

### Annual Governance Statement for Norfolk County Council 2015-16

#### 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 16 June 2016 that, in his opinion, the system of internal control, including the arrangements for the management of risk during 2015-16, was acceptable and therefore considered sound. The Committee agreed with this opinion. This statement will be submitted to the Audit Committee for approval with the Statement of Accounts at the 22 September 2016 meeting of the Committee.

1.3. 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, Norfolk County Council, County Hall, Martineau Lane, NR1 2DW. The updated Code is planned to be approved in the Autumn of 2016.

- 2.3. Through the application of the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16, 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 and
  - Great Yarmouth and Waveney Joint Health Scrutiny Committee.
  - Road Casualty Reduction Partnership Board
  - Two Regional Flood & Coastal Committees (Eastern and Central)
  - Planning and Traffic Regulation Outside London Adjudication Joint Committee

Eastern Shires Purchasing Organisation (ESPO) and Eastern Inshore Fisheries and Conservation Authority have published their own Annual Governance Statements, available on their websites.

- 2.7. The Council has the six subsidiary companies below:
  - The largest subsidiary company which is wholly owned by the Council is the Norse Group Limited. It is the parent company of NPS Property Consultants Limited, Norse Transport, Norse Eastern Limited, Norse Commercial Services Ltd and Norse Care Ltd, plus their subsidiaries. These companies are referred to throughout this statement as NORSE. The governance arrangements for NORSE are included in the body of this report. Where there are unique arrangements these appear at the end of each section and where the arrangements are specific to NORSE, they appear in a separate section. For more information regarding NORSE and its services, please refer to its website at <http://www.ncsgrp.co.uk/>.
  - Hethel Innovation Ltd, is wholly owned by the Council, see link for further information at <http://hethelinnovation.com/>.
  - The Great Yarmouth Development Company, which is jointly owned with Great Yarmouth Borough Council, is controlled through a 100% holding in Norfolk

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

- Independence Matters is a Community Interest Company (CIC) which started trading 1 November 2013. The Council owns 49% of the shares for the initial contract period of three years. For more information regarding Independence Matters please refer to its website at <http://independencematters.org.uk/>.
- Norfolk Safety Community Interest Company (CIC) 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/>.

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

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

- The Norfolk Learning Difficulties Pooled Fund now exists only as a legal entity as part of the arrangements for commissioning Learning Difficulties health services. Parties to the fund only contribute a nominal sum to it and the Council now receives funding directly from Central Government as part of the formula funding
- Norfolk Pharmaceutical and Medicines Management Pooled Fund. The Council and the Clinical Commissioning Groups (CCG's) 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.	<p>The Council's vision during 2015-16, was adopted by the <a href="#">Council</a> (page B2) in July 2015. The Medium Term Strategy and Financial Plan's main features were:</p> <ol style="list-style-type: none"> <li>1. Focussing on our priorities: <ul style="list-style-type: none"> <li>• Excellence in education</li> <li>• Real jobs</li> <li>• Improved infrastructure, and</li> <li>• Supporting vulnerable people</li> </ul> </li> <li>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> </li> </ol> <p>With a change of Leadership at the Council's <a href="#">Annual General Meeting</a>, on 9 May 2016, that vision is now under review.</p>

	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; they frame external communications, internal communications.</p> <p>Individual NORSE companies have separate mission, vision and value statements.</p>
4.2	Reviewing the Council's vision and its implications for the authority's governance arrangements .	<p>In the year under review, additional focus through the Medium Term Strategy has strengthened engagement with and understanding of the Council's vision and priorities. A series of Member and staff workshops have 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>A report on the governance of NORSE was reported to the Policy and Resources Committee on 21 March 2016. Details of the findings are included in 5.7.</p>
4.3	Translating the vision into objectives for the authority and its partnerships	<p>The Council's vision and priorities are translated into objectives through the strategic and service planning process. Each individual Service Committee produces a Committee Service Plan which provides members with a single view of key objectives, activities and outcomes of the services under the auspices of the Committee. It addresses the following:</p> <ul style="list-style-type: none"> <li>• Delivering the Council's priorities - specific activities which individual services will undertake to deliver the Council's four priority outcomes</li> <li>• Objectives for the department's core business</li> <li>• Budget and resources - what the money will be spent on and what it will deliver/achieve</li> <li>• The Committee's performance, risk and accountability framework.</li> </ul>

