

Audit & Governance Committee

Date: **Tuesday 25 July 2023**

Time: **2pm**

Venue: **Council Chamber, County Hall, Martineau Lane,
Norwich NR1 2DH**

Membership

Cllr Ian Mackie (Chairman)
Cllr Robert Savage (Vice Chairman)

Cllr Terry Jermy
Cllr Mark Kiddle-Morris
Cllr David Sayers
Cllr Karen Vincent
Cllr Tony White

Chris MacDonald (independent person)
Tracey Colman (independent person)

Advice for members of the public:
This meeting will be held in public and in person

It will be live streamed on YouTube and members of the public may watch remotely by clicking on the following link: [Norfolk County Council YouTube](#)

We also welcome attendance in person, but public seating is limited, so if you wish to attend please indicate in advance by emailing committees@norfolk.gov.uk

We have amended the previous guidance relating to respiratory infections to reflect current practice but we still ask everyone attending to maintain good hand and respiratory hygiene and, at times of high prevalence and in busy areas, please consider wearing a face covering.

Please stay at home if you are unwell, have tested positive for COVID 19, have symptoms of a respiratory infection or if you are a close contact of a positive COVID 19 case. This will help make the event safe for attendees and limit the transmission of respiratory infections including COVID-19.

A g e n d a

1. **To receive apologies and details of any substitute members attending**

2. **Minutes**

To confirm the minutes of the meeting held on Monday 13 March 2023.

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3. **Members to Declare any Interests**

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a Disclosable Pecuniary Interest you may nevertheless have an **Other Interest** in a matter to be discussed if it affects, to a greater extent than others in your division

- Your wellbeing or financial position, or
- that of your family or close friends
- Any body -
 - Exercising functions of a public nature.
 - Directed to charitable purposes; or
 - One of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union);

Of which you are in a position of general control or management.

If that is the case then you must declare such an interest but can speak and vote on the matter.

4. **To receive any items of business which the Chair decides should be considered as a matter of urgency**

5. **Norfolk Pension Fund Governance Arrangements 2022-23**

Report by the Director of Strategic Finance

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6. **Norfolk Audit Services Annual Report for 2022/23 and Quarterly Report for period ending 30th June 2023**

Report by the Director of Strategic Finance

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Report by the Director of Strategic Finance</p> | <p>Page 66</p> |
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Report by the Director of Strategic Finance</p> | <p>Page 74</p> |
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Report by the Director of Strategic Finance</p> | <p>Page 132</p> |
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Report Director of Strategy and Transformation</p> | <p>Page 181</p> |
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Tom McCabe
 Chief Executive
 Norfolk County Council
 County Hall
 Martineau Lane
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 NR1 2DH

Date Agenda Published: 17 July 2023



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Audit & Governance Committee

Minutes of the Meeting held in Council Chamber, County Hall on Monday 13 March 2023 at 10:15am

Present:

Cllr Ian Mackie – Chairman
Cllr Terry Jermy
Cllr Kay Mason Billig
Cllr Robert Savage – Vice-Chairman
Cllr Saul Penfold
Cllr Tony White

Tracy Colman (Independent Person)
Christine MacDonald (Independent Person)
Debbie Hanson – External Auditor, Ernst Young LLP

The Chairman opened the meeting and welcomed Christine MacDonald to her first meeting as part of her role as one of the Independent Persons within Norfolk County Council's governance structure. In his absence the Chairman also thanked Simon George, Executive Director of Finance and Commercial Services who was leaving the Council to pursue new opportunities shortly after Easter. Simon had been instrumental in the past eight years, guiding and steering the council through some turbulent times including the covid pandemic, changes of administration and rising inflation. The Chairman thanked Simon for his service and dedication to Norfolk and wish him well in his future endeavours.

1 Apologies for Absence

1.1 Apologies received from Cllr Mark Kiddle Morris.

2 Minutes

2.1 The minutes from the Audit Committee meeting held on 28 November 2022 were agreed as an accurate record and were signed by the Chairman.

3 Declaration of Interests

3.1 Cllr Robert Savage declared an "Other Interest" as he is a Member of the Norfolk Pension Fund scheme.

4 Items of Urgent Business

4.1 None.

5 Norfolk Audit Services Report for the Quarter ending 31 December 2022

5.1 The Committee received the annexed report (5) report by the Executive Director of Finance & Commercial Services updating it on the overall opinion on the effectiveness of risk management and internal control and setting out the work to support the opinion and any matters of note.

- 5.2 In response to questions from the Committee, the following points were noted:
- The Standards committee sub panel dealing with Councillor conduct issues had only needed to meet once in the past three years.
 - The next meeting of the Regional Audit Committee Chairs Forum was due to take place on 22nd March 2023. Norfolk County Council had been chairing and hosting the meetings since the forum's inception and the Chair thanked officers for their hard work in ensuring the forum had a good start. Arrangements were in hand to transfer the Forum's Chairmanship to Essex County Council.
- 5.3 The Committee considered the report and **RESOLVED** to:
- Agree the key messages, that the work and assurance met the requirements and advise if further information is required.

6. Risk Management Quarterly Report to November 2022

- 6.1 The Chair congratulated Thomas Osborne, the Risk Management Officer in passing his final module of the International Diploma in Enterprise Risk Management, and had achieved the full qualification through the Institute of Risk Management.
- 6.2 The Committee received the report by the Executive Director of Finance and Commercial Services referencing the corporate risk register as it stood in March 2023, following the latest review conducted during January 2023.
- 6.3 In introducing the report, the Risk Management Officer highlighted those risks which had been updated and agreed by Cabinet.
- 6.4 The following changes were noted:

Escalated risks

RM037 – NFRS industrial action – (The action had since been called off by the trade unions involved).

RM038 – ASSD Recovery from the Covid-19 pandemic

RM039 – ASSD Financial, staffing & market stability impacts due to implementation of social care reform

RM040 – ASSD Assurance implementation

Risk closure

RM023 - Changes to demography, funding, and government policy

The three escalated risks (RM038 – 40) to corporate level above are being put forward to replace risk RM023, as they better reflected the key current risks to the Adults Social Services department that are corporately significant.

- 6.5 In response to member's questions, it was noted:
- Risk RM027. The new myOracle system, was still experiencing some very minor issues which were in the process of being resolved.
 - There were no reported risk issues around the unexploded bomb that was discovered close to the Third River Crossing Project in Great

Yarmouth that was inadvertently detonated. Whilst the physical impact of the incident is still being assessed, it is not expected to impact the timetable of the crossing opening.

- The new risk **RM038** related to the backlog of work that had built up during the Covid pandemic in Adult Social Services. It is anticipated that it will take some time to work through. The Risk Management Officer agreed to discuss this further with the department and to report back to the committee.
- It was acknowledged that the inflation rate quote in the report under risk **RM022b** required adjustment upwards to reflect current rates of around 10%.
- Risk **RM033** had no significant update as the County Council were still waiting confirmation from DfT regarding the funding for the Norwich Western Link. The risk data update will be fully reflected within the next report
- The committee were advised that regarding risk **RM036** over 200,000 trees had already been planted to meet the target of 1m by 2025.
- **RM039:** The County Council has undertaken a number of different initiatives, including the use of social media, to recruit staff to the Care Sector. The Risk Management Officer committed to obtaining more detailed data on recruitment numbers and return to the committee in the next report.

6.6 The Committee considered the report and **RESOLVED** to agree:

- a. key messages as per paragraphs 2.1 and 2.2 of this report
- b. key changes to the corporate risk register (Appendix A);
- c. corporate risk heat map (Appendix B);
- d. generic corporate risks (Appendix C);
- e. background Information (Appendix D);
- f. information in this report is sufficient.

7 External Audit Update

7.1 The Committee received the annexed report (7) by the Executive Director of Finance and Commercial Services which provided an update on the audit of the annual Statement of Accounts and Annual Governance Statement for 2021-22 following the committee meeting in November 2021.

7.2 Debbie Hanson, the External Auditor from Ernest Young LLP gave a verbal update and advised:

- Infrastructure assets can be disclosed on a net book asset value basis in the statutory accounts following the introduction of the statutory override. This removed the challenges concerning the disclosure of gross book value and accumulated depreciation of infrastructure assets.
- Ernst & Young have experienced some resourcing issues and as a result have not achieved the desired level of progress they would have expected. This capacity issue was likely to have an effect on the 23/23 Audit as well.
- It was proposed to return to the committee in July with the audited accounts for sign off, with the outstanding audit work to be completed

in April, the audit manager review taking place in May and final adjustments to the accounts undertaken in June.

- The triennial valuation of the local government pension fund, including the Norfolk Pension Fund is likely to produce a significant variation in the valuation of the pension liability disclosed in the Annual Accounts. This would require additional post balance sheet disclosures in the 21-22 annual accounts and additional audit work to be carried out to test the membership data in April.

7.3 The following point was noted in response to questions from the committee:

- The infrastructure assets adjustment was a temporary solution to the legislation and would be in place until 24/25.

7.4 The Committee considered the report and **RESOLVED** to agree:

- The plans to conclude the 21-22 annual statement of accounts audit and their approval.

