementation plan to enable managers and employees to access the system to self-serve and manage their own data.
 - Hybrid working has been embedded into NCC's working practices as part of our Smarter Working approach and recruitment and retention approach. The Performance Development Framework, 'Our Voice-Our Council' staff survey, management standard apprenticeships and leadership development framework have all supported this along with a range of well-being services.
 - A new workforce strategy has been drafted to respond to and compliment Better Together, for Norfolk. It sets direction for 2023 to 2025 including the following themes:
 - Strategic Review outcomes on the size, shape, and role of NCC in the wider system
 - Leadership and Performance
 - Equality Diversity and Inclusion
 - Culture, engagement, and wellbeing
 - Attract and retain talent through roles, skills and careers
 - Making the most of technology through skills, self-service and hybrid working
 - As part of the strategic review of the Council, proposals to change the organisational design and structure have been formally consulted on with the workforce and ratified.

- We have progressed the development of our career families framework which will influence how we describe jobs, undertake performance development conversations and support talent development. This will enable departmental workforce plans to be developed/aligned and for managers and leaders to respond to new organisational models and the emerging strategies and challenges facing the council.
- The annual staff survey will be conducted in September 2023 to allow for the strategic review workforce consultation and subsequent change implementation to be completed before embarking on an employee engagement survey that provides statistically robust insight into colleagues' perceptions of their experience working at NCC. Detailed action plans are owned by each directorate and progress on these is governed by the NCC Corporate Board. The Board receive reports on the results of the survey and the progress with departmental action plans to support this process.
- We have refreshed the Learning and Development offer for members and officers to ensure everyone is aware of their responsibilities and are equipped in their roles.
- All Senior Managers have objectives included in their Performance Development Plan 22-23 linked to the organisational priorities including:
 - Better, Together for Norfolk
 - Strategic Organisational Review
 - Developing an inclusive culture
 - Financial Leadership
 - Smarter and hybrid working
 These are adapted to be specific and relevant for their areas of accountability.

- **Principle F – Managing risks and performance through robust internal control and strong public financial management**

- **Risk Management**

- Throughout 2022/23, risk management within Norfolk County Council was strengthened by further developing and implementing recommendations of the independent risk management health check.
- Highlights for 2022/23 include;
 - Introducing 6 monthly departmental risk reporting to Cabinet, including full details of red rated risks, in addition to quarterly corporate risk reporting.
 - Establishing risk management training for all relevant new starters closely associated with risk ownership and / or oversight.
 - The Risk Management Officer becoming fully qualified through the Institute of Risk Management.
 - Setting up a quarterly Performance and Risk Forum for relevant Leads to meet and discuss emerging issues across the organisation, ahead of Cabinet reports being delivered.
- Treatment of the generic corporate risks has continued, with quarterly reporting of these risks to the Council's Cabinet and Audit and Governance Committee throughout the year. This has been supported by the Council's Corporate Board. Cabinet Members were updated throughout the year on

corporate risks within their risk portfolio. Risk queries from Members were dealt with in a timely manner with all requested additional information provided by the Risk Management Officer. Corporate level governance-based risks continue to be treated (mitigated), namely RM003a - Information compliance requirements, RM003b - Information and cyber security requirements, and RM013 - Governance protocols for entities controlled by the council.

- A routinely reviewed and refreshed Risk Management Policy and accompanying procedures will be presented to Cabinet in July 2023. Under the Fire and Rescue Services Act 2004 (The Act), the Council is the statutory Fire and Rescue Authority (FRA). By law, Norfolk's Fire and Rescue Service has to produce a Community Risk Management Plan (CRMP). Until recently, this was referred to as an Integrated Risk Management Plan (IRMP). The latest IRMP was agreed at Full Council on 28 March 2023, see page 84, [Integrated Risk Management Plan for 2023-26](#). The Statement of assurance provides the community and government with information on how Norfolk Fire and Rescue Service is delivering its services and complying with legislation. [Norfolk Fire and Rescue Statement of Assurance 2021/22](#).

Audit & Governance Committee

- The then Audit Committee met twice between April and November 2022 and the Audit and Governance Committee met once between November 2022 and 31 March 2023. Where reports are Key Issues – Amber and Key Issues – Red a summary of the recommendations are included for the audits.
- Outstanding corporate high priority audit recommendations are followed up to ensure controls are put in place as soon as possible. A summary of the outstanding corporate high priority audit findings is reported to the Committee.
- An Annual Internal Audit Report from the Executive Director of Finance and Commercial Services/Chief Internal Auditor was made to the Committee at its July 2022 meeting.

