

# Annual Governance Statement for Norfolk County Council 2016-17

## 1. Introduction

1.1. The Accounts and Audit (England) Regulations 2015 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 15 June 2017 that, in his opinion, the system of internal control, including the arrangements for the management of risk during 2016-17, was acceptable and therefore considered sound. The Committee agreed with this opinion.

This statement was approved, along with the Statement of Accounts, at the 21 September 2017 meeting of the Audit Committee.

- 1.3. The CIPFA Framework – Delivering good governance in local government, 2016 edition, has identified ‘key principles of good governance’. These are as follows:
- 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.

This Annual Governance Statement has been produced using the same format as last year, but reference has been made to these new principles throughout the document.

- 1.4. As part of producing this statement, Executive Directors were asked to complete and sign an Annual Positive Assurance Statement and complete a supporting departmental assurance table.

## **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’. The Code is currently under review. If you require any further information regarding this statement please contact Mr. Simon George, Executive Director of Finance

and Commercial Services, Norfolk County Council, County Hall, Martineau Lane, NR1 2DW. The updated Code is planned to be approved during 2017-18.

- 2.3. Through the application of the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17, 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 2015, 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](#).
- 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
  - Great Yarmouth and Waveney Joint Health Scrutiny Committee.
  - Road Casualty Reduction Partnership Board
- 2.7. The Council has seven subsidiary companies, detailed 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>
  - 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. It is currently dormant.
  - 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 which was extended for two years. For more information regarding

Independence Matters please refer to its website at <http://independencematters.org.uk/>.

- Norfolk Safety Community Interest Company (CIC) operates in partnership with Norfolk Fire and Rescue Service, and provides a range of risk management, training and development and other services to public bodies, third sector organisations and businesses. For more information please refer to website <http://norfolksafety.org/>
- Norfolk Energy Futures Ltd is wholly owned by the Council, see link for further information at <http://www.norfolkenergyfutures.co.uk/>.
- Educator Solutions Ltd, incorporated on 15 April 2016, is a wholly owned by the Council. It has not started trading.

All above subsidiary companies have Council Member and/or Officer representation on their boards of directors. All companies, except for Hethel Innovation Ltd and Educator Solutions Ltd, have completed and signed an Annual Positive Assurance Statement and completed a supporting assurance table. An audit has been undertaken of Hethel Innovation Limited and Educator Solutions Ltd is currently a dormant company.

2.8. The Council is a partner in seven pooled funds, detailed below. There will be a requirement for an additional pooled fund in the future:

- 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) 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 supporting the integration of health and care. Each of the pooled funds is secured through an agreement under section 75 of the National Health Service Act 2006. A partnership board is established with each CCG for 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 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.

#### 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. Section 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	Description
4.1	Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users.  (This fulfils principles B and C included in the new code as per 1.3)	The <a href="#">County Council Plan</a> 2016-19 was adopted by the Council in February 2017. The main features are:  1. Priorities: <ul style="list-style-type: none"> <li>• Excellence in education – working for a well educated Norfolk where people are prepared for real jobs with good wages and prospects</li> <li>• Real jobs – making Norfolk a place where businesses are able to grow or want to relocate to, because we are so well connected</li> <li>• Improved infrastructure, and</li> <li>• Supporting vulnerable people – including helping people earlier before their problems get too serious.</li> </ul> 2. One public service <ul style="list-style-type: none"> <li>• Redesigning services around people's lives</li> <li>• Achieving better outcomes</li> <li>• Working with public sector partners and local communities</li> </ul>

	Control	Description
		<p>The Authority's vision and purpose feature prominently in external corporate communications.</p> <p>The ambitions and priorities are set out on the corporate web pages, they are incorporated into all publicly facing strategies and they frame both external and internal communications.</p> <p>Individual NORSE companies have separate mission, vision and value statements.</p>
4.2	<p>Reviewing the Council's vision and its implications for the authority's governance arrangements</p> <p>(This fulfils principle D included in the new code as per 1.3)</p>	<p>Last year focus through the Medium Term Strategy strengthened engagement with and understanding of the Council's vision and priorities. A series of Member and staff workshops raised the profile of the significance of the Council's priorities, and helped shape tangible outcomes and measures of success.</p> <p>The priorities have been highlighted and debated at all Committees, and subsequently communicated widely with stakeholders and residents as part of the Council's consultation on its three-year medium term strategy. 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 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> <p>The Council's governance arrangements in respect of Norse have been strengthened during the year. Details of the improvements are included in 5.7.</p>
4.3	<p>Translating the vision into objectives for the authority and its partnerships</p> <p>(This fulfils principle D included in the new code as per 1.3)</p>	<p>The Council's vision and priorities are translated into objectives through the strategic and service planning process.</p> <p>Elements which make up committee service plans have been considered as part of the budget process.</p> <p>The <a href="#">County Council Plan</a> sets out:</p> <ul style="list-style-type: none"> <li>• The strategic context for the Council</li> <li>• The direction of travel, to guide strategic and resource choices</li> <li>• The rationale for the Council's priorities</li> <li>• The approaches the Council will adopt to secure an impact on the most important outcomes for residents, at a time of diminishing resources.</li> </ul>

	Control	Description
		<ul style="list-style-type: none"> <li>• How services will be provided in new ways, in partnership with other public services</li> <li>• Improvements to the Council's internal organisation</li> </ul> <p>To improve accountability and delivery, the Plan includes a County Plan Tracker. This sets out a set of whole-council improvements which are considered critical to the overall strategic direction of the Council for three years (2016-17, 2017-18 and 2018-19). For each, there are measures, current baselines and targets for the lifetime of the Plan.</p> <p>Whilst the County Council Plan sets out the overall strategic direction and priorities for the Council, it is not intended to capture everything the Council does.</p> <p>During the year under review, the Council has strengthened its role in systems leadership, recognising that many of the key challenges to improving outcomes for Norfolk residents can only be achieved through collaboration and shared objectives with partners.</p> <p>Council's elected Members and Chief Officers are represented on key partnership boards. This ensures that the partnerships the County is engaged in contribute to the delivery of the Council's vision for Norfolk. Key partnerships are:</p> <ul style="list-style-type: none"> <li>- The Norfolk Health and Wellbeing Board. The Board brings together a wide range of partners to provide strategic systems leadership on work to improve health and wellbeing in Norfolk. For 2016-17, 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, Director of Public Health, Executive Director of Children's Services, and the Executive Director of Adult Social Services</li> <li>- Safeguarding Boards for Adults and Children have representation from the relevant Service Committee Chair person and the relevant Council Executive Director</li> <li>- 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</li> <li>- The Norfolk Countywide Community Safety Partnership provides strategic leadership of the community safety agenda in Norfolk and the Council is represented by the Executive Director of Adult Social Services, Director of Public Health, Assistant Director (Early Help &amp; Prevention) Children's Services, Brigade</li> </ul>