8 Internal Audit Strategy Approach and Audit Plan 2023-24

8.1 The Committee received the annexed report (8) by the Executive Director of Finance and Commercial Services which set out how the resources available are matched to the audits and risk management requirements ensuring the effectiveness of systems of risk management and internal control are conducted. The plan covered the first six months of the period 23/24 and will be updated again later in the year to provide the final six months to allow for any adjustments required.

8.2 In response to questions from the members it was noted:

- An external quality assessment had been carried out in 2022 and the department were awarded the highest standard of 'generally confirms'. Only a quarter of those assessed received this award and the Chairman congratulated all those officers concerned with the assessment.
- The department was progressing well with increasing capacity through training and learning schemes that included apprenticeships.
- Members felt that cost savings identified through efficiencies and the prevention of losses picked up during routine audit work should be reflected in the projected income of the service provided by NAS. However, it was appreciated that this was sometimes hard to quantify and was best expressed through value for money as a service.
- A cold file review was an objective review of a completed audit assignment and would involve high level review to ensure the correct standards and any necessary legislative considerations had been applied correctly. The review period would cover the previous 12 months.

8.3 The Committee considered the report and **RESOLVED** to agree:

- The effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and the Local Authority Guidance Note of 2013 and any other relevant statements of best practice.

- The Internal Audit Strategy, the approach to developing the Audit Plan for 2023-24 and the Audit Plan for the first six months of 2023-24, supported by the 'Days Available to Deliver NAS Services 2023-24 (Appendix C) and the 'Detailed Audit Plan for the first six months of the Audit Year 2023-24 (Appendix D), and that this work will deliver sufficient scope for the above assurances.
- That the arrangements are compliant with all applicable statutes and regulations, including safeguards in place to limit impairments to independence and objectivity for the roles of the Chief Internal Auditor (described at paragraph 2.31 and 2.37 of this report), and any other relevant statements of best practice.

9 Committee Work Programme

- 9.1 The Committee received the report by the Executive Director of Finance & Commercial services.
- 9.2 The Committee considered and **noted** the report and **agreed** to the programme. In July 2023 the committee would also receive the following reports:
- External Auditors Audit Results
 - Letters of Representation
 - Statement of Accounts
 - Annual Governance Statement

It was agreed to move the Census 2021 report to October 2023

A new date for the training session of the annual accounts would be agreed and circulated in due course.

The meeting ended at 11.23 am

CIlr Ian Mackie – Chairman Audit & Governance Committee



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Audit and Governance Committee

Item No 5

Report title:	Norfolk Pension Fund Governance Arrangements 2022-23
Date of meeting:	25 July 2023
Responsible Chief Officer:	Director of Strategic Finance and the Director of the Norfolk Pension Fund
Strategic impact	
<p>The Audit Committee requested that the Director of the Norfolk Pension Fund report to Committee outlining the ongoing governance arrangements of the Norfolk Pension Fund.</p> <p>The Norfolk Pension Fund's governance arrangements are detailed in the Fund's Governance Strategy Statement. The Fund also prepares and publishes a Governance Compliance Statement, which measures compliance against best practice guidelines. The Fund is fully compliant with legislative requirements, regulatory guidance and recognised best practice in relation to Governance.</p>	

Executive summary

Recommendation:
<p>The Audit Committee is requested to consider and agree this report, which details to the Committee the Norfolk Pension Fund governance arrangements, which are fully compliant with legislative requirements, regulatory guidance and recognised best practice.</p>

1. Proposal (or options)

1.1 The recommendation is set out in the Executive Summary.

2. Evidence

2.1 In line with regulations, the Fund prepares and publishes a Governance Strategy Statement and a Governance Compliance Statement, which measures compliance against best practice guidelines. The Fund is fully compliant with legislative requirements, regulatory guidance and recognised best practice in relation to LGPS governance.

Pensions Committee

- 2.2 As Administering Authority for the LGPS in Norfolk, and in accordance with legislation, the Council has delegated LGPS pensions' matters to Pensions Committee who have 'quasi trustee' status. The 'quasi' status reflects the fact that individual trustees do not have the same legal status as their private sector counterparts. However, like trustees of private sector pensions schemes, their overriding duty is to ensure the best outcomes for the Pension Fund, its scheme members/beneficiaries, and participating employers.
- 2.3 Pensions Committee membership includes representatives of other employers and scheme members, alongside the Council's elected members. This is in compliance with best practice guidelines for LGPS Governance.
- 2.4 The Pensions Committee oversees the management (e.g. administration, strategy and investment) of the Norfolk Pension Fund. Terms of Reference for the Committee, as detailed in Appendix 2 paragraph 3.2 of the Council's Constitution, are as follows:
- 2.5 To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the Scheme alongside all other contributing employers, and on behalf of all scheme members/beneficiaries including: -
- (a) Functions relating to local government pensions etc under regulations made under Sections 7, 12 or 24 of the Superannuation Act 1972.
- (b) To receive and consider the draft Financial Statements for the Norfolk Pension Fund.
- (c) To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved.

Governance Strategy Statement and Governance Compliance Statement

- 2.6 Under Regulation 55 of The Local Government Pension Scheme regulations 2013, LGPS administering authorities are required to prepare, publish and maintain statements of compliance against a set of best practise principles on scheme governance and stewardship. These principles are set out in statutory guidance issued by the Department of Levelling Up, Housing and Communities (DLUCH).
- 2.7 In accordance with this legislation, the Norfolk Pension Fund prepares and publishes each year a Governance Statement and Governance Compliance Statement. Both statements are noted annually by the Pensions Committee.
- 2.8 The Pension Fund's Governance Statement details roles and responsibilities in relation to the Fund and is attached at **Appendix A**. The Statement is published on the Norfolk Pension Fund website, www.norfolkpensionfund.org

- 2.9 The Fund's Governance Compliance Statement (which measures compliance against best practise guidelines) is attached at **Appendix B**. The Fund's Governance Compliance Statement is incorporated in the published Annual Report and Statement of Accounts. The Norfolk Pension Fund is fully compliant with the principles as set out in the statutory guidance.

Pensions Oversight Board

- 2.10 The Public Service Pensions Act 2013, includes several key provisions relating to the administration and governance of public service pension schemes including the LGPS. Under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the LGPS Regulations 2013 (as amended), LGPS funds must set up and operate local pension boards.
- 2.11 In Norfolk the Local Pension Board is referred to as the Norfolk Pension Fund Pensions Oversight Board. The role of the Board is to assist the Norfolk Pension Fund in complying with all the legislative requirements and help ensure that the scheme is being effectively and efficiently governed and managed. The Board's recent programme of work has included oversight of:
- LGPS reform, and the impact on the Norfolk Pension Fund and its stakeholders
 - Norfolk Pension Fund: operational performance, compliance and strategic review
 - 2022 triennial valuation
 - Investment pooling (including transition of assets to the ACCESS pool)
 - Budget setting process
 - Risk Management and reporting
 - Cyber and data security management
 - Audit Reports
- 2.12 The Terms of Reference for the Norfolk Pension Fund Pensions Oversight Board and minutes of meetings can be found on the Norfolk Pension Fund's website, here [Local Pension Board | Norfolk Pension Fund](#) .
- 2.13 The Pensions Oversight Board has an equal number of employer representatives and scheme member representatives. In addition, an independent chairman has been appointed to oversee the smooth running of the board.

Other Governance Arrangements

- 2.14 The governance arrangements of the Norfolk Pension Fund are further supported by:
- Norfolk Audit Services undertaking internal audits in accordance with an annual internal audit plan agreed by Pensions Committee, which provide assurances on the adequacy and effectiveness of internal controls and risk management for the Pensions Committee.
 - The work undertaken by External Audit (Ernst and Young) and detailed in the annual external audit plan noted by Pensions Committee, to provide an audit

opinion on whether the financial statements of the Norfolk Pension Fund provide a true and fair view of the fund's financial position at year end.

- 2.15 Upon completion of the audit of financial statements, the External Auditor will produce a report (ISA 260 – Communication with those charged with Governance), which may include any specific matters of governance which have come to his attention in performing the audit. The Chair of Audit Committee, the Chair of Pensions Committee and Strategic Director of Finance are asked to provide assurance on governance arrangements to the External Auditor highlighting any matters material to the financial statements and possible non-compliance with laws and regulations. The Chair of Audit Committee, the Chair of Pensions Committee and Strategic Director of Finance countersigns the letter on behalf of “those charged with governance”.
- 2.16 The appointment of Ernst and Young to the Pension Fund is separate from their appointment to the County Council.