	Control	Description
		<p>Elements which make up committee service plans have been considered as part of the budget process. Final service plans will be signed off following confirmation of the County Council Plan by Full Council.</p> <p>A new County Council Plan has been produced and has been agreed by Policy and Resources Committee and is awaiting agreement of full Council. The Plan 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> <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 in the next three years. 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>Examples of this include the Public Service Summit work, Health, Social Care leadership, and devolution planning.</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 2015-16, the Council was represented as follows: a dedicated County Council Member representative, Chairpersons of the Children's Services and Adult Social Care Committee,</li> </ul>

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		<p>Managing Director, Director of Public Health, Executive Director of Children's Services, and the Executive Director of Adult Social Services</p> <ul style="list-style-type: none"> <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 Manager Norfolk Fire and Rescue Service, Youth Justice Service Manager and the Community Safety Manager.</li> <li>- The Norfolk Children and Young Peoples' Strategic Partnership Board leads on the children's agenda and the Council is represented by NSCB Independent Chair, 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> </ul> <p>Norfolk and Suffolk are working together towards a devolution deal to gain the maximum benefit possible for the area. For Norfolk, a successful deal would support the achievement of the Council's ambitions.</p> <p>Devolution Agreement provides for the transfer of significant resources and powers from central government to the region including, for example, infrastructure, housing, economic development, and employment and skills, which will positively impact on the lives of residents by helping create more jobs, more housing, improving the skills and employment prospects of residents and boosting the productivity of East Anglia.</p> <p>On 27 June 2016, the Council met to endorse the latest Devolution deal and Scheme of Governance for the Combined Authority for consultation. For more details, please see <a href="#">27 June 2016 County Council Agenda</a> (page 3). The minutes will be available in due course.</p> <p>The <a href="#">Norfolk Fire and Rescue Statement of Assurance</a> provides details of how service priorities are established over the medium term.</p>



	Control	Description
4.4	Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources and value for money	<p>The 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>During the year improvements have been introduced to ensure that the quality of services for users can be effectively measured. A new performance framework was agreed by the Policy and Resources (P&amp;R) Committee in October 2015. It is being rolled out to the service committees during May 2016 and to P&amp; R in July 2016. This provides greater assurance that the Council's resources have been used to best effect, and deliver demonstrable results to the people of Norfolk.</p> <p>A review of existing arrangements, commissioned by the Managing Director, concluded arrangements would be improved by ensuring the performance management system:</p> <ul style="list-style-type: none"> <li>• Focusses on the right things – delivering the Council's priorities</li> <li>• Manages its vital signs and key risks; as reflected in the 'performance pyramid' and the subject of recent member workshops</li> <li>• Sets accurate baselines and targets – to give clarity on the direction and scale of performance improvement required</li> <li>• Strengthens accountability – covering ownership, responsibility for delivering performance, and building these accountabilities into personal objectives and development plans</li> <li>• Informs purposeful management – performance indicators are used to inform and motivate, rather than merely be the subject of reporting</li> <li>• Provides timely and effective monitoring – with performance reports that provide a snapshot, based on accurate and timely information</li> <li>• Drives an agile performance management culture – that encourages investigation, fixes performance problems and embraces challenge to existing ways of doing things.</li> </ul> <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> </ul>



	Control	Description
		<ul style="list-style-type: none"> <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>About a third of members have been engaged in workshops to develop these signs, and the suite of measures tested at service committees.</p> <p>New methods and disciplines have begun to be 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 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 has 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	Defining and documenting the roles and responsibilities of the Council Committees and Officers, with clear delegation arrangements and protocols for effective communication	<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</p>