	Control	Description
		<p>Manager Norfolk Fire and Rescue Service, Youth Justice Service Manager and the Community Safety Manager.</p> <ul style="list-style-type: none"> <li>- The Norfolk Children and Young Peoples' Strategic Partnership Board leads on the children's agenda, Assistant Director of Education, Head of Joint Commissioning, Assistant Director of Early Help and Prevention, Director of Public Health, Assistant Director (Performance and Challenge), Assistant Director Social Work and Executive Director of Children's Services.</li> <li>- Sustainability and Transformation Plan (STP) brings together the NHS, Norfolk County Council and partners in health and social care from Norfolk and Waveney to develop a programme to transform health and social care over the next 5 years. It is led by NCC's Managing Director with representation from the Executive Director of Adult Social Services on the STP Executive.</li> </ul> <p>The <a href="#">Norfolk Fire and Rescue Integrated Risk Management Plan</a> provides details of how service priorities are established over the medium term.</p>
4.4	<p>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> <p>(This fulfils principle C included in the new code as per 1.3)</p>	<p>The Council's performance management system is key to ensuring that scarce resources are used to best effect, and that the Council delivers demonstrable results to the people of Norfolk.</p> <p>A set of 'vital signs' for each service have been produced which provide transparency and assurance on the health of key services. The vital signs are based on the following criteria:</p> <ul style="list-style-type: none"> <li>• Insightful and timely – measuring the things that tell us most about how the Council is doing, and that can anticipate significant problems or improvements</li> <li>• Clearly aligned to priorities – so it is obvious how the Council can impact upon performance, and how that performance impacts on Norfolk citizens</li> <li>• They say something important about performance – measuring something that matters to people, or that is important to the effective management or running of services</li> <li>• Technically correct and based on good quality data – so that results can be trusted, and actions can be taken with confidence</li> <li>• Can be owned – so it is clear who can impact on performance, and who has responsibility to report upon, explain and manage performance.</li> </ul> <p>New methods and disciplines have been introduced to use data and routines more effectively. This includes the expectation that monthly performance discussions will be undertaken, with active lines of inquiry to ensure management action is taken to address and anticipate</p>



	<b>Control</b>	<b>Description</b>
		<p>performance that is off trajectory. Drawing on widely-recognised good practice, the newly established team has introduced the concept of in-depth review of critical indicators and processes. They have supported the Managing Director and relevant committee chairs to lead stock takes of progress on particular functions or services where there have been long-standing performance issues.</p> <p>Regular performance reporting to committees helps focus attention on poorly performing areas and highlight areas of good performance. Dashboards are used providing a summary of key performance indicators (KPIs) 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). These also form the basis for reporting to the public and our partners. KPIs have been strengthened by incorporating the key areas identified during the vital sign exercise.</p> <p>The Boards for the NORSE companies include senior member and officer representation appointed by the Council.</p>
4.5	<p>Defining and documenting the roles and responsibilities of the Council Committees and Officers, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements</p> <p>(This fulfils principle G included in the new code as per 1.3)</p>	<p>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 defines roles and responsibilities. The law requires us to have some of these processes, whilst others are a matter for the Council to choose.</p> <p>A link to the Constitution can be found on our website and includes all of these areas, including a scheme of delegation.</p> <p>Four Service Committees (Adult Social Care, Environment, Development and Transport (with an Economic Development Sub Committee), Children's Services and Communities Committees. The Policy and Resources Committee is responsible for co-ordinating processes for the development of the Budget and the Council's Business Plan. It also has responsibility for some corporate and regulatory functions and for the exercise of the Council's functions in respect of health. On 15 May 2017 Members agreed at Full Council for a Business and Property Committee to be created.</p> <p>Role descriptions for members and the roles they undertake are clearly set out in the Constitution.</p> <p>There is specific advice within the Constitution provided by the Chief Legal Officer, 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. As a result of a review of the Norse governance arrangements additional</p>

	Control	Description
		clarity has been made in respect of who, within the Council, is responsible for the stewardship of Norse governance arrangements.
4.6	<p>Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<p>The County Council's Constitution includes a Members Code of Conduct. All members undertake to observe the Code and the Constitution. The standards committee keeps the Code under review. All members received induction training following the May 2017 election.</p> <p>The 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 advises on necessary changes to the Constitution – in the last year it has reviewed and made recommendations on:</p> <ul style="list-style-type: none"> <li>• The establishment of Business and Property Committee</li> <li>• NORSE Shareholder Committee</li> <li>• Terms of Reference of the Personnel Committee</li> <li>• Appointments and Disciplinary Action Relating to Senior Officers</li> <li>• Committee responsibility for drug and alcohol commissioning</li> <li>• Executive Director of Community and Environmental Services delegations with regard to responding to District Council planning applications</li> <li>• Terms of reference of the Policy and Resources Committee with regards to NORSE</li> </ul> <p>In addition it instructed the Managing Director to undertake a review of the Council's decision making structures. That review was considered by the Group on 16<sup>th</sup> March 2017 where it made a number of recommendations to the Policy and Resources Committee.</p> <p>For NORSE these areas are the responsibility of the Board and include written standards of conduct and behaviour. These are communicated to all staff at induction.</p>
4.7	Reviewing the effectiveness of the	All elements of the Constitution were reviewed in May 2015, including the scheme of delegation and appropriate amendments were made to the Constitution. The Constitution sets out the decision making framework. Financial Regulations, a Member Protocol on Contracts

	<b>Control</b>	<b>Description</b>
	<p>authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality</p> <p>(This fulfils principle D included in the new code as per 1.3)</p>	<p>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 business systems.</p> <p>Data Quality processes and procedures exist within the Council's main computer systems and are reviewed regularly. The Council has continued to embed the importance of accurate and timely information being held. The Information Management Strategy was agreed by the County Leadership Team on 11 March 2016. One of the requirements within the strategy is information to be fit for purpose.</p> <p>The ICO audited the Council's new policies and procedures during the year and reported <a href="#">their findings</a>.</p> <p>Since data quality and information security were recognised as having significant governance issues in the last Annual Governance Statement, audits are in progress to provide assurance.</p> <p>The Executive Director of Finance and Commercial Services is the Council's Senior Information Risk Owner (SIRO) and has received training during the year.</p>
4.8	<p>Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability</p> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<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>County Leadership Team regularly review the corporate risk register and Executive Directors 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 this Annual Governance Statement. The latest CIPFA benchmarking club exercise was undertaken by the Council in November 2016, with results published in December 2016.</p> <p>All the governance issues identified through the preparation of this document have already been identified through the risk management process.</p> <p>An example of a corporate risk being dealt with is County Farms. Since the significant governance issues in respect of County Farms were identified last year, a risk was added to the risk register and progress with action plans are being monitored.</p>