LGPS Pooling of Investment Assets

- 2.17 The Government requires regional LGPS Funds to work together to “pool investments to significantly reduce costs, while maintaining investment performance”.
- 2.18 Since December 2016, the Norfolk Pension Fund has been working with 10 other ‘like-minded’ Administering Authorities to form the ACCESS (A Collaboration of Central, Eastern and Southern Shires) Pool. The ACCESS Funds are Cambridge, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, West Northamptonshire, Suffolk and West Sussex. Together the 11 Funds have investment assets of approximately £58 billion (31 March 2023).
- 2.19 Investment pooling is intended to create the scale that will enable access to lower investment manager fees and deliver cost savings to the LGPS. In a pooled investment structure individual funds, like Norfolk, are still responsible for their own investment strategy and asset allocation.
- 2.20 To facilitate pooling, the ACCESS funds jointly drafted a legally binding Inter Authority Agreement (IAA) setting out the governance arrangements for the pooling of investments. Approval for the Norfolk Pension Fund to enter into the IAA for the pooling of assets was given by Norfolk County Council on 20 February 2017.
- 2.21 The ACCESS Pool is governed by a Joint Committee (JC) constituted under s102 of the Local Government Act 1972 and made up of the Chairs from the 11 Pension Committees.
- 2.22 The ACCESS authorities have appointed LINK Fund Solutions Ltd as the Pool's Financial Conduct Authority (FCA) authorised Operator. The Operator is responsible for selecting and contracting with investment managers on behalf of the authorities participating in the Pool.
- 2.23 To date, ACCESS Funds have collectively pooled around £34bn of investments assets, with Norfolk having pooled assets of around £2bn, comprising the entirety of its public equity investment and certain fixed income portfolios. Over the

course of the next 12 to 24 months, further equity and fixed income sub-funds will continue to be added by the Operator to provide Norfolk and the other ACCESS Funds with a diversified range of investment sub-funds. Work is also ongoing on Pool solutions for alternative assets including private equity, private debt, real estate and infrastructure.

- 2.24 A key element of ACCESS's governance arrangements focus on the robust management of the Operator contract. The ACCESS authorities hold the Operator to account via the JC which is supported by an ACCESS Support Unit hosted by Essex County Council.
- 2.25 An overview of ACCESS's governance structure is attached **Appendix C**.

3. Financial Implications

- 3.1. The expenditure falls within the parameters of the Annual Budget agreed by the Pensions Committee.

4. Issues, risks and innovation

- 4.1 Under section 17 of the Crime and Disorder Act 1998, the Council has a statutory general duty to take account of the crime and disorder implications of all of its work and do all that it reasonably can to prevent crime and disorder in Norfolk.

- 4.2 Internal Controls, including those assessed under the use of resources, help by aiming to deter crime, or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing rewards from crime.

4.3 Other resource implications

There were no other resource implications arising from this report.

4.4 Legal implications

There were no legal implications arising from this report.

4.5 Risk implications

This report has fully taken into account any relevant issues arising from the Council's policy and strategy for risk management and any issues identified in the corporate and departmental risk registers.

4.6 Equality implications

Officers have considered all the implications that members need to be aware of and there are no other implications to take into account.

4.7 **Human rights implications**

There were no human rights implications arising from this report.

4.8 **Environmental implications**

There were no environmental implications arising from this report.

4.9 **Health and safety**

There were no health and safety issues arising from this report.

5. Background

5.1 The Local Government Pension Scheme (LGPS) is a national scheme, which is governed by statute to meet the pension requirements of Local Government and other associated employers. Although the LGPS is a national scheme, it is administered locally (through 89 Funds across England and Wales which have local accountability). The Scheme has its own Regulator, (DLUCH).

5.2 In Norfolk, the LGPS is administered by Norfolk County Council (NCC) and delivered through the Norfolk Pension Fund. The Fund is a multi-employer arrangement which currently has over 425 participating employers and just less than 100,000 scheme members.

5.3 The Norfolk Pension Fund is maintained separately from NCC. It has a separate bank account, ring fenced assets, a separate budget funded from its own resources and produces its own Statement of Accounts and Annual Report. The Pension Fund accounts are in addition to the statutory disclosures made in NCC's Statement of Accounts.

Officer Contact

If you have any questions about matters contained in this paper, or want to see copies of any assessments e.g. equality impact assessment, please contact:

Officer Name: Glenn Cossey – Director of the Norfolk Pension Fund

Tel No: 01603 228978

Email address: glenn.cossey@norfolk.gov.uk



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Norfolk Pension Fund

Governance Strategy Statement

**This document sets out the
governance arrangements
for the
Norfolk Pension Fund
as at June 2023**

Administering Authority

Norfolk County Council (NCC) is the **Administering Authority** of the Norfolk Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of participating employers and scheme members.

- Norfolk County Council has delegated its pensions functions to the **Pensions Committee**
- Norfolk County Council has delegated responsibility for the administration and financial accounting of the Norfolk Pension Fund to the **Director of Strategic Finance**
- The **Norfolk Pension Fund Pensions Oversight Board** acts as the **Local Pension Board** for the Norfolk Pension Fund

Pensions Committee

The Pensions Committee is responsible for the strategic management of the assets of the Fund and the administration of benefits. The Pensions Committee meets quarterly in order to:

- Ensure compliance with legislation and best practice
- Determine policy for the investment, funding and administration of the Fund
- Monitor performance across all aspects of the service
- Consider issues arising and make decisions to secure efficient and effective performance and service delivery
- Appoint and monitor advisors
- Ensure that arrangements are in place for consultation with stakeholders as necessary



Pensions Committee Trustees*

- The Pensions Committee act as Trustees and oversee the management of the Norfolk Pension Fund
- As Trustees, their overriding duty is to ensure the best possible outcomes for the Pension Fund, its participating employers and scheme members
- Their knowledge is supplemented by professional advice from Pension Fund staff, professional advisers and external experts
- To meet the requirements set out by the Pensions Regulator's Code of Practice, Trustees need a certain level of expertise. An ongoing programme of trustee training is delivered and no substitutions are allowed at Committee

Pensions Committee Membership

There are eight members of the Pensions Committee:

Chairman	Norfolk County Councillor	Judy Oliver
	Norfolk County Councillor	Alison Birmingham
	Norfolk County Councillor	Robert Colwell
	Norfolk County Councillor	William Richmond
	Norfolk County Councillor	Martin Storey
	District Councillor (elected by the Local Government Association)	John Fuller
	District Councillor (elected by the Local Government Association)	To be confirmed
	Staff Representative	Steve Aspin
	Observer**	Open to all participating employers
Other attendees	Administrator of the Fund (Director of Strategic Finance)	Harvey Bullen
	Director of the Norfolk Pension Fund	Glenn Cossey
	Investment Advisor to the Fund (Hymans Robertson)	David Walker

* Pensions Committee members act as Trustees but do not have legal status as Trustees.

** The observer seat is not currently part of the formal Constitution and does not have voting rights. However, the observer seat is an equal member of the Committee in all other ways, with access to all Committee papers, officers, meetings and training, along with the opportunity to contribute to the decision making process.

Local Pension Board

In line with all public service pension schemes, each Local Government Pension Scheme (LGPS) Fund is required to have a Local Pension Board.

The Local Pension Board for the Norfolk Pension Fund is called the **Norfolk Pension Fund Pensions Oversight Board**.

Role of the Pensions Oversight Board

The role of the **Pensions Oversight Board**, as defined by Regulation 106 of the Local Government Pension Scheme Regulations 2013, (“the Regulations”) is to:

- Assist the **Administering Authority** to secure compliance with:
 - the Regulations and any other legislation relating to the governance and administration of the Local Government Pension Scheme (LGPS);
 - requirements imposed in relation to the LGPS by the Pensions Regulator (tPR); and
 - such other matters as the LGPS regulations may specify
- Assist the **Administering Authority** to ensure the effective and efficient governance and administration of the Norfolk Pension Fund
- Provide the **Administering Authority** with such information as it requires ensuring that any member of the **Pensions Oversight Board** or person to be appointed to the **Pensions Oversight Board** does not have a conflict of interest

The **Pensions Oversight Board** also helps ensure that the Norfolk Pension Fund is managed and administered effectively and efficiently and complies with the Code of Practice on the governance and administration of public service pension schemes issued by The Pensions Regulator.

The creation of the **Pensions Oversight Board** does not change the core role of the **Administering Authority** nor the way it delegates its pension functions to the **Pensions Committee**. The **Pensions Oversight Board** does not replace the **Administering Authority** nor make decisions which are the responsibility of the **Administering Authority** under both the Regulations and other relevant legislation.

The **Pensions Oversight Board** only has the power to oversee decisions made by the **Administering Authority** and to make recommendations to improve the efficient and effective administration and governance of the pensions function, including funding and investments.

The full **Terms of Reference** for the **Pensions Oversight Board** are on the Norfolk Pension Fund website at www.norfolkpensionsfund.org.

Pensions Oversight Board Membership

The **Pensions Oversight Board** has an equal number of scheme member and scheme employer representatives (three of each), along with an Independent Chairman:

Independent Chair	Brian Wigg
Scheme Member Representative	Frances Crum Active/deferred member
Scheme Member Representative	Peter Baker Pensioner member
Scheme Member Representative	Vacancy Trade union
Scheme Employer Representative	Vacancy Levying/precepting employer
Scheme Employer Representative	Vacancy Non-levying/precepting employer
Scheme Employer Representative	Sally Albrow Norfolk County Council

Pensions Oversight Board members comply with the Norfolk Pension Fund training policy, and training opportunities are as far as possible are shared with the **Pensions Committee**.