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	n in respect of the authority and partnership arrangements	<p>Business Plan. It also has responsibility for some corporate and regulatory functions and for the exercise of the Council's functions in respect of public health.</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 Head of Law, on the Position of County Council Appointees on Outside Bodies, which summarises the legal position of members and officers appointed to serve on outside bodies.</p> <p>NORSE has its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over NORSE and the actions which require prior approval of the Council. As a result of a review of the Norse governance arrangements additional clarity has been made in respect of who, within the Council, is responsible for the stewardship of Norse governance arrangements.</p>
4.6	Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.	<p>The County Council's Constitution includes a Members Code of Conduct.</p> <p>Our Human Resources Shared Service produces a Standards of Conduct and Behaviour Policy for employees. It is published on PeopleNet which is available to all staff. It is provided to all employees on appointment and forms part of their conditions of employment.</p> <p>The Constitution Advisory Group has been established to advise on necessary changes to the Constitution – in the last year it has reviewed and made recommendations on amendments to Financial Standing Orders and Committee Procedure Rules.</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 authority's decision-making framework, including delegation arrangements, decision making in	<p>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 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 undertaken regularly. The Council has</p>

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	partnerships and robustness of data quality	continued to embed the importance of accurate and timely information being held. Some services have identified the need for further controls to be put in place to ensure the robustness of data quality. 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.
4.8	Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability	<p>The Council has a risk management framework and policy which is reviewed every two years by the Audit Committee and significant changes are reported to and approved by full Council.</p> <p>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.</p> <p>All the governance issues identified through the preparation of this document have already been identified through the risk management process.</p> <p>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.</p>
4.9	Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained, in line with the CIPFA Code of practice on managing the risk of fraud and corruption	<p>The Council has an Anti-fraud and Corruption Strategy, which is reviewed annually by the Audit Committee and was last reviewed at the January 2016 meeting (Item 10).</p> <p>The Audit Committee champions Anti-fraud and Corruption and receives a report twice yearly 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</p>

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		<p>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 ensures that risks are managed consistently and using the County Council risk management governance.</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>For NORSE, targets for specific projects are agreed and progress is reported to the Board.</p>
4.11	Ensuring the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial	<p>The Council meets the requirements through the role of the Executive Director of Finance. 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</li> </ul>

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	Officer in Local Government (2010) and , where they do not, explain why and how they deliver the same impact	<p>on the Council's financial strategy and planning, risk management, budgetary control throughout the Council.</p> <ul style="list-style-type: none"> <li>• Leads and directs the finance function, that is suitably resourced.</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>
4.12	Ensuring the authorities assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact	<p>The Chief Internal Auditor conducts a self-assessment to the CIPFA Statement on the Role of the Head of Internal Audit (2010). The governance arrangements, the role and the personal attributes of the Chief Internal Auditor are compliant with all five principles as laid out in the Statement.</p> <p>The Chief Internal Auditor attends the 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.</p> <p>NORSE employ their own internal auditor reporting to the Board. A three year Audit Strategy has been developed, and an annual audit plan is agreed within that strategy. The strategy is informed by the Group Risk Register and key risk areas identified by external auditors.</p>
4.13	Ensuring effective arrangements are in place for the discharge of the monitoring officer function	<p>The responsibilities of Monitoring Officer are included within the post of Head of Law, and are described in the Monitoring Officer Protocol in the Constitution.</p>
4.14	Ensuring effective arrangements	<p>The responsibilities of Head of Paid Service are included within the post of Managing Director, as described in the Constitution.</p>

	Control	Description
	are in place for the discharge of the head of the paid service function	
4.15	Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities.	<p>The main purposes of the 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	Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	<p>The Practice Director of Nplaw is the Council's Head of Law and the Council's Statutory Monitoring Officer. She seeks to ensure compliance with relevant laws and regulations. A protocol covering the role and functions of the Monitoring Officer is contained within the Constitution. The Monitoring Officer is a practising solicitor qualified for over 25 years.</p> <p>An Annual Report from the Monitoring Officer is reported every year to the June Audit Committee.</p> <p>With regards to the Norfolk Pension Fund, a new Oversight Board has been set up. One key role of the new Board is to assist Pensions Committee and officers with ensuring compliance with the regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the scheme.</p> <p>For NORSE the Company Secretary performs this role.</p>
4.17	Whistle-blowing and for receiving and	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