	Control	Description
		NORSE – The Board reviews the risk register on a six monthly basis. A Risk Advisory Group, comprising senior staff and external experts has been established to provide advice to the Board.
4.9	<p>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> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<p>The Council has an Anti-fraud and Corruption Strategy, which is reviewed annually by the Audit Committee and was last reviewed at the January 2016 meeting (Item 10).</p> <p>The Audit Committee champions Anti-fraud and Corruption and receives reports 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 European Institute for Combating Corruption and Fraud (TEICCAF), Protecting the Public Purse and our External Auditors.</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> <ol style="list-style-type: none"> <li>1. Acknowledge the responsibility of the governing body for countering fraud and corruption</li> <li>2. Identify the fraud and corruption risks</li> <li>3. Develop an appropriate counter fraud and corruption strategy</li> <li>4. Provide resources to implement the strategy</li> <li>5. Take action in response to fraud and corruption.</li> </ol> <p>Please see website for more details: <a href="#">CIPFA Code of Practice for counter fraud</a>.</p> <p>For NORSE, a group anti-fraud policy has been developed and communicated.</p>
4.10	Ensuring effective management of change and transformation	<p>The County Council has established industry standard portfolio, programme and project management techniques which have been in place since 2010. This includes tools and templates which are available online to all staff who are planning or delivering change activities.</p> <p>Risks and issues related to projects and programmes have an escalation route up to Directorate and corporate risk registers which</p>

	<b>Control</b>	<b>Description</b>
	(This fulfils principle E included in the new code as per 1.3)	<p>ensures that risks are managed consistently and using the County Council risk management governance and reported to members.</p> <p>Regular monitoring reports on projects and programmes delivering savings are collated by Finance and reported to the relevant Service Committees and consolidated for the Policy and Resources Committee as part of the Council's performance management framework.</p> <p>A review to strengthen central services under a new Strategy Director has put forward new arrangements for effective governance of change and transformation. This has introduced a programme governance function, reporting into the Strategy Director. The new arrangements reflect that sound programme delivery is embedded in departments. The corporate programme function will provide strategic oversight of critical change programmes, linking closely with the Strategy and Delivery team to assure and strengthen impact of change for the council.</p> <p>For NORSE, targets for specific projects are agreed and progress is reported to the Board.</p>
4.11	<p>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> <p>(This fulfils principle F</p>	<p>The Council meets the requirements through the role of the Executive Director of Finance and Commercial Services. He:</p> <ul style="list-style-type: none"> <li>• Is a key member of the County Leadership Team (CLT), helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives.</li> <li>• Is actively involved in and can influence all material business decisions taking into account both short and long term implications, opportunities and risks and the Council's financial strategy by membership of CLT, other groups and attendance at relevant Council meetings.</li> <li>• Leads the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively for example by advising on the Council's financial strategy and planning, risk management, budgetary control throughout the Council.</li> <li>• Leads and directs the suitably resourced finance function.</li> <li>• Is a professionally qualified accountant and has wide experience of local authority finance.</li> </ul> <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>

	<b>Control</b>	<b>Description</b>
	included in the new code as per 1.3)	
4.12	<p>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> <p>(This fulfils principle G included in the new code as per 1.3)</p>	<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 County Leadership Team when needed.</p> <p>The Internal Audit Plan, as agreed 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 Executive Directors 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. These were revised during the year and are now known as the International Standards for the Professional Practice of Internal Auditing, effective from January 2017.</p> <p>NORSE employs their own internal auditor who reports to the Board. During the year the internal auditor left. 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. NORSE have tendered for an Internal Audit Service in April 2017 to start in July 2017.</p>
4.13	<p>Ensuring effective arrangements are in place for the discharge of the monitoring officer function</p> <p>(This fulfils principle E included in the new code as per 1.3)</p>	<p>The responsibilities of Monitoring Officer are included within the post of Chief Legal Officer, and are described in the Monitoring Officer Protocol in the Constitution.</p>

	Control	Description
4.14	<p>Ensuring effective arrangements are in place for the discharge of the head of the paid service function</p> <p>(This fulfils principle E included in the new code as per 1.3)</p>	<p>The responsibilities of Head of Paid Service are included within the post of Managing Director, as described in the Constitution.</p>
4.15	<p>Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.</p> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<p>The main purposes of the Council's Audit Committee are to:</p> <ul style="list-style-type: none"> <li>• Provide proactive and effective leadership on audit and governance issues,</li> <li>• Champion audit throughout the Council,</li> <li>• Champion risk management throughout the Council,</li> <li>• Consider the effectiveness of the anti-fraud and corruption arrangements</li> <li>• Review the effectiveness of the system of internal control.</li> </ul> <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 reviews its Terms of Reference annually and changes are approved by the Council.</p> <p>The NORSE Group Board performs the functions and duties of the Audit Committee for NORSE. An Audit Advisory Group has been established, to advise the Board and provide additional scrutiny.</p>
4.16	<p>Ensuring compliance with relevant laws and regulations, internal policies and procedures,</p>	<p>The Chief Legal Officer is 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>

	Control	Description
	<p>and that expenditure is lawful.</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<p>With regards to the Norfolk Pension Fund, the Oversight Board assists the 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	<p>Whistle-blowing and for receiving and investigating complaints from the public</p> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<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 2015-16 and an updated version will be published during 2017.</p> <p>NORSE has its own published Whistle-blowing policy and welcomes customer feedback, as described in its quality systems page of its website <a href="http://www.ncsgrp.co.uk/quality_systems.htm">http://www.ncsgrp.co.uk/quality_systems.htm</a>.</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>(This fulfils principle E included in the new code as per 1.3)</p>	<p>On their election, Members are offered a Personal Development Plan (PDP). Members will have the opportunity to discuss their development needs with an HR professional and from this a personalised plan of training is developed and provided. Where appropriate there is a mid-term review to assess progress and identify any additional needs.</p> <p>A programme of development for all Councillors is also provided which all Members are encouraged to attend and which covers a wide range of both service specific and Council wide issues. Effectiveness is measured through feedback. Detailed information about the training delivered and who attended is maintained.</p> <p>The process for identifying development needs of senior officers in strategic roles is through our performance framework. There are two formal reviews in the year and regular 1-1s where development needs are discussed. Targeted training is put in place as required. Work is being implemented to reinforce senior manager accountabilities. The recent leadership assessment process gave rise to a report on each senior manager to form the basis of discussion with their line manager about their development needs in relation to their skills and attributes. Individual development plans will be created for each Senior Manager as a result of these discussions. Corporately, the priorities for senior managers are the development of coaching skills to</p>