Each member of the **Pensions Oversight Board** is responsible for complying with the knowledge and understanding requirements of section 248A of the Pensions Act 2004.

Pensions Oversight Board Meetings

There are at least two **Pensions Oversight Board** meetings a year and it normally meets quarterly.

Papers, agendas and minutes of these meetings are published on the Norfolk Pension Fund website at www.norfolkpensionfund.org.

In addition, the **Pensions Oversight Board** produce an annual report in accordance with any regulatory requirements.

Director of Strategic Finance

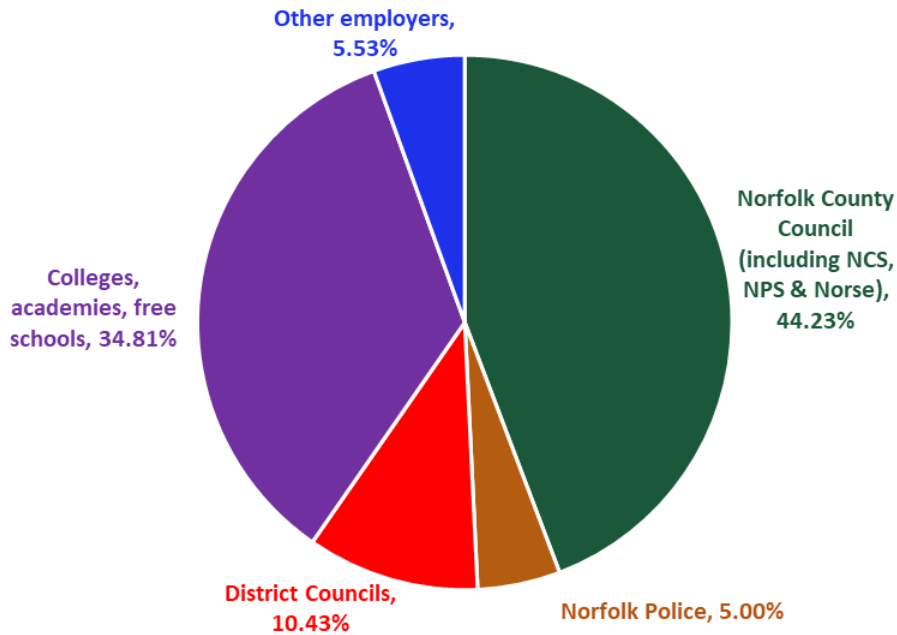
- The **Director of Strategic Finance** is Norfolk County Council's Chief Finance Officer and Section 151 Officer
- As Administrator of the Fund he is responsible for:
 - The administration and financial accounting of the Fund
 - The preparation of the Pension Fund Annual Statement of Accounts

Legislation and Regulations

- The Norfolk Pension Fund administers the Local Government Pension Scheme (LGPS) in Norfolk and is governed by the:
 - Local Government Pension Scheme Regulations 2013
 - Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014
 - Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
 - Local Government Pension Scheme (Amendment) Regulations 2015
 - Local Government Pension Scheme (Management and Investment of funds) Regulations 2009, and subsequent amendments
- **Pensions Committee** is governed by Norfolk County Council's procedural rules under the Council's Constitution. The Committee's **Terms of Reference** are:
- "To administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the Local Government Pension Scheme, and on behalf of Norfolk County Council as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members) including:
 - Functions relating to local government pensions etc under regulations made under Sections 7, 12 and 24 of the Superannuation Act 1972
 - To receive and consider the draft Financial Statements for the Norfolk Pension Fund
 - To comment on the draft Financial Statements and make a recommendation to the Audit Committee that they be approved/not approved"
- Financial affairs are conducted in compliance with Norfolk County Council's Financial Regulations
- Funds are invested in compliance with the Norfolk Pension Fund's Investment Strategy Statement

Membership of the Fund and Local Accountability

Active Membership Breakdown by Employer as at 31 March 2023*



Local Accountability - Representation

Employers

- Employers are directly represented on Pensions Committee and the Pensions Oversight Board
- All employers are invited to regular Employer Forums and the Annual Meeting

Scheme Members

- Scheme Members are directly represented on Pensions Committee and the Pensions Oversight Board
- All active and deferred scheme members are invited to the Annual Meeting and Pensions Clinics; retired members receive two annual newsletters and are directly represented on the Pensions Oversight Board

Membership as at 31 March 2023

430 Contributing Employers

28,536 Pensioners

(members in receipt of a pension from the Fund)

29,153 Active members

(members who are currently in the employment of a participating employer)

40,300 Deferred members

(members who have left the employment of a participating employer, but who are not yet in receipt of their pension)

Local Accountability - Transparency

- The Fund is committed to providing clear, relevant, accessible and timely information to all stakeholders
- How it does this is set out in the annually updated Customer Care and Communication Strategy Statement. This is on our website at www.norfolkpensionfund.org
- Pensions Committee reports, agendas and minutes are published on the Norfolk County Council website at www.norfolk.gov.uk
- Pensions Committee meetings are open to the public
- Pensions Oversight Board reports, agendas and minutes are published on the Norfolk Pension Fund website at www.norfolkpensionfund.org
- The Annual Pension Fund Report and Accounts, reporting on the activities and investment performance of the Fund, and including the Pensions Oversight Board annual report, are on our website at www.norfolkpensionfund.org
- Payments over £500 are published on the Norfolk County Council website at <https://www.norfolk.gov.uk/what-we-do-and-how-we-work/open-data-fois-and-data-protection/open-data/payments-to-suppliers>
- Extracts from the Annual Report and a signpost to the whole document are included in the Annual Benefit Statement sent to all scheme members, and in Primetime, the annual newsletter sent to all retired members
- All scheme members and employers are invited to an Annual Meeting
- All employers and members of the Pensions Committee and Pensions Oversight Board are invited to our Employer Forums. These are an opportunity for employers to discuss matters of interest to their organisations with officers and members

ACCESS Investment Pool

The Norfolk Pension Fund participates in ACCESS (A Collaboration of Central, Eastern and Southern Shires), an investment asset pool of eleven Administering Authorities within the Local Government Pension Scheme (LGPS).

The ACCESS authorities have signed an Inter Authority Agreement which established a Joint Committee at which the Chair from each Administering Authority Section 101 Committee ('Pensions Committee') is represented.

The Norfolk Pension Fund Pensions Committee and Pensions Oversight Board are regularly updated and review the work of the Joint Committee and the Operator, and ACCESS investment performance.

More information can be found on the ACCESS website at www.accesspool.org.

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Norfolk Pension Fund



If you would like this newsletter in large print, audio, Braille, alternative format or in a different language, please call 01603 222824 or email pensions@norfolk.gov.uk

Principle A – Structure

	Not compliant*				Fully compliant
a					√
b					√
c					√
d					√

- a. The management of the administration of benefits and strategic management of fund assets rests clearly with the main committee established by the appointing council.
Full Council have delegated responsibility to Pensions Committee to administer all aspects of the Norfolk Pension Fund on behalf of Norfolk County Council as Administering Authority of the scheme, and on behalf of NCC as an employer within the scheme alongside all other contributing employers, and on behalf of all scheme beneficiaries (scheme members). The Norfolk Pension Fund is part of the ACCESS investment pool, and is represented at the ACCESS Joint Committee, however all strategic asset allocation decisions remain with the Norfolk Pension Fund Pensions Committee.

- b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.
In addition to the Norfolk County Council members, 2 district councillors elected by the Norfolk Leaders Board represent the largest group of employers; an observer seat is available to all other employers. Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative. Pensions Committee is observed by members of the Local Pension Board (known locally as the Pensions Oversight Board [POB]), made up of employer and employee representatives, and an independent Chair.

- c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.
There is no formal secondary committee or panel. Regular employers' forums and other activities detailed within the communication strategy ensure effective communication. The Local Pension Board (known locally as the Pensions Oversight Board [POB]) regularly reports to Pensions Committee and POB members observe all Pensions Committee meetings.

- d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.
No formal secondary committee or panel has been established. However, employers are regularly reminded via the Employers' Forum and Employers newsletters of the observer opportunity at Committee. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. Some Committee and POB Members also attend Employer Forum meetings and member events

Principle B – Representation

	Not compliant*				Fully compliant
a.i					√
.ii					√
.iii					√
.iiii					√

- a That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:
- i Employing authorities (including non-scheme employers, e.g. admitted bodies)
Two district councillors elected by the Norfolk Leaders Board represent the largest group of employers. An observer place is available to all other employers. POB: 3 employer representatives; all employers are invited to stand for election to POB.
 - ii Scheme members (including deferred and pensioner scheme members)
Scheme members (including active, deferred and retired) are represented at Committee by the Staff Representative, who has full voting rights. Scheme members are reminded that they can observe committee meetings via the annual "Your Pension" booklet and also at the Annual Meeting. POB: 3 scheme member representatives; all scheme members invited to stand for election.
 - iii Independent professional observers
Hymans Robertson, as Advisers to the Norfolk Pension Fund, attend Committee; they also attend POB as required.
 - iv Expert advisors (on an ad-hoc basis)
Expert advisors are invited to attend committee and POB as and when necessary.