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	investigating complaints from the public	<p>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 2016.</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	Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.	<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.</p> <p>Within NORSE the Company Secretary is responsible for providing Directors with advice about their roles and responsibilities.</p>
4.19	Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	<p>There are a range of channels of communications. Norfolk County Council's website has been refreshed during the year to make it more customer focused.</p> <p>A resident's magazine called Your Norfolk is distributed three times a year to all households, plus Your Norfolk extra – an electronic version is published six times a year on our website and directly to those who subscribe online.</p> <p>There is good and regular use of local media for communications and during the year there has been an increased use of social media. During 2015/16 an online/web app – Norfolk Future You – aimed at 13 to 21 year olds was created to provide suggestions on careers, based on an individual's interests. On 1 February Children's Services Social Care had a live twitter awareness day to provide a picture of real social care in Norfolk. On April 28 colleagues across Norfolk County Council's Community and Environmental Services conducted a 'live tweet' day, showcasing work happening across the length and breadth of Norfolk roads.</p> <p>In the year under review, there has been increased proactive communications with stakeholders through the development of the</p>



	Control	Description
		<p>Medium Term Strategy and subsequently the consultation on the 3 year Strategy.</p> <p>The public consultation ran from the 30 October 2015 to the 14 January 2016. People were able to respond online, by email, on Twitter and Facebook, by telephone and in writing. 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. Seven accessible events were organised and attended by Council officers to make sure that people from all backgrounds and communities could discuss and comment on budget proposals.</p> <p>Where particular groups of service users were likely to be affected by a proposal, the Council contacted them directly – for example people that would be affected by changes to transport arrangements in Adult Social Services.</p> <p>Individual services maintain open channels of communications with relevant user groups and representative bodies.</p> <p>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	Enhancing the accountability for service delivery and effectiveness of other public service providers	<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>For example, a Public Services summit has been held which 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.</li> </ul>

	Control	Description
		<p>The emphasis is on early help, sharing better intelligence, and planning with families whom agencies already know.</p> <ul style="list-style-type: none"> <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-locate services and reduce the space and number of buildings occupied by public sector partners in each locality.</li> <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.</p> <p>There 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.</p> <p>A set of Norfolk Principles of Care have been developed from the perspective of the citizen to drive the resilience work. The plan provides solid foundation for the developing Sustainability and Transformation Plan for Norfolk and Waveney which the Managing Director is leading. It has the potential to introduce new models of health and social care, accelerate health and social care integration, and deliver the NHS five year forward plan.</p> <p>The accountability for the effectiveness of the commissioned services through Adult Social Care is ultimately with the Deputy Executive Director of Adult Social Services/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	<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.</p> <p>The Council has an integrated commissioning arrangement with the five Clinical Commissioning groups and Section 75 pooled funds.</p>

	Control	Description
	governance arrangements	Executive Directors have identified governance arrangements in respect of partnerships and other working groups are currently being strengthened.
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. A senior Member of the County Council represents the Council on each board of the Group and its principal subsidiaries. The Board is currently chaired by the Executive Director of Resources.</li> <li>• Another Member attends Board meetings as shareholder representative. The County Council holds control of the Group of Companies by way of its shareholding, controls in the NORSE Articles of Association and the voting rights of the Directors.</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 companies.</li> <li>• The Board is responsible for considering the required internal audit coverage for the Group. The Group employs its own internal auditor, and the Board review and agree a rolling 3 year audit plan. Norfolk Audit Services audit the “client side” of the Company’s activity as part of the Council’s own internal audit plan.</li> <li>• Grant Thornton provided the external audit services to NORSE for the year ended 31 January 2016.</li> <li>• The final results report for 2014-15 were presented to the Policy and Resources Committee on 1 September 2015 and the annual report was sent to all Members. A NORSE governance review was reported to Policy and Resources Committee on 21 March 2016.</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 of the organisation and quarterly to the Board, the Shareholder Committee and the Council’s Executive Director of Finance.</li> </ul>

	Control	Description
		<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 ISO 14001 accreditation is in place or actively being sought.</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. The Assistant Director Economic Development and Strategy represents the Council on the Board of the company, which is chaired by Mr David Tate the Chairman of the Hethel Engineering Company.</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>
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</li> </ul>