	<b>Control</b>	<b>Description</b>
		<p>increase performance and the development of commercial skills and delivery of these priorities is currently being planned.</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>(This fulfils principle B included in the new code as per 1.3)</p>	<p>There are a range of channels of communications. A residents' magazine called Your Norfolk was distributed three times to all households during 2016-17, supplemented by Your Norfolk extra – an electronic version published six times a year on our website and directly to those who subscribe online.</p> <p>Norfolk County Council's website continues to provide clear communications on the council's objectives, budget and services.</p> <p>In March 2016 a new website platform and Customer Relationship Manager (CRM) system was introduced. The CRM gives a clear view of customers across multiple channels.</p> <p>There has been a deliberate shift towards digital media as a direct tool for communicating with Norfolk people. A series of infographics containing key facts about the Council have been used on social media to highlight how the council is making a positive difference to the lives of everyone in the county; in short, why the council matters.</p> <p>On 14 November, a twitter day was held, in support of the launch of our In Good Company campaign. This was supported by over 20 campaign partners such as Age UK. On 20 October, Adult Social Services had a live twitter awareness day to provide an accurate picture of real social care in Norfolk, and on 21 March both Adult's Social Services and Childrens' Services participated in a twitter day to raise awareness of the work and everyday lives of social workers and carers.</p> <p>The Council consulted with residents on proposals for Devolution in Norfolk and Suffolk during the period 8 July 2016 to 23 August 2016 through a variety of channels including telephone, online and paper surveys. An information leaflet about devolution was delivered to households across Norfolk between 18 and 29 July. The consultation document was made available in a variety of formats, such as paper copy, Large Print and Easy Read on request to make it accessible as widely as possible.</p> <p>The budget consultation was directly targeted to those likely to be affected by specific proposals, using a range of methods and formats to suit these audiences. Where particular groups of service users were likely to be affected by a proposal, the Council contacted them directly. Every response was read in detail and analysed to identify the range of people's opinions, any repeated or consistently expressed views, and the anticipated impact of proposals on people's lives.</p>

	Control	Description
		<p>Members of Norfolk Youth Parliament (MYPs) were elected by their peers in April 2016. A record 39,938 young people 11 – 18 years of age took part and voted, which is a turnout of 51%. The nine MYPs represent their peers in each of the constituency areas in Norfolk.</p> <p>In October 2016, Norfolk’s MYPs asked young people which issues were most important to them. Over 17,000 young people took part and overwhelmingly told us that they wanted to see an improvement in mental health education and skills for life outside of the classroom. In June 2017 MYPs will be awarding the Norfolk Youth fund to charities and community groups that can address these concerns.</p> <p>Individual services maintain open channels of communications with relevant user groups and representative bodies. Briefings and information is provided to Members for use with parish councils. The relationship with Members of Parliament has been re-invigorated, including face to face meetings and briefings on specific issues.</p> <p>All consultations are well publicised, accessible and the outcomes are reported.</p> <p>NORSE provides information via their websites, staff newsletters and local media. Feedback from customers is regularly obtained by large scale customer surveys. <a href="http://www.ncsgrp.co.uk/quality_systems.htm">http://www.ncsgrp.co.uk/quality_systems.htm</a></p>
4.20	<p>Enhancing the accountability for service delivery and effectiveness of other public service providers</p> <p>(This fulfils principle D included in the new code as per 1.3)</p>	<p>Improving outcomes for residents requires collaboration and joint endeavour across the public services. The Council is a leading force in the creation of a more collaborative and joined up approach to delivering public services with other providers.</p> <p>The Council’s work with public services partners has focused on a series of key themes to do this:</p> <ul style="list-style-type: none"> <li>• Helping more people to live independently – focusing on older people, people with disabilities, adults with learning difficulties and people with mental health issues. The emphasis is on better access to early help and prevention, re-directing people to community solutions, delaying the need for formal services.</li> <li>• Keeping children with their families, and out of care, preventing the cycle which leads children into the criminal justice system. The emphasis is on early help, sharing better intelligence, and planning with families whom agencies already know.</li> <li>• Maximising resources to drive economic growth</li> <li>• One public estate - maximising our estates and buildings, supporting service re-design and looking for opportunities to co-</li> </ul>

	<b>Control</b>	<b>Description</b>
		<p>locate services and reduce the space and number of buildings occupied by public sector partners in each locality.</p> <ul style="list-style-type: none"> <li>• Joining up street scene to remove duplication, making it better for the public, and reducing costs overall.</li> <li>• Joining up information and intelligence so we share data about needs, risks and harm that will enable us to target our efforts to best effect.</li> </ul> <p>The Council continues to play an active leadership role in enhancing health and social care. The Council's strategy for transforming adult social care, Promoting Independence, underpins our approach to supporting vulnerable adults.</p> <p>The Sustainability and Transformation Plan is a programme across the Health and Social Care economy in Norfolk to bring about transformational change in the delivery of services, to achieve a resilient and sustainable future for health and social care. The Council's Managing Director is leading this. A high level plan has been approved and delivery plans are in place which focus on delivering new models of care, reflecting the NHS five Year Forward View and on closing the three gaps; care quality, health equality and finance.</p> <p>A set of Norfolk Principles of Care have been developed from the perspective of the citizen to drive the resilience work.</p> <p>The accountability for the effectiveness of the commissioned services through Adult Social Care is ultimately with the Executive Director of Adult Social Services through the Director of Integrated Commissioning.</p>
4.21	Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Council's overall governance arrangements	<p>NCC works with a range of public, private and third sector partners, as well as with neighbourhoods, local communities and citizens, to achieve our objectives for Norfolk.</p> <p>An integrated Commissioning Team has been set up to support collaborative working across the Council and with a wide range of partners and is underpinned by a Section 75 agreement. The Council and CCGs have pooled funds under the Better Care Fund, which is led by the Health and Wellbeing Board.</p> <p>Executive Directors have reviewed and revised governance arrangements in respect of partnerships and other working. Partnership arrangements are governed by clear partnership boards with appropriate Senior Officer and Member representation working to clear terms of reference.</p>

	<b>Control</b>	<b>Description</b>
	(This fulfils principle D included in the new code as per 1.3)	
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"> <li>• The NORSE Board is responsible for management of internal control throughout NORSE. The Council’s Executive Director, Community and Environmental Services, is Chair of the Norse Board.</li> <li>• 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 principal subsidiaries.</li> <li>• The Board is responsible for considering the required internal audit coverage for the Group, with advice from its Audit Advisory Group (AAG). NORSE previously employed its own internal auditor, and is currently tendering for an external supplier of these services. The Board, with advice from the AAG will review and agree a rolling 3 year audit plan. Norfolk Audit Services audit the “client side” of the Company’s activity as part of the Council’s own internal audit plan</li> <li>• The final results report for 2015-16 were presented to the Policy and Resources Committee on 26 September 2016 and the annual report was sent to all Members. A NORSE governance review was reported to Policy and Resources Committee on 21 March 2017.</li> <li>• A Shareholder Committee meets regularly and is comprised of 6 Members, including a Shareholder Representative, appointed by the Policy &amp; Resources Committee and attended by the Executive Director of Finance and Commercial Services, the Chair of the Norse Board (the Council’s Executive Director, Community and Environmental Services), the Chief Legal Officer (as Monitoring Officer) and the Norse Group executive directors at its regular meetings.</li> <li>• Performance measuring systems, both financial and non-financial, are in place for all the Company Boards.</li> <li>• 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.</li> <li>• Annual budgets are approved by the Board and progress against these budgets is reported monthly to senior managers</li> </ul>