Principle C – Selection and role of lay members

	Not compliant*				Fully compliant
a					√
b					√

- a That committee or panel members are made fully aware of the status, role and function that they are required to perform on either a main or secondary committee.
In addition to general Councillor Induction for newly elected members, Pensions Committee / POB members are briefed on appointment to Pensions Committee / POB by the Director of the Norfolk Pension Fund and senior officers. Other elected members who do not sit on Pensions Committee are briefed as required / requested. An on going training strategy is maintained and delivered.
- b That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.
This is a standing agenda item for each committee and POB meeting.

Principle D – Voting

	Not compliant*				Fully compliant
A					√

- a The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.
Voting rights are set out in the Norfolk Pension Funds Governance statement which is published on the Funds website, www.norfolkpensionfund.org. All members of Pensions Committee have voting rights, including the Staff Representative. All Employer and Scheme member representatives on POB have voting rights.

Principle E – Training / facility time / expenses

	Not compliant*				Fully compliant
A					√
B					√
C					√

- a That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.
We use Norfolk County Councils' generic elected member remuneration policy, which includes Travel and Subsistence allowances. POB members can claim travel and subsistence costs incurred. In addition, the Fund maintains a training budget for Pensions Committee and POB for the delivery of our on-going members training programme, and related expenses.
- b That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels or any form of secondary forum.
All relevant individuals / bodies are treated equally, including for example the Staff Representative on Pensions Committee, members of the Pensions Oversight Board (Local Pension Board).
- c That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.
The Fund maintains and delivers a training strategy. Committee member and POB training needs are considered alongside the 12 month committee agenda planning process. Some aspects of training are business driven and therefore the programme is flexible. This allows us to align training most effectively with operational need / current agenda items, and therefore support member decision making. Regular Member training is supplemented by attending Local Government Association and other associated events, webinars, virtual and in person conferences and training, as well as an annual (more frequently if required) comprehensive bespoke Knowledge and Understanding event, talking to leading experts about all aspects of LGPS Investment and Governance and current issues. A Training Log is maintained.

Principle F – Meetings (frequency / quorum)

	Not compliant*				Fully compliant
a					√
b					√
c					√

- a That an administering authority’s main committee or committees meet at least quarterly.
The Pensions Committee meets quarterly.
- b That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.
There is no formal secondary committee or panel. The Employers’ Forum meets regularly, planned around operational requirements; POB meets quarterly, aligned to Committee timetable.
- c That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.
A Staff Representative (who represents all current, deferred and retired scheme members) sits on Pensions Committee, alongside 2 district councillors elected by the Norfolk Leaders Board to represent the largest employers. An Observer Seat at Committee is also available to Employers not directly represented. Regular Employers’ Forums take place. Retired Members engagement is maintained via a dedicated newsletter twice a year; in person Pensions Clinics for all scheme members (including Deferred) are held each autumn, after the production of Annual Benefit Statements; communications with scheme members is maintained via publications to home addresses, website and employers, and an Annual Meeting is offered. The Pensions Oversight Board (Local Pension Board) has equal employer /scheme member membership.

Principle G – Access

	Not compliant*				Fully compliant
a					√

- a That subject to any rules in the council’s constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.
*All committee and POB members have equal access to committee papers, documents and advice. POB members observe Committee meetings. Public Minutes of Committee Meetings are published on Norfolk County Councils website:
http://norfolkcc.cmis.uk.com/norfolkcc/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/30/Default.aspx
POB minutes are published on the Norfolk Pension Fund’s website:
<https://www.norfolkpensionfund.org/about/governance-and-investment/local-pension-board/>*

Principle H – Scope

	Not compliant*				Fully compliant
a					√

- a That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.

The Norfolk Pension Fund adopts a holistic approach to pension fund management. Pensions Committee is responsible for all aspects of the management of the pension fund (investment and administration) and delivery of its services, including all relevant budgets, strategies and service planning.

Principle I – Publicity

	Not compliant*				Fully compliant
a					√

- a That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.

The Norfolk Pension Funds' Governance Statement and Communication and Customer Care Strategy are published on the Funds' website www.norfolkpensionfund.org, and included within the Pension Fund Annual Report (which is also published on our website), with hard copies of each available on request. Employers are reminded via the Employers Forum and Employers Newsletters that there is an observer seat at Committee for Employers not directly represented. Scheme Members receive an annual booklet with news of the Funds performance, legislative changes and other relevant pension's news, and are invited to a formal annual meeting. All scheme members and employers are invited to stand for membership of the Pensions Oversight Board (Local Pensions Board).

11 Administering Authorities



Audit and Governance Committee

Item No: 6

Decision making report title:	Norfolk Audit Services Annual Report for 2022/23 and Quarterly Report for period ending 30th June 2023
Date of meeting:	25th July 2023
Responsible Cabinet Member:	N/a
Responsible Director:	Harvey Bullen, Director of Strategic Finance (Section 151 Officer), Finance Directorate

Is this a key decision? No

Executive Summary

The Section 151 Officer has a duty to ensure there is proper stewardship of public funds and that relevant regulations are complied with.

The Audit and Governance Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council's Constitution.

Norfolk Audit Services (NAS) fulfils the internal audit function for the County Council as required by its own Terms of Reference, the relevant regulations and standards, which are considered annually by the Committee. Our work is planned to support [the Council's vision and strategy](#), 'Better Together, for Norfolk'.

This annual report sets out in section two under the proposals:

- Our opinions
- Our Quality Assurance and Improvement Programme
- Our Performance
- Issues, risks, staffing and innovation (Section 8)
- Council's Financial Statements and Fraud (ISA 240)

The Chief Internal Auditor reviews the effectiveness of the system of internal control, including risk management, throughout the year and reports annually to the Committee. The Chief Internal Auditor reports that, the system of internal control, including the arrangements for the management of risk during 2022/23 was acceptable and therefore considered sound.

The Council has adopted hybrid ways of working and the impact of these ongoing ways of working, internal controls, risks and governance were continually reviewed, monitored and managed during 2022-23. The Chief Internal Auditor is satisfied that the arrangements in place provide ongoing assurance. The Council is alert to recent local authority Public Interest reports; the risks, consequences and any lessons that can be taken for sustaining and or further strengthening governance, if required to meet new challenges.

Recommendations

To consider and agree: -

- The opinion on the overall adequacy and effectiveness of the County Council's framework of risk management, governance and control for 2022/23 and for the quarter ending 30 June 2023 is 'Acceptable'.
- The audit service provided by NAS continues to conform with the International Standards for the Professional Practice of Internal Auditing (Public Sector Internal Auditing Standards (PSIAS)) as verified via an external Quality Assurance Assessment during late 2022 and complies with the Accounts and Audit Regulations 2015 (as amended).
- The [Draft Annual Governance Statement 2022-23 for Norfolk County Council](#) refers to this report.
- That the Committee continue to review information on the effectiveness of the management processes and corporate control functions (legal, financial, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

1. Background and Purpose

- 1.1 The Council must undertake sufficient internal audit coverage to comply with the Accounts and Audit Regulations (England) 2015, as amended. The allocation of audit time was based on a risk assessment, and this was continuously reviewed throughout the year.
- 1.2 This report supports the remit of the Committee in providing proactive leadership and direction on audit governance and risk management issues. The purpose of this report is to update the Committee on the progress with the delivery of the internal audit work and to advise on the overall opinion on the effectiveness of risk management and internal control. The report sets out the work to support the opinion and any matters of note.

2. Proposals

2.1. The Committee are recommended to consider and agree: -

- The recommendations above
- The key messages below that support those recommendations.

2.2. The key messages are as follows: -

Accounts and Audit Regulations (England) 2015 (as amended)

2.3. Under these regulations, the County Council ('the Council')

- 'must ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.
- 'must, each financial year (a) conduct a review of the effectiveness of the system of internal control' and '(b) prepare an annual governance statement.'
- 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Planning considerations

2.4. In compiling our Internal Audit Plan, we considered the requirement to produce an annual internal audit opinion and report, that could be used by the Council to inform its Annual Governance Statement (AGS), and the need to conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, and ensured sufficient days and a variety of audit areas were included. Our audit plan was regularly reviewed during the year to ensure that the audits we were able to perform addressed the higher risk areas and added value.

Opinion requirements

2.5. This annual report concludes on our overall opinion of the adequacy and effectiveness of the Council's framework of risk management, governance and control, following the completion and outcomes of our audit opinion work.

Other work and our performance

2.6. This annual report also covers the outcomes of our grant certification work, audit work for external clients and the performance of NAS.