Scrutiny

- The Scrutiny Committee and three Select Committees constitute the Council's overview and scrutiny arrangements pursuant to section 21 of the Local Government Act 2000.
- The Scrutiny Committee discussed a variety of reports including updates for topics previously discussed at Scrutiny. During the year the Scrutiny Committee did not 'call-in' any decisions which had been made by Cabinet.
- Reports discussed at Scrutiny included the Strategic Review and Norfolk Flood Prevention Activity.

Financial Management

- To ensure financial sustainability the Council plans and manages its resources to ensure it can continue to deliver its services. Responsible Budget Officers are responsible for managing their budgets effectively. At

the end of every month financial information on expenditure is produced including forecast expenditure and the planned impact on earmarked reserves. Finance Monitoring Reports have been discussed monthly at Cabinet.

- Systems and processes for financial administration, financial control and protection of the Council's resources and assets are in place and these are continually reviewed to ensure they meet the Council's business requirements. These controls are clearly described in the Financial Regulations in the Constitution and the Council's Medium -Term Financial Management agreed by the Council in February 2023. In addition, a Going Concern Statement has been produced to provide additional assurance.
- Budget planning cycle for 2023- 24 commenced in April 2022 and incorporates a full review of how the Council operates to deliver its future services and strategy. As part of this, a thorough interrogation of identified future cost pressures will be required. The Council continues to face unprecedented cost pressures and material uncertainty about the wider financial operating environment. COVID-19, and its legacy, represents a significant challenge for service delivery and public finances as the Council works to rebuild and revitalise the County.
- A new ERP system, myOracle, incorporating finance, procurement and HR systems went live in April 2022. The Council now has a single system to support HR, finance and procurement processes, replacing and simplifying the previous combination of systems which had reached the end of their life and support.
- Details of how the Council considers it achieves compliance with the CIPFA Financial Management Code are detailed in section 17 of the Revenue Budget report to Cabinet [see Table 32 - page 347 of Cabinet agenda 30 January 2023](#).
- Maintaining sound reserves is absolutely vital and a key indicator of sound financial governance. The Council has reported holding general reserves balances of 5.2% as a percentage of its net 2022-23 Council Tax Requirement, as reported to Cabinet [see page 391 of Cabinet agenda 30 January 2023](#)
- The Council follows the Codes of Practice for; The Prudential Code for Capital Finance in Local Authorities (2021 Edition) and the Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes (2021 Edition).
- Norfolk County Council has entered into a "Safety Valve" agreement with the Department for Education (DfE), which aims to return Norfolk's Dedicated Schools Grant (and specifically the High Needs Block element of it) to an in-year balanced position and to repay the cumulative deficit. The [Safety Valve agreement](#) can be found on the DfE website. The agreement represents the outcome of negotiations between Norfolk County Council and the DfE that started in May 2022 and culminated in Secretary of State approval for the

plan in March 2023. It secures additional funding for Norfolk of £70m from the DfE over a 7-year period covering the financial years from 2022-23 to 2028-29. Within Norfolk, the associated programme of work is now known as “Local First Inclusion.”

- In terms of governance, the agreement requires the Council to report tri-annually (as a minimum) in writing to the DfE (Funding Policy Unit) on its progress towards implementing the plan. The DfE will require monitoring of performance by Norfolk against the plan, including progress against the conditions of the grant and a dashboard of various Key Performance Indicators and Metrics. In addition, the DfE will need to be informed of any unforeseen difficulties or impacts of carrying out the agreement and of any significant risks to Norfolk reaching the agreed financial position. The drawdown of further funding (exceeding the £28m already provided in 2022-23 as a result of the agreement) is dependent upon the delivery of the plan. The reports to DfE will need to be signed by the Executive Director of Children’s Services and the Director of Strategic Finance to enable drawdown of the DfE funding. It has been proposed to Cabinet (10/05/2023) that authority is delegated to these officers to enable this to take place.
- As part of the monitoring required, Officers have established significant, system-wide governance including the establishment of a Local First Inclusion Executive Board, and the involvement of Norfolk’s Schools Forum to monitor progress towards the plan, which is vital given the commitment required of the wider system to deliver the plan. Officers will continue to keep the DSG Budget and multi-year plan under close review throughout the financial year, reporting regularly to Cabinet through the monthly Finance Monitoring reports (which will continue to include reporting to Cabinet on the DSG in-year and cumulative positions) and termly, at least, to Norfolk Schools Forum. This reporting will be in addition to the regular reporting that is required to the DfE as part of the Safety Valve agreement. Further reports on the overall strategy, i.e., the Local First Inclusion plan, will be taken to Select Committee with regular updates of progress and implementation and Scrutiny as appropriate.