	Control	Description
		<p>of the organisation and quarterly to the Board, the Shareholder Committee and the Council's Executive Director of Finance.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• NORSE has a Policy statement on Health &amp; 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.</li> <li>• Environmental management is championed at Board level and both Norse Commercial Services and NPS have ISO 14001 accreditation.</li> <li>• Annual appraisals are undertaken for all managerial, technical and administrative staff.</li> </ul>
4.23	Hethel Innovation Ltd	<ul style="list-style-type: none"> <li>• The Board is responsible for management of internal control throughout Hethel Innovation Ltd (HIL). A representative from the Council sits on the Board, which is chaired by Mr David Tate the Chairman of the Hethel Engineering Company. During 2016-17 this was the Assistant Director Economic Development and Strategy.</li> <li>• Regular management meetings (including Council representation) and quarterly Board meetings are used as a mechanism to monitor the revenue and capital expenditure.</li> <li>• The Department for Communities and Local Government (DCLG) provided grant certification 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</li> <li>• Performance measuring systems, both financial and non-financial, are in place with management meetings and the Board providing the platforms for discussion.</li> <li>• Risk management arrangements are reviewed and discussed at Board and management meetings.</li> <li>• Annual budgets are approved by the Board and progress against these budgets is reported monthly at Senior Management meetings, quarterly to the Board.</li> <li>• HIL has a Policy statement on Health &amp; Safety which has been communicated to employees.</li> <li>• Regular staff performance reviews take place.</li> </ul>

	<b>Control</b>	<b>Description</b>
4.24	Great Yarmouth Development Company Ltd	<ul style="list-style-type: none"> <li>• The Board is responsible for management of internal control throughout Great Yarmouth Development Company Ltd. The Assistant Director Economic Development and the Chair of the Economic Development Sub-Committee represents the Council on the Board of the company, which is chaired by a nominee of Great Yarmouth Borough Council.</li> <li>• The company has been dormant throughout the year and no meetings have been held.</li> </ul>
4.25	Independence Matters Community Interest Company	<ul style="list-style-type: none"> <li>• 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).</li> <li>• The relationship between the council and Independence Matters is managed via the EDB, on which the Council has voting control.</li> <li>• The Council owns 49% of the Company shares and the staff own 51% which are held in an Employee Benefit Trust.</li> <li>• The EDB is chaired by the Assistant Director of Early Help and Prevention. Vice Chair of Adult Social Care Committee and Chair of Adult Social Care Committee sit as NCC Members.</li> <li>• 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 Finance Directors within Independence Matters and one UNISON representative.</li> <li>• The SEB has ultimate responsibility for governance within the company. The company has voting control and the Council is represented on the SEB. The governance arrangements for the SEB are set out in the Company Articles of Association and explained below.</li> <li>• The SEB includes the Managing and Finance Directors within Independence Matters, two staff representatives, two stakeholder representatives, one Council Director and three Non-Executive Directors one of whom is the Company Chair.</li> <li>• Accounts for all trading up to 31 March 2016 were made available at the AGM as was an accompanying annual report. The next Independence Matters AGM is planned to take place on 16 November 2017. Accounts for the year ending 31 March 2017 will be made available at the AGM.</li> <li>• 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</li> </ul>

	Control	Description
		organisation. Independence Matters uses the Council Health & Safety policy.
4.26	Norfolk Safety Community Interest Company (CIC)	<ul style="list-style-type: none"> <li>Norfolk Safety CIC is wholly owned by the Council and limited by guarantee.</li> <li>A Board of Directors, including a Member of the Council, the Chief Fire Officer and Managing Director of the company, oversees the operation of the Company.</li> <li>The Managing Director of Norfolk Safety CIC is responsible for the day to day management of the company and reports directly to the Board of Directors.</li> <li>Arrangements for establishing the working arrangements of the Company are currently in hand.</li> <li>Regular performance management meetings between a designated Board member (Chief Fire Officer) and the Managing Director of the Company, review both financial and non-financial performance.</li> <li>The Company has adopted quality assurance and health and safety policy standards consistent with the Council as appropriate to the activities of the Company.</li> </ul>
4.27	Norfolk Energy Futures Limited	<ul style="list-style-type: none"> <li>A Board of Directors, comprises three Officers of the Council, oversee the operation of the Company.</li> <li>Annual project based budgets are approved by the Board and progress against these budgets is reported monthly at Board meetings.</li> </ul>
4.28	France (Channel) England programme	<p>Norfolk County Council has been designated to manage the 2014-2020 France (Channel) England Interreg Va European programme.</p> <p>Assurances were provided by the UK Government in October 2016 that for projects selected prior to the actual exit date, partners from the UK will have their full funding guaranteed.</p> <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) was approved by both national governments and by the Commission in October 2015.</p> <p>Nine projects have been approved to date worth €34.1 M ERDF – with an overall total value of €49,6 M (the first project was approved in June 2016, another 3 projects were approved in November 2016, 3 projects in February 2017, and 2 projects in March 2017).</p>

	Control	Description
		<p>The Council is responsible for delivering the following functions:</p> <ul style="list-style-type: none"> <li>• The Managing Authority, which manages the delivery of the Cooperation Programme</li> <li>• The Certification Authority, which is responsible for payments to partners and claims from the European Commission</li> <li>• The Audit Authority, which will provide assurance and be accountable to the European Commission and its Court of Auditors</li> <li>• The Joint Secretariat, which assists all of the above under the authority of the Managing Authority.</li> </ul> <p>Within the Council, a Project Board has been set up to oversee the management of risks this initiative generates for the authority.</p> <p>The Audit Authority reports to the Audit Committee on progress made against the strategy and 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. No such issues were reported in 2016/17.</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 Directors within the County Council who are responsible for the development and maintenance of the governance environment
- The signed departmental assurance statements received by Executive Directors
- The Annual Governance Statement working group
- 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. Overall it is considered the Council's governance arrangements continue to be fit for purpose, in accordance with the governance framework. Significant governance issues have been identified in section 6.