Our opinions

Internal Control

- 2.7. The opinion on the adequacy and effectiveness of the Council's framework of control is 'Acceptable'.
- 2.8. In total 56 audits were introduced into the Audit Plan over the course of the audit year. Of these, 18 were deferred and 10 were cancelled, resulting in 28 audits that were completed, some of which were watching briefs. This number of audits was considered proportionate, relevant and sufficient to inform our annual opinion for the purposes of the Internal Auditing Standards.
- 2.9. The 28 audits were classified as follows: -

Opinion	Number
Acceptable – green rated	5
Key issues to be addressed – amber rated	5
Key issues to be addressed – red rated	3
No opinion provided (Mgmt Letters issued (2), advisory work (4) and Follow Up audits (3) opinion work (2))	10
Still to be completed in Qtr 1 2023/24	5
Total	28

- 2.10. During 2022/23 we undertook 22 traded school full audits.
- 2.11. The outcomes of these traded audits and our school thematic audit helped inform the Education and Skills Funding Agency (ESFA) 2021/22 financial questionnaire for Local Authorities. Confirmation was provided that: -
- Internal audit did not identify any significant issues, or significant control weaknesses at the Local authority or any of its maintained schools.
- 2.12. This confirmation was in relation to grants received from the Department for Education and/or the expenditure in relation to that grant recognised in the local authority's published draft accounts for the year ended 31 March 2022. Some control improvements were identified within our school audits and action plans have been agreed

however they are deemed not material in the context of this ESFA return.

2.13. There were three red rated audit opinions issued in 2022/23. Summary details, including robust agreed action plans in relation to these audits were reported during our quarterly reporting throughout the year: -

- Driving for Work
- Health and Safety Statutory Compliance Checks at Schools
- Financial Assessments

Progress with the implementation of agreed recommendations

2.14. The tables below show where we are with monitoring the implementation of our recommendations: -

Recommendations	No. 2021/22	No. 2022/23
Total number of recommendations implemented and closed – verified through management assurance	106	30
Total number of recommendations implemented and closed – not verified (closed and picked up in Follow Up audit)	0	2
Total number of recommendations no longer applicable	1	1
Total number of recommendations implemented and closed – management accepts risk (cost of implementing the recommendation outweighs the risk)	3	1
Total number of recommendations in progress of being implemented	7	65
Total number of recommendations being monitored for implementation as of 26/5/23	117	99

Audits with Recommendations	No. 2021/22	No. 2022/23
Audits with recommendations in progress being monitored	2	8
Audits where all the recommendations have been implemented and closed	16	6
Total number of audits released for recommendation monitoring	18	14

2.15. Regarding the seven recommendations still in progress of being implemented in 2021/22: -

- One of these is for the Transforming Care Programme (TCP) Follow Up audit and the reason that this recommendation is still being implemented is as follows: The Executive Director of Adult Social Services and the ICB have commissioned external consultants, Tricordant, to mediate in resolving the issue. Tricordant have completed their first phase of work, reviewing existing TCP arrangements and have now moved on to their second phase of work to remodel and improve services which includes work to agree the finance arrangements. There is leadership support from both organisations for this to happen, aligned to recommendations from the recent Building the Right Support Peer Review. The completion date is dependent on the work of Tricordant and we will be following up on progress at the end of August.
- One of these was for the Back Ups audit which has an implementation date of 31 July 23 to enable extensive research and commercial work to source the best technical solution at the best value for money.
- The other five relate to Follow up of the Third Party (Staff and Supplier) Access recommendations of which four will be implemented by 30th June 2023 and the other one will be implemented by 31st October 2023. This one is taking longer to action due to the number of agreements to review.

Quarter ending 30 June 2023

2.16. A significant part of the audit work completed in the quarter ending 30 June 2023 was the completion of audits within the 2022/23 audit plan. Work also started on the audits in quarter 1 and 2 of the 2023/24 audit plan. Further reporting of delivery and progress with the 2023/24 audit plan will be included in the next quarterly report to the Committee in October 2023.

- 2.17. **Appendix A** details the final reports issued in the quarter ending 30 June 2023.

Governance

- 2.18. The opinion on the adequacy and effectiveness of the Council's framework of governance is 'Acceptable'. This is based on the opinion audits where governance was the primary audit scope as well as where governance arrangements were a part of the overall audit scope and also self-assessment work, in relation to the Annual Governance Statement.
- 2.19. Examples of such audits are:- Governance of early stages of major project development, Long Stratton bypass governance, Contract Management and Monitoring (Fleet), Community Renewal Fund governance, Norfolk Safety CIC governance, Independence Matters governance.
- 2.20. It should be noted that the Council publishes its Annual Governance Statement (AGS), which concludes on the fitness for purpose of the Council's governance framework and the review of the effectiveness of the system of internal control, for signature by the Leader of the Council and the then Head of Paid Service. That review is informed by the audit opinion work we undertake in the year.

Background to governance

- 2.21. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council has its own [Code of Corporate Governance](#) based on the International Framework: Good Governance in the Public Sector, produced by CIPFA and the International Federation of Accountants (IFAC).
- 2.22. The Audit and Governance Committee have been kept up to date with issues around delays and plans to conclude the reporting of the 2021-22 annual statement of accounts, the AGS and their approval. In line with requirements, the draft AGS for 2021-22 was published on the Council's website and has been kept under review and up to date to the time of approval.
- 2.23. The Council's AGS provides an overall self-assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in the Code. Evidence relating to the principles of the Code is reviewed and analysed to assess the robustness of the Council's governance arrangements.
- 2.24. The AGS includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of

systems and processes governing decision making and financial control.

- 2.25. As part of conducting a review of the effectiveness of the system of internal control (2.3), this Committee has reviewed information on the effectiveness of the management processes and corporate control functions (legal, financial, information, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

Risk management

- 2.26. Our opinion on the adequacy and effectiveness of the Council's framework of risk management is 'Acceptable'.
- 2.27. Our opinion is based on a high-level review of the Council's risk management framework, undertaken during the completion of the Audit Plan for 2022/23, in determining whether to rely on the Council's risk assessments for audit planning purposes, to develop a risk-based plan, as well as the Risk Management Officer's own conclusion, as detailed in the Annual Report for Risk Management 2022/23. This states that 'the Council's system of Risk Management during 2022/23 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015 (as amended).'
- 2.28. In early 2021/22, Zurich Municipal undertook an external performance review of the Council's risk management system to measure the maturity of risk management which provides the Committee with an independent external opinion on the risk management system and the Council's risk maturity. Recommendations from this review continue to be worked through. The implementation of ongoing recommendations will continue into 2023/24, and the remaining timed recommendations not already completed during 2022/23 will be implemented as part of a refreshed risk management strategy for 2023/24.

Background to risk management

- 2.29. It should be noted that the CIA has management responsibility for the corporate risk management system and that safeguards are in place to limit any impairments to independence and objectivity in drawing a conclusion on the adequacy and effectiveness of the risk framework.
- 2.30. These safeguards are detailed below: -
- The Council has a qualified Risk Management Officer.
 - The function undertakes nationally recognised benchmarking and reports this to the Committee.

- The then Executive Director of Finance and Commercial Services has overall responsibility and reports to the Committee quarterly and annually.
- The External Auditors review the AGS which includes the effectiveness of risk management.
- External reviews of the Risk Management Framework are undertaken (2.20).

Treasury Management

- 2.31. As part of its terms of reference, the Audit Committee has responsibility to “consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice”. The annual report of Governance, Control and Risk Management of Treasury Management 2022-23, prepared by the Corporate Accounting Manager, providing assurance to the Committee that there are effective governance, control and risk management arrangements in respect of Treasury Management.
- 2.32. Our last Treasury Management cyclical audit was in 2020-21 with an acceptable audit opinion.

Emerging Audit Areas

- 2.33. We have maintained a watching brief on new and emerging audit areas, in particular on Environmental, Social and Governance (ESG) and Climate Change developments. Risk RM0036 covers the NCC Environmental Policy and incorporates aspects of these topics. Whilst there are no overarching legal requirements for ESG reporting at this point in time, we are keeping a watching brief on the topic and continue to liaise with our colleagues in Community and Environmental Services. We have undertaken the 2022-23 planned audit of the carbon digital dashboard reporting which had an acceptable audit opinion (see **Appendix A** point 10).

Grants

- 2.34. We have certified a total of 38 grants during 2022-23 as detailed in Appendix B.
- 2.35. The actual income generated in 2022-23 from our grant certification work is £30,193 which is split as £14,753 EU grants and £15,440 other grants (Appendix B). We do not recharge for the certification work we undertake on Local Government Association (LGA) grants.
- 2.36. Looking ahead to 2023-24, all EU grant programmes have now finished and we only have two final claims to certify; therefore, EU grant income is significantly reduced to £2,874.00 in 2023-24.

Norfolk Pension Fund

- 2.37. In total there were four opinion audits in the 2022-23 Audit Plan for the Norfolk Pension Fund. One audit was deferred to 2023-24 due to NAS resources. The three opinion audits undertaken were classified as follows: -

Opinion	Number
Acceptable – green rated	3
Key issues to be addressed – amber rated	0
Key issues to be addressed – red rated	0
No opinion applicable	0
Total	3

Other chargeable work

- 2.38. We completed audit work for the EIFCA (Eastern Inshore Fisheries and Conservation Authority) and Norwich Housing Society in 2022-23. All our actual time spent on delivering work for external clients is charged in full to the client.

