

# Economic Development Sub-Committee

Item No. 6

<b>Report title:</b>	<b>County Farms</b>
<b>Date of meeting:</b>	<b>9 September 2016</b>
<b>Responsible Chief Officer:</b>	<b>Executive Director of Finance</b>
<b>Strategic impact</b>	
Under the current constitution the Economic Development Sub-Committee is responsible for the oversight and development of County Farms, a recognition of their importance in the rural economy.	

## Executive summary

The Audit Committee received a report on County Farms on 21 April 2016 and resolved that (extract):

- (4) The County Farms report should be presented to a specially convened meeting of the County Farms Advisory Board (CFAB), which should be formally minuted, to give Members of the Board an opportunity to formally respond
- (5) The report and the response from the CFAB meeting should then be presented to the Economic Development Sub-Committee, requesting that the Chair establish a Task and Finish Group to consider the report and the CFAB response and make any formal recommendations regarding governance arrangements to the Policy and Resources Committee. It was noted that any proposed governance changes would need to be presented to the Constitution Advisory Group before being formally presented to full Council for consideration and adoption.

The County Farms Advisory Board meeting took place on 27 May 2016 and the minutes are attached at **Annex A**. The Board then met on 26 July 2016 and considered a draft of this report. The Board asked that its own recommendations were submitted to the Economic Development Sub-Committee to consider.

The purpose of this report is to introduce the above mentioned documents. The County Farms Governance Arrangements Audit report and the County Farms Lines of Enquiry Reports (**Annex B** and **Annex C**) confirm an opinion that there are, 'Key issues that need to be addressed'. The findings, recommendations and agreed action plans are set out in each report. The reports make recommendations to:

- Clarify and strengthen the County Farms governance in the Council's Constitution
- Ensure compliance with these constitutional arrangements; and
- Strengthen the business management of the estate.

The audit work has:

- not identified any potential criminal matters
- not identified any member mis-conduct
- not identified any potential breaches in Standards of Conduct for employees, except for a separate confidential disciplinary report which has been completed

regarding the alleged actions of one County Farms employee.

Responses to individual allegations and complaints have been sent to the relevant complainants and the complaints have been logged in the corporate register.

**Recommendations:**

- 1) To note the key findings and recommendations of the 18 April internal audit report on the Governance of the County Farms (Annex B), and the conclusions made in the final report on County Farms Lines of enquiry (Annex C).**
- 2) To agree that the Executive Director of Finance prepare a report for the next meeting of the Economic Development Sub-Committee, that;**
  - a. Presents options for how the Council's constitution can be amended to allow for members to make decisions as to the awarding of Farm tenancies.**
  - b. Present options for ensuring that the tenancy shortlisting process is formalised to include appropriate officer assessment and advice.**

Once considered by Economic Development sub-committee the above would need to be further considered by Constitution Advisory Group, and agreed by the Policy & Resources Committee for recommendation to Full Council

- 3) To agree that a report be submitted to a future Economic Development sub-committee by the Executive Director of Finance to consider and approve:**
  - a. A County Farms Strategy and Policy, in line with the recommendations in the audit report, including;**
    - i. Transparent and strengthened criteria for the selection of new tenants for County Farms**
    - ii. The purpose of the Estate**
    - iii. The practical management of tenancies; and**
    - iv. The relationship with tenants**
  - b. The action taken on the recommendations in the audit reports to strengthen internal controls for County Farms**
- 4) To note the views of the County Farms Advisory Board, recorded from the 26 July 2016 Board meeting and appended at Annex A.**
- 5) To agree that it is no longer necessary to convene a Task and Finish Group, and to ask the Audit committee to reconsider its request that one be established, as review by the CFAB and this committee has effectively undertaken that role.**
- 6) To note that full and final responses have been made to all but four complainants; and that a County Farms systems audit has been included in the 2016-17 Internal Audit Plan for November/December 2016, which will include following up the agreed actions, to be reported to the January 2017 Audit Committee.**