	Control	Description
		<p>on the Board of the company, which is chaired by a nominee of Great Yarmouth Borough Council.</p> <ul style="list-style-type: none"> <li>• The Board meets quarterly to monitor progress against annual plans and review revenue and capital expenditure.</li> <li>• Annual project based budgets are approved by the Board and progress against these budgets is reported quarterly at Board meetings.</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 Council's Director of Integrated Commissioning. It also contains the Council's Member Chair of the Adult Social Care Committee and one other elected member.</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>• The first Independence Matters AGM took place on 6 November 2014. Accounts for all trading up to 31 March 2015 were made available at the AGM as was an accompanying annual report. The next Independence Matters AGM is planned to take place on 5 November 2016. Accounts for the year ending 31 March 2016 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</li> </ul>

	Control	Description
		has ISO9001 certification for Norfolk Industries. It is not intended to seek ISO 9001 certification for the rest of the organisation. Independence Matters uses the Council Health & Safety policy.
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, including 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 appointed to manage the 2014-2020 France (Channel) England Interreg Va European programme.</p> <p>On Thursday 23 June the UK voted to leave the European Union. Our understanding to date, is that there will be no immediate impact on FCE or any European funding from the outcome of the referendum. Any negotiation on the condition of the exit will take at least two years. In the meantime the FCE Managing Authority will continue to work with the French and UK representatives to deliver the programme.</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) has been approved by both national governments and by the Commission in October 2015.</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 will manage the delivery of the Cooperation Programme</li> <li>• The Certification Authority, which will be 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 Technical Secretariat, which will assist 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 Committee has been kept up to date with work undertaken to prepare and set up the Audit Authority function. The Audit Committee, at its January 2016 meeting, has endorsed the new Terms of Reference for the Council's internal audit team, which now incorporates the delivery of the Audit Authority function for the FCE programme.</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	Statutory roles of Council's Monitoring Officer and Section 151 Officer to ensure internal control procedures are efficient and effective and are being complied with on a routine basis to ensure legality and sound financial standing.	<ul style="list-style-type: none"><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 16 June 2016 meeting. There were no exceptions to report.</li><li>• An Annual report of the Monitoring Officer was made to the Audit Committee at the 16 June 2016 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></ul>
2	Risk Management policies and procedures are in place to ensure that the risks facing the Council in	<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 Audit</li></ul>

	Process	Comment
	achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.	<p>Committee, established in 2005, has responsibility for governance arrangements including for risk management. Work is underway to refresh the 'Well Managed Risk Management' document, along with reviewing the Risk Framework and Policy.</p> <ul style="list-style-type: none"> <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 risk registers are reported to the Audit Committee quarterly, to each of the Service Committees, 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 services.</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 Learning &amp; Development and Organisational Development Centre of Expertise.</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 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.</li> <li>• Executive Directors have confirmed the risk registers have been regularly reviewed and updated throughout the year.</li> </ul>
3	Provision of effective, efficient and responsive	This is achieved through a number of processes. For example:

	Process	Comment
	systems of financial management.	<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 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> <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</li> </ul>

	Process	Comment
		<p>financial implications are signed off by the finance function.</p> <ul style="list-style-type: none"> <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	Delivery of services by trained, skilled and experienced personnel.	<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. 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 refreshed tool kit is being developed to ensure we consistently assess senior officer competence and address gaps, including ensuring all Departmental Management Teams have a common set of functional accountabilities, with named senior managers.</p> <p>The revised leadership development strategy will provide further targeted development for skills needs</p> <p>All managers have been encouraged to attend Performance Conversations training during 2015-16 in order to develop their ability to engage people in 'high quality conversations around how we improve performance'; a key skill for creating a high performance culture and central to the new ways of working framework.</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. 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>Two Executive Directors confirmed performance targets are in place for most staff. Three Executive Directors</p>

	Process	Comment
		have identified coverage is not universal and this will be addressed as part of the 2016 appraisal cycle.
5	Performance monitoring processes are in place to measure progress against objectives and to provide for remedial action where appropriate.	<p>The County Council Plan sets out the Council's strategic ambition, priorities and the areas of the Council's business where it needs to make the fastest improvements to secure Norfolk's long term future.</p> <p>Section 4.4 above provides details of the corporate performance management framework that has been in place during 2015-16.</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> <p>Two Executive Directors have confirmed KPIs have been established, monitored and reported regularly. KPIs are being established in the other areas and will be regularly monitored next year.</p>