FCE

- 2.1. The Audit Authority (AA) has completed all the required work in relation to the accounting year ending 30 June 2022 and issued its Annual Audit Opinion within the regulatory deadline (15 February 2023). The report has, once again, been accepted by the Commission with no immediate issues raised. The Audit Annual Control Report will be further discussed at the Annual Bi-Lateral Co-ordination meeting in October 2023. Our auditors at the EC appreciate the timely updates we provide them on the more complex issues.
- 2.2. The delivery of audit work for the current accounting year started in February 2022 and the first audit report was issued early April 2023. Our assessment is that we have adequate resources to deliver the audit plan for the accounting year ending 30 June 2022.
- 2.3. The Audit Authority is involved in the preparatory work ahead of the closure of the FCE programme and has been included in the programme's request to National Authorities (France and UK) for an additional budget in order to be able to provide the required functions past 31 December 2023.

Our Quality Assurance and Improvement Programme

External Assessments

- 2.4. CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA), produced the [UK Public Sector Internal Audit Standards \(PSIAS\)](#) which came into force on 1 April 2013 and latest revised version is dated, 1 April 2017. CIPFA, in collaboration with the CIIA, also published in February 2019 the [Local Authority Guidance Note \(LAGN\)](#) for the Standards, which remain current.
- 2.5. At least every 5 years we must have an independent external quality assessment (EQA) of our compliance with Internal Auditing Standards. We had an EQA undertaken by the CIIA in November and December 2022 and the assessment is that our internal audit function 'generally conforms' with the Standards.
- 2.6. "NAS conforms with most of the Standards, as well as the Definition, Core Principles, and the Code of Ethics, which form the mandatory elements of the PSIAS and the Institute of Internal Auditors' IPPF, the globally recognised standard of quality in Internal Auditing".
- 2.7. Five recommendations were made in areas where we were assessed as of 'partial conformance'. This was out of 59 relevant principles. Details of these recommendations and the action plans and timescales are provided in **Appendix C**.
- 2.8. In addition to the above five recommendations seven improvement observation opportunities were identified, which if addressed would further strengthen the impact of Internal Audit. These observation opportunities are not non-conformance with the Standards' points but support our ongoing development. Actions have been agreed and are being implemented for these improvement opportunities.
- 2.9. Progress with both the five recommendations and the seven improvement opportunities will be reported to the Audit and Governance Committee in our quarterly reporting.
- 2.10. Key achievements recognised from the EQA are: -
- An established internal audit service, valued by the key stakeholders spoken to during the EQA.
 - The governance framework over the internal audit service is mature, with well-established Audit and Governance Committee oversight, regular meetings, communications, reporting and performance monitoring.
 - A very experienced CAE leads NAS, supported by senior, knowledgeable colleagues. Stakeholders view the CAE as a trusted,

credible, and professional leader, and the management team achieve excellent results in staff surveys at the authority.

- NAS are increasingly undertaking a range of diverse assurance engagements. These include coverage of emerging areas of risk and topical aspects of governance and control relevant to the local authority sector.
- We also received largely positive responses to our questions about the wider team and its services from those we interviewed and surveyed. Key stakeholders felt confidence in the way NAS had established effective working relations, their clear communications, and the way in which the team delivers its internal audit engagements efficiently and professionally. Given the wide distribution, some survey responses identified a range of positive experiences as well as areas for improvement most obviously in terms of specialist knowledge, responsiveness to emerging risks and changing organisational priorities, and value-adding recommendations.
- NAS develop and deliver an annual risk-based audit plan. Key stakeholders felt clearly engaged in the design of this. The CAE and their senior colleagues actively monitor team performance and have implemented appropriate engagement-level quality assurance checks. Recent focus has been on enhancing team delivery within time budgets and to deadlines, as well as improving efficiency in general.
- The team have improved their engagement reporting and NAS are piloting Power BI reporting to further enhance the user experience. The team also employ Teammate+, an audit management software application, to assist in administering and controlling their engagements. NAS have been boosting their data analytics capability and are growing confidence and competence in this critical area.

Internal Assessments

- 2.11. The NAS Management Team are responsible for ensuring that internal audit activity continues to conform with International Standards.
- 2.12. All audit work performed by auditors is supervised by a Senior Auditor and a Principal Client Manager.
- 2.13. All audit work is subject to a review during the audit and prior to the the client feedback meeting and issue of the audit report. Coaching notes are raised by the Reviewer and addressed by the Auditor and feedback regarding what the Auditor did well and what they could improve, and any training needs are provided at the end of every audit.
- 2.14. All audit reports are reviewed by the Principal Client Managers prior to issue.

- 2.15. The CIA reviews all audit reports (except for school audits) before issue.
- 2.16. The scope of audits (except for schools and grants) are discussed by the CIA and the Principal Client Managers prior to agreeing the terms of reference with the client.
- 2.17. The Principal Client Managers or the CIA review a sample of audit work in each half of the year and report back on any improvements that need to be made by the Team.
- 2.18. During 2022/23 Principal Client Managers have been 'hands on' in the day to day delivery of audits and the appropriate recording of these on our electronic auditing system, which has meant we have not had to undertake specific 'post reporting' quality file checks of our work. The EQA recommended that as part of our quality improvement plan that the CIA should recommence his periodic cold file reviews and this is planned for later this year.
- 2.19. The recent EQA will be used as a reference to implement a continuous internal self-assessment approach of operations to provide assurance going forward that our internal audit activity still 'conforms to the International Standards for the Professional Practice of Internal Auditing'. We will need to internally assess conformity until the next external EQA.
- 2.20. The UK Public Sector Internal Audit Standards are based on global standards set by the Institute of Internal Auditors (IIA). It should be noted that the IIA have recently consulted on new global standards which, when finalised and adopted, will likely have implications for the way Internal Audit operate and for how the Committee engages with Internal Audit. The revised standards are due to be agreed and implemented in quarter 4 of 2023 and when approved by CIPFA, as the relevant regulatory body. We will plan for the changes and differences to be incorporated into our team working once they are agreed and implemented and will report back to the Audit and Governance Committee on any significant changes and progress with implementation.

Our Performance

Opinion audits

- 2.21. Our targets and progress with achieving our targets is detailed in the table below and is based on 23 completed audits: -
- 14 opinion reports were issued within 10 days of Feedback Meeting

- 16 audits were completed within +/-5% of the agreed cash budget.
- All audits in progress from 2021/22 were completed during the first half of the year.
- Client Satisfaction Survey - we sent out 15 surveys and had 10 no replies: 4 were satisfied or very satisfied, 1 was unsatisfied .

2.22. Recognising best practice, during 2022-23 we introduced a one-page audit report which reports on the overall audit opinion, the agreed recommendations against each of the risks in the terms of reference, the people responsible for implementing the recommendations and the timeframes. This has made the reporting process more efficient and has significantly reduced the size of our audit reports. Feedback from clients has been positive.

Norfolk Pension Fund

2.23. Out of the three audits, two were completed within +/- 5% of the cash budget, with the provision of the internal audit service coming in within the total budget for the Norfolk Pension Fund.

2.24. Out of the three audits, all reports were issued within ten days of the feedback meeting.

2.25. Client Satisfaction Survey - we sent out three surveys and the two received were 'very satisfied'.

2.26. One audit was carried forward into 2023-24 due to NAS resources. That audit has now been completed and reported on.

Grant Certifications

2.27. Charges are made for EU grant certifications, UK Government grant certifications for internal clients and grants certifications for external clients. All of our grant certifications were delivered on time.

Issues, risks, staffing and innovation

Issues

2.28. There are no issues to report.

Risk Implications

2.29. If we are unable to provide an annual opinion, then the Council and Section 151 Officer may be unable to fulfil regulations and conclude on the adequacy and effectiveness of its framework for risk management, governance and control.

Staffing

- 2.30. Our strategy is to recruit, maintain and develop an effective and motivated audit team. We leverage training through the Council's apprenticeship scheme making use of the levy funds. During 2022/23 we have had four staff members undertaking either a level 4 or level 7 apprenticeship within the Team. One Trainee Internal Audit Manager has completed their level 7 apprenticeship, passed all their exams and became an Internal Audit Manager in June 2023, with the other due to complete their apprenticeship in the spring 2024. Our Trainee Auditor is progressing with their level 4 apprenticeship and is due to complete in spring 2024 as well.
- 2.31. Our other Auditor left in February 2023 along with our Client Manger in June 2023. In May 2023, we welcomed the CIPFA Trainee Accountant to the Team for a three-month placement with us.
- 2.32. To boost experience within the Team, before replacing our Auditor with another Trainee Auditor, we are recruiting a Senior Auditor on a two-year fixed term contract. We are also now recruiting for a permanent Senior Auditor due to a retirement at this level in January 2024.
- 2.33. The NAS Team, that conducts the audit work, now comprises two Principal Client Managers (1.5 FTEs) an Internal Audit Manager, a Trainee Internal Audit Manager (both 1 FTE), three permanent Senior Auditors (2.5 FTEs), one temporary Senior Auditor (now recruiting, 1 FTE) and one Trainee Auditor (1 FTE).