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 & Executive Directors

	Process	Comment
1	<p>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.</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• An Annual Internal Audit Report from the Executive Director of Finance/Chief Internal Auditor was made to the Audit Committee at its 15 June 2017 meeting. There were no exceptions to report.</li> <li>• An Annual report of the Monitoring Officer was made to the Audit Committee at the 15 June 2017 meeting. There were no exceptions to report.</li> <li>• Approval of the annual Statement of Accounts is by the Audit Committee each September.</li> <li>• There is an annual review of the Constitution and other key policies and strategies (The Policy Framework).</li> <li>• The Council published the annual Equality Duty Information report in January 2017 detailing how NCC complied with the Equality Act 2010. This included the embedded heightened levels of</li> </ul>

	Process	Comment
		<p>accessibility into the County Hall refurbishment and Digital Norfolk Ambition (DNA), to make good accessibility for service users and staff the 'norm'. This approach is now standard and is being used with other refurbishment projects.</p> <ul style="list-style-type: none"> <li>• Equality Objectives were published through the Policy and Resources Committee in March 2017.</li> </ul>
2	<p>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.</p> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<ul style="list-style-type: none"> <li>• The Council approved its Risk Framework and Policy, 'Well Managed Risk Management', in 2013. This was reviewed and updated in 2014 and the updates were approved by Full Council. The existing Risk Management Framework is currently being reviewed and revised, consisting of a revised Risk Management Policy accompanied by a series of Risk Management Procedures. Approval of these documents from Full Council is planned for later in 2017. The Audit Committee, established in 2005, has responsibility for governance arrangements including for risk management.</li> <li>• The embedding of strategic risk management into business activity continues throughout the County Council.</li> <li>• Corporate and departmental risk registers are in place and being used by managers as a management tool.</li> <li>• Reporting of risk management activity to Members is embedded; for instance corporate risk registers are reported to the Audit Committee quarterly, each of the Service Committees receives reports, to County Leadership Team and Senior Management Teams. The quality and range of data and information included in these reports has been strengthened to better inform committee members on progress with managing specific risks and give them a better overview of the risk profile of each service.</li> <li>• 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.</li> <li>• Insurance policies and funds are in place and are regularly reviewed at least annually to ensure the Council is adequately safeguarded.</li> <li>• Under the Fire and Rescue Services Act 2004 (The Act) The Council is the statutory Fire and</li> </ul>

	Process	Comment
		<p>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 2016-2020 in February 2016.</p> <ul style="list-style-type: none"> <li>Executive Directors have confirmed the risk registers have been regularly reviewed and updated throughout the year.</li> </ul>
3	<p>Provision of effective, efficient and responsive systems of financial management.</p> <p>(This fulfils principle A and F included in the new code as per 1.3)</p>	<p>This is achieved through a number of processes. For example:</p> <ul style="list-style-type: none"> <li>The Council's Constitution sets out the Council's decision-making framework, including delegation arrangements. The Constitution includes Contract Standing Orders and Financial Regulations which set out how decisions are made and the procedures to be followed. Updated Financial Regulations were approved by Council on 11 April 2016</li> <li>The Executive Director of Finance and Commercial Services is responsible for ensuring that appropriate financial advice is given on all financial matters, keeping financial records and accounts and for maintaining an effective system of financial control.</li> <li>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.</li> <li>Effective internal control arrangements are in place. These include financial guidance, budgetary systems, monitoring systems, delegation arrangements, accounting procedures, information systems and authorisation and approval processes.</li> <li>Annual accounts are published on a timely basis.</li> <li>An effective internal audit function is resourced and maintained.</li> <li>An effective Audit Committee is in place.</li> <li>Councillors' roles and responsibilities for monitoring financial performance/budget management are clear and that they have appropriate access to financial skills and training to discharge their responsibilities.</li> </ul>

	Process	Comment
		<ul style="list-style-type: none"> <li>• Ongoing monitoring of assurance arrangements in respect of partnerships and alternative service delivery models with appropriate access to information.</li> <li>• Risk management arrangements are effective</li> <li>• Finance and other staff are assessed to ensure they have the necessary financial skills to carry out their roles effectively.</li> <li>• Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are signed off by the finance function.</li> <li>• Measures are in place to prevent, detect and investigate fraud and corruption.</li> <li>• Two Executive Directors confirmed the financial regulations are being fully complied with. Three Executive Directors confirmed financial regulations are partly complied with and are currently working towards full compliance.</li> </ul>
4	<p>Delivery of services by trained, skilled and experienced personnel.</p> <p>(This fulfils principle E included in the new code as per 1.3)</p>	<p>The key process for ensuring delivery of services by trained, skilled and experienced personnel is through individual performance management.</p> <p>Managers ensure 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 identify areas requiring improvement and galvanise positive action.</p> <p>Framework of expectations have been set out for all for senior managers - including common leadership objectives, and a set of behavioural expectations (as part of the revised ways of working).</p> <p>A leadership assessment process was undertaken during the year and the managers involved were provided with individual feedback on their performance. The County Leadership Team has considered the collective organisational feedback which has informed the directed development areas for this group.</p> <p>Corporately, the priorities for senior managers are the development of coaching skills to increase performance and the development of commercial skills and delivery of these priorities is currently being planned.</p>

	Process	Comment
		<p>Performance Conversations training provided during 2015-16 has developed managers' ability to engage people in 'high quality conversations around how we improve.</p> <p>A monitoring system of the appraisals is in place through Oracle where completion rates and ratings are recorded by line managers. This information is provided to departmental management teams and CLT to review and take up follow up action.</p> <p>Progress is being made on implementing key actions to improve staff performance. Appraisal completion rates overall for NCC for 2016 were 89% - improvement from 81% in 2015.</p> <p>Executive Directors are accountable for ensuring appraisals are performed. The number of appraisals undertaken and outstanding are reported to Departmental Management Teams and CLT.</p> <p>Three Executive Directors confirmed performance targets are in place for permanent staff. Two Executive Directors have identified coverage is not universal and this will be addressed as part of the 2017 appraisal cycle.</p>
5	<p>Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where appropriate.</p> <p>(This fulfils principle D included in the new code as per 1.3)</p>	<p>The <a href="#">County Council Plan</a> 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. Regular reports including any action that is planned are received and understood by members. Progress with meeting these targets will be reported at the July 2017 Policy and Resources Committee.</p> <p>Section 4.4 above provides details of the corporate performance management framework that has been in place during 2016-17.</p> <p>Each Service Committee considers performance monitoring reports quarterly. These provide both quantitative and qualitative performance information and performance is monitored against KPIs. Where available and appropriate, benchmarking against national averages and statistical neighbours.</p> <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>

Process	Comment
	All Executive Directors have confirmed KPIs have been established, monitored and reported regularly.