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

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

### 5.3 The Standards Committee

Process	Comment
The role of the Standards Committee is to promote and maintain high standards of conduct by councillors and co-opted members.	<p>The Committee met twice during 2015-16. Its business included</p> <ul style="list-style-type: none"><li>• A review of the complaints received and an update on how they were being resolved</li><li>• A briefing for members on declarations of interest compliant with the Localism Act 2011</li><li>• An update on standards in public life</li><li>• Changes, and recruitment, in relation to the role of the Independent Person.</li></ul>

### 5.4 Chief Financial Officer

Process	Comment
The Executive Director of Finance is the Chief Financial Officer (CFO) for the Council	The financial management arrangements conform to the CIPFA 2010 statement on the role of the CFO.

### 5.5 Internal Audit

Process	Comment
Internal Audit provide independent and objective assurances across the whole range of the Council's financial and non-financial activities	<ul style="list-style-type: none"><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 16 June 2016 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.</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	External Audit provide a further source of assurance by reviewing and reporting upon the Council's internal control processes and any other matters relevant to their statutory functions and codes of practice.	<ul style="list-style-type: none"> <li>The overall key message in the external auditor's (EY) Annual Audit Letter (available on the Council Finance webpage Statement of Accounts 2014-15) was that an unqualified opinion was issued on the Council's accounts for 2014-15.</li> <li>The County Council was also given an unqualified 'Value for Money' opinion, within the Annual Audit Letter.</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>
2	Codes of practice are issued by external bodies in respect of Council services and processes, with which the Council is expected to comply.	<ul style="list-style-type: none"> <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 UK Public Sector Internal Audit Standards, which came into effect on 1 April 2013. Norfolk Audit Services self-assesses compliance annually. An external assessment will be organised over the next three years, in line with the requirements of the standards.</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>Resources ICT</p> <ul style="list-style-type: none"> <li>The Public Services Network (PSN) allows the UK government to safely and securely enable and share public services effectively and efficiently. The PSN accreditation was achieved in September 2015 and is renewed annually.</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 2016 and its accreditation as a legal practice was renewed. NpLaw has had no other external reviews/inspections.</li> </ul> <p>Children's Services</p> <ul style="list-style-type: none"> <li>In October 2015, the Council received the published Ofsted report from the inspection Ofsted carried out in July 2015. This judged some areas of Children's Services to be inadequate. In their recent inspection, Ofsted recognised the "significant improvements" already made in the county, particularly in the Council's child protection and early help work and in overall leadership and management. The final judgement was based on underdeveloped services for children in and leaving our care. In conjunction with the Commissioner for Children's Services appointed in December 2015, Children's Services is undertaking intensive and extensive improvement activities in these areas. The Improvement Plan represents a set of priorities for Children's Services that will focus the use of existing financial resources. No additional resources are required to deliver the Ofsted Improvement Plan.</li> </ul> <p>Community and Environmental Services (CES)</p> <ul style="list-style-type: none"> <li>The Norfolk Community Learning Services had three Ofsted Monitoring visits during the year with the final one being judged as significant progress – the highest judgement possible at that visit.</li> <li>Other accreditation obtained by CES have been appended at Appendix 1.</li> </ul>

	Process	Comment
		<p>Fire and Rescue</p> <ul style="list-style-type: none"> <li>• Fire and Rescue Authorities must provide both local communities and the Government with an annual statement of assurance on financial, governance and operational matters.</li> <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 2014/15 can be found at Norfolk Fire and Rescue Statement of Assurance 2014/15.</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, February 2016 (Fleet, Operational Assurance &amp; Technical Services departments).</li> </ul>

	Process	Comment
	Other Independent Reviews	<u>An independent report was commissioned in April 2014 from Mr Stephen Revell. There was no cost to the Council. The inquiry was eventually wound up by Cliff Jordan, Leader of the Council. When author Stephen Revell stated that he had not been able to make progress with the report there is no action being taken to pursue the inquiry, however the matter has been subject to continuing enquiries to Council.</u>