Management of performance of third parties

- Performance of wholly owned companies is monitored by Senior Officers and Members either being Board Members or attending Board Meetings.
- The NCC Owner Companies Governance Panel has been set up to provide oversight of and support the development of the companies that NCC either wholly or partly owns. Its tasks include ensuring there are adequate governance arrangements in place in respect of the Companies and monitor the financial performance of each Company throughout the year and make recommendations to Cabinet as appropriate. The Panel met twice during the 2022-23 year.

- All the Executive Directors have confirmed there are approved protocols, signed contracts and effective governance arrangements in place for work performed by third parties.
 - Following recommendations from the Strategic Review, a Commissioning & Procurement Leadership Group (CPLG) and Commercial Board have been set up. The CPLG enables coordination and alignment between the Council's commissioning and procurement activity (including consideration of joint commissioning arrangements). The commercial board to establish a shared view of opportunities to deliver value for money across key categories of NCC contracted spend and provides assurance and strategic oversight of contract pipeline, performance, and cross cutting planning.
 - CPLG is coordinating work to bring in a Contract Lifecycle Management system which will provide a central repository for contract documents and information, as well as a consistent platform for monitoring performance of contracts.
 - NCC is participating in the CCIAF this year – the Commercial Continuous Improvement Assessment Framework which has been developed by central government and sets out standards for contract management performance. We will provide evidence to achieve a benchmark rating later in the year, leading to an improvement plan which will inform our priorities for next year.
 - As part of the Contract Management Pioneer Programme, we successfully bid for 10 free places on the first cohort and these places have been taken up by staff managing key contracts.
- **Principle G - Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.**
 - During the year the Council has published information, including reports, in a manner which is accessible to citizens and other stakeholders. The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames.
 - Reporting on performance, value for money and stewardship have been included in the Annual Report, Statements of Accounts and Annual Governance Statement. There has been a delay in the 2021/22 Statement of Accounts being audited and approved by Ernst Young LLP and the proposal is for these to be signed off prior to the 25 July 2023 Audit and Governance Committee.
 - The then Audit Committee and the new Audit and Governance Committee considered matters of governance, including internal audit, risk management, anti-fraud and corruption, the annual statement of accounts, treasury management and external audit during 2022/23.
 - An Annual Internal Audit Report from the Director of Financial Management (Section 151 Officer)/Chief Internal Auditor, for 2022-23 will be made to the Audit and Governance Committee at its July 2023 meeting. There were no exceptions to report.

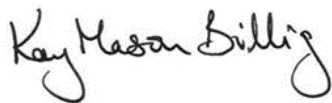
- All Executive Directors have confirmed staff are aware of their responsibility to report upwards any unresolved matters of concern about internal control.

6. Review of Effective Action on Significant Governance Issues 2021/22

6.1 There were no significant governance issues reported in 2021-22.

7. Significant Governance Issues

7.1 There are no significant governance issues to report for 2022-23. The Council has a robust risk management function where corporate risks were managed through Cabinet and reported to the then Audit Committee and now Audit and Governance Committee during the year.



Councillor Kay Mason Billig
Leader of the Council

26 May 2023



Tom McCabe
Head of Paid Service

26 May 2023

Notes:

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

- Head of Paid Service
- Executive Director of Community and Environmental Services
- Executive Director of Adult Social Services
- Executive Director of Children's Services
- Head of Law and Monitoring Officer
- Director of Transformation

- Director for People
- Director of Strategic Finance (Section 151 Officer)
- Director of Procurement and Sustainability

Executive Directors/Directors who have produced signed Annual Positive Assurance Statements and supporting assurance tables

Head of Paid Service and Executive Director of Community and Environmental Services
Executive Director of Adult Social Services
Executive Director of Finance and Commercial Services
Executive Director of Children's Services
Executive Director of Strategy and Transformation

Appendix 1

External Reviews carried out during the year

Finance and Commercial Services

The overall key message in the external auditor's (EY) Independent auditor's report - NCC financial statements (available on the Council Finance webpage [Statement of Accounts 2020-21](#)) was that an unqualified opinion was issued on the Council's accounts for 2020-21.

The County Council was also given an unqualified 'Value for Money' opinion, within the [Independent auditor's report](#) - NCC financial statements.

An external quality assessment (EQA) of the internal audit team was undertaken by the Chartered Institute of Internal Auditors in 2022. Their report dated 19 January 2023 states the internal audit "generally conforms" to the IIA Standards – the highest rating available. The report stated the governance framework over the internal audit service is mature, with well-established Audit Committee oversight, regular meetings, communications, reporting and performance monitoring.

Children's Services

In November 2022 Children Services were subject to a standard ILACS known as an Inspection of Local Authority Children's Services, the inspection looked at the support the council offers children and families from before birth through to adult life. The judgement relates to all services, from early help and prevention to more specialist support for families with the greatest needs.