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

Process	Comment
<p>The business of the Council is carried out and developed through the Council, Service Committees, the Audit Committee and the Pensions Committee.</p> <p>(This fulfils principle E included in the new code as per 1.3)</p>	<p>Decisions are made by all-party committees with membership reflecting the overall political makeup of the Council. 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.</p> <p>The Pensions Committee and the Audit Committee continue in their current roles. The Pensions Committee is now supported by the new Oversight Board. An internal audit in early 2017 confirmed that the Oversight Board was fulfilling its Terms of Reference.</p>

## 5.3 The Standards Committee

Process	Comment
<p>The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and co-opted members.</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<p>The last Standards Committee was convened on 23 March 2016.</p>

## 5.4 Chief Financial Officer

Process	Comment
<p>The Executive Director of Finance and Commercial Services is the Chief Financial Officer (CFO) for the Council</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<p>The financial management arrangements conform to the CIPFA 2010 statement on the role of the CFO.</p>

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## 5.5 Internal Audit

Process	Comment
<p>Internal Audit provide independent and objective assurances across the whole range of the Council's financial and non-financial activities</p> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<ul style="list-style-type: none"> <li>• Changes in the terms of reference for the Audit Committee are approved by the full Council. Minor changes have been recommended for consideration by the Audit Committee in June.</li> <li>• The Audit Committee received an Annual Report on the delivery of the Internal Audit Plan and the assurance opinion at its 15 June 2017 meeting. No exceptions were reported.</li> <li>• 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.</li> <li>• The internal audit team is compliant with the relevant professional standards, namely the United Kingdom Public Sector Internal Audit Standards. From January 2017 these were updated and are now known as the International Standards for the Professional Practice of Internal Auditing. An external review was undertaken by CIPFA in May 2017.</li> <li>• 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.</li> </ul>

## 5.6 Other explicit review/assurance mechanisms

	Process	Comment
1	<p>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.</p> <p>(This fulfils principle F included in the new code as per 1.3)</p>	<ul style="list-style-type: none"> <li>• The overall key message in the external auditor's (EY) Annual Audit Letter (available on the Council Finance webpage Statement of Accounts 2015-6) was that an unqualified opinion was issued on the Council's accounts for 2015-6.</li> <li>• The County Council was also given an unqualified 'Value for Money' opinion, within the Annual Audit Letter 2015-16.</li> <li>• The County Council complies with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.</li> </ul>

	Process	Comment
2	<p>Codes of practice are issued by external bodies in respect of Council services and processes, with which the Council is expected to comply.</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<ul style="list-style-type: none"> <li>• The County Council complies with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16</li> <li>• The County Council has adopted the CIPFA Treasury Management in Public Services Code fully revised second edition 2011.</li> <li>• Norfolk Audit Services has implemented the International Standards for the Professional Practice of Internal Auditing, which came into effect on 1 January 2017. Norfolk Audit Services self-assesses compliance annually. An external assessment has been conducted in May 2017, in line with the requirements of the standards.</li> </ul>
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 &amp; Safety inspectorates.</p> <p>Include peer reviews.</p> <p>(This fulfils principle A included in the new code as per 1.3)</p>	<p>Finance and Commercial Services</p> <ul style="list-style-type: none"> <li>• An ICO Audit was undertaken during the year as detailed at 4.7 above. The Council was awarded a status of 'Reasonable Assurance'</li> <li>• A review of Internal Audit took place as detailed at 5.5 above</li> <li>• Norfolk County Council holds a Public Services Network certificate, granted in December 2016. The Public Services Network (PSN) allows the UK government to safely and securely enable and share public services effectively and efficiently. The PSN accreditation is renewed annually. The most recent IT Health Check conducted for the current PSN certification identified fewer issues to be addressed.</li> <li>• Norfolk County Council has received acknowledgement from the NHS that we have met the compliance for Level 2 of the NHS Information Governance toolkit in line with our Norfolk and Waveney Local Digital Roadmap partners.</li> </ul> <p>HR</p> <ul style="list-style-type: none"> <li>• The Payroll function is covered by the programme of external audit, some of these audits, by agreement, are carried out by our internal audit on their behalf.</li> <li>• The Health &amp; Safety function is ultimately answerable to the HSE and in the last year we had two completed investigations by the HSE, (Wensum Lodge, Suffield Park School). The HSE concluded that our systems were satisfactory.</li> </ul>



	Process	Comment
		<p>There is a third investigation which is ongoing at this point.</p> <ul style="list-style-type: none"> <li>Norfolk Fire and Rescue Service carried out one investigation into the adequacy of fire arrangements / risk assessments within Schools. Investigation concluded that the arrangements were satisfactory.</li> </ul> <p>nplaw</p> <ul style="list-style-type: none"> <li>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 March 2017 and its accreditation as a legal practice was renewed.</li> </ul> <p>Children's Services</p> <ul style="list-style-type: none"> <li>In March 2017 an Ofsted visit took place in Great Yarmouth and specifically looked at leadership and management, support for care leavers, looked after children and help and protection. Ofsted recognised Norfolk County Council had taken decisive action to speed up improvements in Children's Services. Improvements were found in leadership, performance management, support for foster carers and for those leaving care. However care leavers' pathway plans were still not sufficiently challenging and the quality of child protection planning was not yet good.</li> </ul> <p>Adult Social Services</p> <ul style="list-style-type: none"> <li>A CIPFA social care risk tool has been completed.</li> </ul> <p>Community and Environmental Services (CES)</p> <ul style="list-style-type: none"> <li>The Norfolk Community Learning Services had a full Ofsted inspection in April 2016. An overall effectiveness grade of good was awarded. Norfolk Community Learning Services has been shortlisted as one of the six finalists for the most improved Council category, in the Municipal Journal awards..</li> <li>Other accreditation obtained by CES have been appended at Appendix 1.</li> <li>Fire and Rescue Authorities must provide both local communities and the Government with an</li> </ul>

	Process	Comment
		<p>annual statement of assurance on financial, governance and operational matters.</p> <ul style="list-style-type: none"> <li>• Norfolk Fire and Rescue (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> <li>• The Annual Statement of Assurance for 2015/16 can be found at Norfolk Fire and Rescue Statement of Assurance 2015/16, on their website .</li> <li>• Fire and Rescue Service Peer challenges are managed and delivered by the sector for the sector. They complement the industry standard Operational Assessment (OpA) with a 'sector-delivered' peer challenge once every three years.</li> <li>• The Review has been published on the Norfolk Fire and Rescue Service website and can be found at <a href="#">Norfolk Fire and Rescue Service Peer Challenge Report</a>.</li> <li>• ISO 9001 revalidation, September 2016 (Fleet, Operational Assurance &amp; Technical Services departments).</li> </ul>
	Other Independent Reviews	There have been no other reviews during this period.