## 1. Introduction

- 1.1 The Council has 16,000 acres or more of farmland (estate) in Norfolk which are rented to over 145 tenant farmers. The management of the estate had been split in half with the eastern half being managed by NPS Group and the western being half managed by Bruton Knowles and Brown & Co. With the expiry of these contracts during late 2015 the function is now run in-house. A policy for County Farms was approved in 2010 by Full Council. Revisions were proposed by a working group set up for that purpose by the Economic Development Sub Committee and approved by Full Council on 20 October 2014
- 1.2 An audit of County Farms Governance was agreed as part of the 2015-16 Internal Audit Plan reported to this committee in September 2015. In response to a significant number of complaints and allegations regarding the County Farms service the Council's Chief Internal Auditor was also tasked with investigating and reporting back to the Executive Director of Finance with recommendations. That work has been referred to as the County Farms Lines of Enquiry.

## 2. Evidence

- 2.1 The County Farms Advisory Board minutes for the meeting on 27 May 2016 are attached at **Annex A**.
- 2.2 The County Farms Governance Audit report and the County Farms Lines of Enquiry Report (as at 31 March 2016) are attached as **Annex B** and **Annex C** to this report respectively.
- 2.3 The Audit Committee on 21<sup>st</sup> April 2016 resolved (in full):

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| <p>1) To recommend that Policy and Resources Committee:</p> <ul style="list-style-type: none"><li>• Clarify and strengthen decision making for County Farms by asking the Council to consider, in accordance with the Council's provisions for changes to the Constitution, to</li><li>o Place County Farms functions of decision making with the Policy and Resources Committee</li><li>o Define the County Farms Advisory Board's role of scrutiny of the County Farms operational decisions, reporting back to Policy and Resources Committee, as part of an annual review and make required recommendations for Member's approval</li><li>• Require the Managing Director to review (in consultation with the Executive Director of Finance) how the Council's County Farms landlord functions are exercised, including the selection of tenants, the allocations of County farm assets and Estate Strategies and then make recommendations to Policy and Resources for Member's approval</li><li>• Require County Farm leases to be approved in accordance with the Constitution, for the avoidance of doubt, this will mean that Members no longer have a direct role in the selection of County farm tenants. Members will continue to set policy direction for the County Farms estate (including the lettings policy) via decisions at the relevant committee</li></ul> <p>2) To consider:</p> |
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- The opinion that, there are 'key issues that need to be addressed' for both reports; and
  - The findings, recommendations and agreed action plans in the reports
- 3) To note that:
- Responses will be made to the complainants; and
  - A County Farms systems audit has been included in the 2016-17 Internal Audit Plan, which will include following up the agreed actions.
- 4) The County Farms report should be presented to a specially convened meeting of the County Farms Advisory Board, which should be formally minuted, to give Members of the Board an opportunity to formally respond.
- 5) The report and the response from the CFAB meeting should then be presented to the Economic Development Sub-Committee, requesting that the Chair establish a Task and Finish Group to consider the report and the CFAB response and make any formal recommendations regarding governance arrangements to the Policy and Resources Committee. It was noted that any proposed governance changes would need to be presented to the Constitution Advisory Group before being formally presented to full Council for consideration and adoption.
- 6) An update report to be presented to the Audit Committee at its June meeting.

### 3. Financial Implications

3.1 Any specific financial implications are covered in the reports.

### 4. Issues, risks and innovation

#### Risk implications

4.1 Apart from those listed in the reports, there are no other implications to take into account.

### 5. Background

5.1 The background is set out in the attached reports.

### Officer Contact

If you have any questions about the matters contained in this paper please get in touch with:

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**Annex A**

**Minutes of the County Farms Advisory Board 27 May 2016**

**Annex B**

**County Farms Governance Audit Report**

**Annex C**

**County Farms Lines of Enquiry Report**

**Annex D**

**Terms of Reference of the County Farms Advisory Board**