## 5.7 Review Mechanisms for NORSE

	Process	Comment
	NORSE activities review mechanisms include	<p>During the year the Council conducted a thorough review of its governance arrangements in relation to the NORSE, to take account of legislative changes, the growth of the NORSE, changes to the Council's own system of governance and changes to Senior Management. Recommendations, reported to the Policy and Resources Committee on 21 March 2016 included 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. It was recognised that a range of controls were already in place in relation to the Norse Group of companies. Some of the recommendations formalise or strengthen existing arrangements whilst others are additions to those arrangements.</p> <p>NORSE Group Company Secretary confirmed that the following review mechanism are in place.</p> <p>Quarterly Board meetings receive reports on all aspects of the Business.</p> <p>The Board includes a senior member and is chaired by the Executive Director of Resources of the Council.</p> <p>Board meetings are also attended by the shareholder representative.</p> <p>The Shareholder Committee, comprising six members and politically balanced, receives quarterly reports on the activities of the Companies. Shareholder consents as required under the Articles of Association are considered for approval by the Executive Director of Finance in consultation with the shareholder representative 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>
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## 5.8 Review Mechanisms for Hethel Innovation Ltd (HIL)

	Process	Comment
	HIL activities review mechanisms include	<p>A self-assessment checklist has been completed and an audit has provided assurance about the evidence available to support a sample of the responses received.</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 Great Yarmouth Development Company Ltd

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

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

	Process	Comment
	IM CIC activities review mechanisms include	<p>During the year Norfolk Audit Services performed an audit on the governance arrangements in place and an acceptable opinion was given.</p> <p>All services within Independence Matters are required to adhere to Care Quality Commission standards. Non-regulated services are attached to a regulated service using a 'buddy' system to ensure that this happens.</p> <p>Quarterly Enterprise Development Board (EDB) meetings measured the success of the business in meeting the outcomes laid out in the service specification. 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>

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

	Process	Comment
	NSCIC activities review mechanisms include:	<ul style="list-style-type: none"> <li>A Board of Directors, including a member of the Council, oversees the operation of the Company.</li> </ul>

		<ul style="list-style-type: none"> <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 review both financial and non-financial performance.</li> <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**

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

### **6.1 Data Quality**

Consistency in the approach to data quality across the various parts of the organisation has not been in place during 2015/16. Issues with double recording of Personal Education Plans for looked after children data were identified. This is now being rectified. In preparation for the re-procurement of the social care, it has been identified that a large amount of data cleansing is required. Data quality has been included on the corporate risk register as a potential risk (RM007 Potential risk of organisational failure due to data quality issues) and mitigating actions are in place to develop processes and governance to monitor and assure information quality. The risk is currently rated as amber with amber prospects of meeting its target score by the target date. Proposed Data Quality Audit work is included in our planning for 2016-17 work.

### **6.2 Information Security**

During 2015/16 Norfolk Audit Services undertook a series of audits, including unannounced visits, looking at information security across a number of services within the Council and the audit concluded there were a number of controls that needed strengthening. Based upon the results of the audit work and information from data breaches reported to the Information Management Service for investigation in 2015/16, information security continues to remain a challenge and an area for further strengthening within the Council. On 11 March 2016 County Leadership Team agreed the Information Management Strategy, which will provide clarity and accountability for the work to address these requirements. Information security has been included on the corporate risk register as a potential risk (RM003 Potential reputational and financial risk to NCC caused by failure to comply with statutory and/or national/local codes of practices). The risk is currently rated as amber with amber prospects of meeting its target score by the target date. The 2016-17 Internal Audit Plan includes a Records Management and Data Protection audit.