The report published on Friday 13 January 2023, Ofsted said "significant improvements" had been made in services for children and their families, recognising stable and determined leadership, investment in services, and "compassionate, warm and committed workers and carers." Inspectors have praised Children's Services at Norfolk County Council, judging the authority as "good" and highlighting "exemplary" and "exceptional" areas of practice.

Inspectors said children's "voices, wishes and feelings shine brightly" in case records and described children and young people's participation as a strength of the authority.

An Ofsted Local Area Special Educational Needs and Disabilities (SEND) revisit inspection was conducted in November 2022 and the report was published on the 7th of February 2023. The revisit was carried out to assess whether Norfolk County Council and Norfolk and Waveney Integrated Care Board (ICB) had made sufficient progress in addressing the three areas of significant weakness in services and support identified by our full Area SEND Inspection in 2020.

During their visit inspectors spoke with children and young people with SEND and their parents and carers as well as parent carer groups and council and ICB leaders.

Ofsted and the Care Quality Commission (CQC) concluded that Norfolk has made the required progress to address the significant weaknesses in support for children with special educational needs and/or disabilities (SEND).

This SEND Ofsted/CQC report, coupled with the recent positive Ofsted inspection of Norfolk Children's Services, highlights the shared determination to continue to improve services for children and their families.

Adult Social Services

The Adult Social Services department actively engages in the Local Government Association (LGA) and Association of Directors of Adult Social Services (ADASS) Sector led improvement programme. This 12-month rolling programme includes the utilisation of an internal self-assessment tool, independent led challenge sessions and a buddy challenge session with a local authority peer from the Eastern region. In addition to this programme, the department also requested a peer review assessment as part of the preparation for any assurance regime that is due to commence from April 2023. This peer review took place in the summer of 2022 and the learning fully absorbed into future assurance planning.

Community and Environmental Services

NFRS:

Between 28 November and 2 December 2022, Her Majesty's Chief Inspector of Fire & Rescue Services' (HMICFRS), revisited Norfolk Fire and Rescue Service to review progress against the action plan in respect of the Round 2 inspection carried out in September/October 2021. They explored whether the right levels of leadership and oversight were in place.

The inspection team was pleased to see that the service had taken steps to address the cause of concern. They recognised the considerable work that has been carried out to support these improvements. The service is making prevention a high priority. The service has a comprehensive action plan, and governance arrangements in place to oversee it. Improvements have been made in response to all the recommendations, significantly in identifying vulnerability and safeguarding. However, more needs to be done to support on-call firefighters to implement prevention activities and to ensure all firefighters understand and fulfil their statutory duty to undertake prevention activities. More needs to be done to ensure reviews after significant or fatal fires are undertaken in a timely manner or within the service's timeline as defined in its policy. They will continue to monitor progress through updates from the service and data returns. When HMICFRS next inspect the service in 2023, they will assess progress against these recommendations.

Trading Standards:

An annual assessment by the United Kingdom Accreditation Service (UKAS), as the UK National Accreditation Body, is performed to confirm that the Trading Standards calibration laboratory is meeting the standards required to maintain its accreditation status. At the full reassessment performed by UKAS in June 2022, the assessment team

were once again extremely complimentary of the services provided and confirmed that compliance and confidence in measurement is being achieved on a continuing basis. It was recommended that accreditation is maintained for the current scope of accreditation under ISO/IEC 17025:2017. No corrective or improvement actions identified.

Surveillance 1 audit by Alcumus ISOQAR, including the certified calibration, testing, verification and hire activities performed by the Calibration, Verification and Testing Services team was carried out in April 2022. It was confirmed all areas are being maintained in accordance with requirements.

Governance

The Information Commissioners Office (ICO) has now confirmed that it is going to issue Norfolk County Council with a reprimand as it has determined that we have failed in our duty under UK GDPR to provide data subjects with access to their information in a timely fashion during the period 6 April 2021 to 6 April 2022. There is no financial penalty attached and our Monitoring Officer has not deemed it necessary to issue a Section 5 report. To address the issue, additional resources have been made available over the last 3 years within the IG team, with good progress being made in relation to timescales and backlog. Other improvements have also been made, particularly around processes and technology, ensuring that the requests are being managed as efficiently and effectively as possible. The current plan is that the backlog will be eliminated and responses back within statutory timescales by the end of 2023. The reprimand is due for publication on 15 May 2023, and they require an update on progress in relation to the recommendations by 6 November 2023.

Nplaw had its external Lexcel (the Law Society's legal practice quality mark for excellence in legal practice management and excellence in client care) assessment in 2023 and its accreditation as a legal practice was renewed.

PA Consulting were brought in as an external partner to work with us to undertake a Strategic Review of the council. The first phase of the review has been completed, proposals developed and agreed. Implementation has commenced, the first tranche of changes to organisational design and structure have been consulted on and ratified.