## 5.7 Review Mechanisms for NORSE

	Process	Comment
	NORSE activities review mechanisms include	The Managing Director of the NORSE Group has completed a controlled self-assessment questionnaire

		<p>confirming adequate controls were in place in the Norse companies for 2016-17.</p> <p>During the year improvements were made in respect of the Council's governance arrangement in respect of Norse. These include clarity of purpose, parent approval of business plans and strategies, clarity over who is responsible for stewardship of NORSE, improved control through a Shareholders' Agreement and regularly reviewed Service Level Agreements and effective reporting, audit and scrutiny with member and officer oversight.</p> <p>NORSE Group Company Secretary confirmed that the following review mechanisms 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 and the Executive Director of Finance and Commercial Services.</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 before review by the Shareholder Committee.</p> <p>All Board Papers are sent to the Council's Managing Director and Executive Director of Finance.</p> <p>The services provided by Norse Care are subject to external audit by the Care Quality Commission.</p> <p>In accordance with Section 54, Part 6 of the Modern Slavery Act 2015 the NORSE Group's Slavery and Human Trafficking Statement for the financial year ending 31 March 2016 was signed on 8 June 2016.</p>
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## 5.8 Review Mechanisms for Hethel Innovation Ltd (HIL)

Process	Comment
HIL activities review mechanisms include	<p>During the year Norfolk Audit Services performed an audit on the governance arrangements in place and an acceptable opinion was given.</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>

## 5.9 Review Mechanisms for Norfolk Energy Futures Ltd

Process	Comment
Norfolk Energy Futures Ltd review mechanisms include	<p>The Managing Director of Norfolk Energy Futures Ltd has completed a controlled self-assessment questionnaire confirming adequate controls were in place in for 2016-17.</p> <p>A Board of Directors, comprises three Officers of the Council, oversee the operation of the Company.</p> <p>Annual project based budgets are approved by the Board and progress against these budgets is reported monthly at Board meetings.</p>

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

Process	Comment
IM CIC activities review mechanisms include	<p>The Managing Director of IMCIC has completed a controlled self-assessment questionnaire confirming adequate controls were in place in for 2016-17.</p> <p>All services within Independence Matters are required to adhere to Care Quality Commission</p>

		<p>standards. Non-regulated services are attached to a regulated service using a 'buddy' system to ensure that this happens.</p> <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 Integrated Commissioning.</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>
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**5.11 Review Mechanisms for Norfolk Safety Community Interest Company (NSCIC)**

	Process	Comment
	<p>NSCIC activities review mechanisms include:</p>	<ul style="list-style-type: none"> <li>• The Managing Director of NSCIC has completed a controlled self assessment questionnaire confirming adequate controls were in place in for 2016-17.</li> <li>• A Board of Directors, including a member of the Council, oversees the operation of the Company.</li> <li>• Quarterly Board meetings receive reports on all aspects of the Business.</li> <li>• Regular performance management meetings between a designated Board member and the Managing Director of the Company will</li> </ul>

		<p>review both financial and non-financial performance.</p> <ul style="list-style-type: none"><li>• NSCIC reports annually to the Regulator on how they are delivering for the community and how they are involving their stakeholders in their activities.</li><li>• The company is subject to legislation and external audit. In relation to profits generated these are asset locked into community interest projects by the Board and Regulator (an independent statutory office-holder appointed by the Secretary of State).</li></ul>
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## 6 Significant governance issues

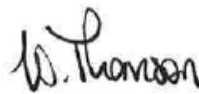
There are no significant governance issues to report for 2016-17.

The Council is addressing the significant governance issues reported in the previous Annual Governance Statement through its performance, finance and risk reporting to Committees throughout the year and as reported in the relevant sections of this statement.

We are satisfied that these steps are appropriate.



Leader – Cliff Jordan



Managing Director – Dr Wendy Thomson

September 2017

**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
- Executive Director of Finance and Commercial Services (Section 151 Officer)
- Chief Legal Officer
- Head of Democratic Services
- Acting Head of HR
- Head of Programme Office
- Director of Integrated Commissioning
- Chief Fire Officer.

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

Executive Director of Community and Environmental Services

Executive Director of Adult Social Services

Executive Director of Finance and Commercial Services

Interim Executive Director of Children's Services

Chief Legal Officer



## Appendix 1

### **Additional information on service specific accreditations obtained by the Community and Environmental Services Department**

#### **Norfolk Library and Information Service**

The Norfolk and Norwich Millennium Library has been accredited to deliver Patent Information – part of the national Patent Library Network

#### **Norfolk Museums Service**

Norfolk Museums Service's 10 museums are subject to regular, periodic review as part of the national Accreditation scheme. The Accreditation scheme is managed by Arts Council England and assesses many aspects of a museums' governance, operation, financial resilience, learning programmes and collections management. All Norfolk Museums assessed have passed their Accreditation assessments.

#### **Norfolk Record Office**

The Norfolk Record Office is an accredited service under the UK Archive Service Accreditation Scheme: the UK standard administered by the National Archives. This Accreditation enables the appointment of the NRO as a Place of Deposit under the Public Records Act.

#### **Vehicle Fleet**

Norfolk Fire and Rescue Fleet arrangements have been carried out in line with/under ISO 9001 accreditation.

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.

#### **Highways Laboratory**

Annual audit by the United Kingdom Accreditation Service (UKAS), as the UK National Accreditation Body, confirmed that the Highways Testing laboratory is meeting the standards required to maintain accreditation status.

#### **Highways training, Fast Lane Training Service (FLTS)**

This service provides highways service related training – FLTS are registered with a number of national awarding bodies: City and Guilds, Cskills, Lantra 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.

## **Customer Services**

Customer Services were assessed for “Customer Service Excellence” (the government standard) for the CSC and passed.

The CRM systems and controls were audited by BDO UK (external organisation appointed by internal audit). The audit rated the CRM system and controls as “acceptable”.

## **Planning**

The East of England Aggregates Working Party, provides “technical Advice” on our Aggregates Annual monitoring report, Including the local aggregates assessment and Silica sand assessment. The review of our 2015 report was considered in November 2016. Our 2016 assessment will be reviewed in October 2017.

## **Trading Standards**

External assessment by an ISO9001 certification body of the Trading Standards calibration and verification service is performed annually and during 2016/17 certification was maintained; following confirmation that the requirements of standards and regulations are met on a continuing basis.

Annual assessment by the United Kingdom Accreditation Service (UKAS), as the UK National Accreditation Body, to confirm that the Trading Standards Calibration laboratory is meeting the standards required to maintain its accreditation status. Assessment performed by UKAS during 2016/17; the auditors were extremely complimentary of the services provided and confirmed that compliance is being achieved on a continuing basis and therefore accreditation was maintained.

As part of its enforcement function Officers of the Trading Standards Service are accredited on an annual basis by the National Crime Agency to conduct Financial Investigations. In 2016/17 one officer maintained accreditation as an Accredited Financial Investigator, one officer maintained accreditation as a Senior Accredited Officer and one officer attained accreditation as a Senior Accredited Officer.

## **Resilience**

Health & Safety Executive (HSE) and Environment Agency annual oversight of NCC’s discharge of responsibilities under COMAH Regulations.

Environment Agency (EA) review and approval of Norfolk Tactical Flood Plan.

## **Environment Service**

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.

Norfolk Biodiversity Information Service accredited By the Association of Local Environmental Records Centres.