### 6.3 Learning points from County Farms audits

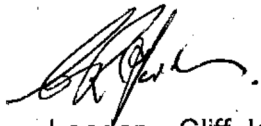
Thirty seven recommendations were made as a result of the audits performed on County Farms during the year. In summary, improvement is required in respect of; clarity of roles for members and clarity of procedures for officers. A copy of the full reports to the Audit Committee on 21 April 2016, Supplementary Agenda, can be found at [CMIS > Meetings](#). An action plan and deadlines have been agreed for Responsible Officers. Estates management has been proposed to be included on the Finance departmental risk register as a potential risk (RM14257 The potential risk of failure of Estates Management). The risk is currently proposed as being rated as amber. An internal audit of the controls is planned for 2016-17 to provide assurance on the progress made with the recommendations.

### 6.4 Children's Services

A Children's Commissioner was appointed by the Department for Education to support and review the improvement of children's social care as a result of the Ofsted inspection in October 2015. The Commissioner has been assessing the Council's leadership and management capacity and its capability to drive forward the changes necessary to achieve adequate performance across all areas of the service and has reported to the Secretary of State. The report has not yet been issued to the public. The potential failure to improve at the required pace has been included on the corporate risk register as a potential risk (RM018 Failure to improve at the required pace). The risk is currently rated as amber with amber prospects of meeting its target score by the target date. The 2016 – 17 audit plan does not include an audit on the Ofsted improvement plan, because of the review being undertaken by the Commissioner.

A Department for Education (DfE) [Directions Notice was recently published](#) which sets out the continued steps required as we continue to improve services for vulnerable children in the county. Alongside this was a report from our Children's Commissioner Dave Hill, covering the period of his work with us during the first three months of this year. Both documents confirm that improvements have been made since 2015 - but both also set out steps for further and faster improvements, which were welcomed by Roger Smith – chairman of the Children' Services Committee. Because of the time lapse between these reports being drawn up and published, many of the recommendations made are already underway like work on a new [strategic partnership with Barnardo's](#) and the launch of our new [Norfolk Social Care Academy](#), announced on 11 July 2016. The [Ofsted letter](#), published on 13 July 2016 gives a more updated picture of progress.

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



Leader – Cliff Jordan



Managing Director – Dr Wendy Thomson

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## **Notes:**

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

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

## **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 Resources  
Executive Director of Finance  
Executive Director of Children's Services

## **Appendix 1**

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

#### **HES**

- Annual review/inspection of the Historic Environment Service in terms of its status as a Registered Organisation by the Chartered Institute for Archaeologists, the body responsible for professional standards in archaeology. Inspectors recommended improved recording of informal in-house training and encouraging greater Chartered Institute for Archaeologists membership amongst staff, both of which are being addressed.

#### **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. Seven of the Norfolk Museums were assessed in 2015/16 and the remaining three will be assessed in 2016/17. All seven passed their Accreditation assessment with no issues identified.

#### **Fleet**

- External fleet audit carried out by Mouchel.

#### **Laboratories / Highways**

- Annual audits by the United Kingdom Accreditation Service (UKAS), as the UK National Accreditation Body, to confirm that the laboratories - both the Highways Testing laboratory and the Trading Standards Calibration laboratory - are meeting the standards required to maintain their accreditation status.
- 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.

#### **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, SQA and HCTA. Regular standard External quality assurance inspections of qualification standards are carried out to maintain awarding body status. In addition, staff in the casualty reduction team, who provide training services (e.g. driver training), undergo standards checks by the Driver and Vehicle Standards Agency to maintain training authorities – no issues identified.

## **Customer Services**

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

The LGO also review a number of complaints cases where they are referred to them by customers– we have not had any judgements overturned for FY 15/16.

## **Planning**

The East of England Aggregates Working Party, provides “technical Advice” on our Aggregates Annual monitoring report, Including the local aggregates assessment. The review of our 2015 was considered in January 2016.

## **Trading Standards**

External assessment by an ISO9001 certification body of the Trading Standards calibration and verification service is performed annually and during 2015/16 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 2015/16; 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.

## **Resilience**

- Health & Safety Executive (HSE) annual oversight of NCC’s discharge of responsibilities under COMAH Regulations.
- Environment Agency (EA) review and approval of Norfolk Tactical Flood Plan, June 2015
- NHS Emergency Preparedness, Resilience and Response (EPRR) Assurance Framework, 2015

## **Accreditations:**

**Norfolk Biodiversity Information Service** - part of the Environment Team – were accredited By the Association of Local Environmental Records Centres.