Innovation

- 2.34. The Internal Audit Planning seeks to apply innovative practices, methodology, partnering and resourcing where possible, ensuring that relevant standards are maintained and that value for money is demonstrated.
- 2.35. Examples of such innovation include how we resource the audit plan through the in-house team to ensure the skills of the team are utilised effectively. We are active within the Home Counties Chief Internal Group as we co-Chair and provide the secretary role to this group and we use this group to share best practices, knowledge and learning to enhance our audit delivery.
- 2.36. In 2022-23 the Council hosted the East of England Audit Committee Chairs Forum, funded by the LGA, which was chaired by our Audit and Governance Committee Chair and supported by the Internal Audit Management Team. Two in-person, and two virtual meetings were successfully hosted. We have now handed over the hosting and chairing of the Forum to Essex County Council.
- 2.37. During 2022/23 we developed our use of data analytics in audits. Data analytics is a useful tool for performance management, decision making and auditing. Such analysis enables information to be drawn from large

or whole populations of system data providing improved and deeper assurance. The Council uses Power BI to undertake data analytics to support performance management. The Team were trained in the use of PowerBi in October 2023 and have used it in their audits for sample selection and testing purposes. We have a data analytics strategy outlining where we are now and where we aim to be in three years' time which is detailed in **Appendix D**.

2.38. We have updated our audit terms of reference and the way we plan our audits to ensure that each audit topic is considered at the planning stage as to how data analytics may be applied within the audit and the audit team have been trained in respect of this.

2.39. We are also discussing with management the data analytic options that come with the new finance and HR system myOracle, how these will be used and our access to all data on this system. Further updates on this area will be provided each quarter.

The Council's Financial Statements and Fraud (ISA 240)

2.40. During the year NAS has reviewed the internal controls of some of the Council's main financial systems, Accounts Payables, Accounts Receivables and payroll. That work, and the assurance it provides, helps the Audit Committee to reasonably assess the risk that the Council's Financial Statements are not materially misstated due to fraud.

2.41. Internal Audit has planned and delivered audits during the year, which include reasonable measures to detect fraud and to give assurance on internal controls that would prevent it. Reports on the audit findings clearly set out those findings which increase the risk of fraud and whose responsibility it is to ensure that recommendations are completed.

2.42. The Council has an Anti-Fraud and Corruption Strategy, which covers the scope of this Committee. The Strategy has been applied, where appropriate, throughout the year and any significant fraud investigations have been reported where they have been completed. Therefore, the Committee will be aware of the process for identifying and responding to the risks of fraud generally and of the specific risks of mis-statement in the Financial Statements when they are asked to approve the Annual Financial Statements at the end of the year.

2.43. Actual fraud cases that have been fully investigated are reported in summary to the Committee. The Chairman would be informed of any significant fraud which had implications for this Committee. Therefore, the Committee is aware of the arrangements in place for Executive Directors to report fraud to the Committee. The Committee has knowledge of actual or suspected fraud and the actions that Chief Officers are taking to address it when required.

- 2.44. The Anti-Fraud and Corruption Strategy, Whistle blowing Strategy, Money Laundering Policy and the Standards of Conduct are promoted through staff newsletters and on the Council's Intranet site as well as through training for non-financial managers. The Committee is aware, through the reports it receives, of the arrangements Executive Directors have in place for communicating with employees, members, partners and stakeholders regarding ethical governance and standards of conduct and behaviour. The Committee has responsibility for reviewing the Anti-Fraud and Corruption arrangements. The Committee approved a revised Anti Fraud, Bribery and Corruption Policy and Strategy in April 2021 following the launch of the national strategy 'Fighting Fraud and Corruption locally'. This version has been updated since for name changes, so did not need approval and remains current.
- 2.45. This Committee also receives this Annual Internal Audit Report, Risk Management reports and other reports giving assurance on the adequacy and effectiveness of risk management and internal control, anti-fraud and corruption measures and of the Council's governance and value for money arrangements. These assurances support the AGS that this Committee considers and approves. Therefore, the Committee oversees management arrangements for identifying and responding to the risks of fraud and the establishment of internal control.

3 Impact of the Proposal

- 3.1 The Accounts and Audit Regulations 2015 (as amended) require that, from 1 April 2015, the Council must ensure that it has a sound system of internal control that meets the relevant standards. The responsibilities for Internal Audit are set out in the Financial Regulations which are part of the Council's Constitution. Internal Audit follows appropriate standards (the PSIAS).
- 3.2 A sound internal audit function helps ensure that there is an independent examination, evaluation and reporting of an opinion on the adequacy and effectiveness of internal control and risk management as a contribution to the proper, economic, efficient and effective use of resources and the delivery of the County Council's Strategic Ambitions and core role as set out in the County Council's strategy 'Better Together, for Norfolk 2021-2025'.
- 3.3 The internal audit plan will be delivered within the agreed NAS resources and budget. Individual audit topics may change in year which will result in the higher risk areas being include in the plan to inform the annual audit opinion.
- 3.4 As a result of the delivery of the internal audit plan and audit topic coverage, the Committee, Executive Directors, Senior Officers and

Managers will have assurance through our audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4 Evidence and Reasons for Decision

4.1 As set out in the proposal.

5. Alternative Options

5.1 There are no alternative options.

6. Financial Implications

6.1 The service expenditure falls within the parameters of the Annual Budget agreed by the Council.

6.2 The costings for NAS remains unchanged, no savings are proposed for 2023/24. We will actively maintain chargeable services and pursue new opportunities when they arise.

7. Resource Implications

7.1 **Staff:** There are no staff implications.

7.2 **Property:** There are no property implications.

7.3 **IT:** There are not I.T. implications.

8. Other Implications

8.1 **Legal Implications:** There are no other specific legal implications to consider within this report.

8.2 **Human Rights implications:** There are no specific human rights implications to consider within this report.

8.3 **Equality Impact Assessment (EqIA) (this must be included):** No implications.

8.4 **Data Protection Impact Assessments (DPIA):** There are no DPIA implications.

- 8.5 **Health and Safety implications (where appropriate):** There are no health and safety implications.
- 8.6 **Sustainability implications (where appropriate):** There are no sustainability implications.
- 8.7 **Any other implications:** There are no other implications.

9. Risk Implications/Assessment

9.1 Not applicable.

10. Select Committee comments

10.1 Not applicable

11. Recommendations

11.1 See Action Required in Executive Summary.

12. Background Papers

12.1 None

Officer Contact

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

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If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Norfolk Audit Services
Final Reports Issued in the Quarter ending 30th June 2023

NOTE: This report is for audits completed to the 30th June 2023. Any audits completed up to the Committee meeting will be reported verbally at the meeting.

Final Reports: - Issued in Quarter 4

2022/23 Audit Plan: -

A. Opinion Work

1. Driving for Work

Audit Opinion: - Key Issues – Red

Robust action plans have been completed to address our recommendations as detailed below: -

- a) Managers and staff should ensure that they understand their responsibilities and comply with the requirements of the Driving for Work Compliance Code P655.
- b) Managers should ensure that: -
 - They complete the necessary driving checks every 6 months as required and keep a record of these checks which should be retained for the required retention period.
 - They undertake driving for work risk assessment for the journeys their employees complete.
 - Their staff complete the e-learning every two years as required.
 - To aid this, the Health and Safety Manager (HSM) should work with the Directorate Heads of Service and Departments at DMT meetings to promote and ensure that the requirements of the Driving for Work Compliance Code P655 are complied with, and Directorates have appropriate systems in place to record the checks and risk assessments undertaken.
- c) Consideration should be given to covering driving for work checks and manager responsibilities in the Manager's Briefing and for staff, in the Friday Takeaway. The HSM may also wish to consider an annual reminder to be displayed on the NCC home/login page.
- d) The HSM should consider reviewing the Driving for Work Compliance Code P655 and include a task/checklist to be completed by employees and managers to record and retain evidence that they have undertaken their responsibilities as set out in the Code.

2. Separation of Duties – Liquidlogic

Audit Opinion: - Key Issues – Amber

Robust action plans have been completed to address our recommendations as detailed below: -

- a) Department Team Managers should ensure the non-urgent placement plans are signed off in a timely manner. A timescale for completing this should be set by management.
- b) A review of how authorisation at the correct level is recorded on Liquid Logic should be completed to ascertain whether there is a better method than saving emails containing the authorisation to this system. We consider that authorisation by Teams messages is not appropriate as this cannot be saved like an email.
- c) The current access rights of all users on Liquid Logic should be reviewed as soon as possible and regularly thereafter to ensure that the users are current and have appropriate spending approval limits for their role and scale.

3. Short Breaks

Audit Opinion: - Key Issues – Amber

Robust action plans are in place to address our recommendations as detailed below: -

- a) The Short Breaks Team should consider how they can best monitor whether the individual objectives of children and young people (CYP) are being met through the short break provision they undertake to ensure that these are being met by the activity providers' offer. Where it is found that objectives are not being met, discussions should be held with the CYP and Parent Carer to assess whether the CYP would benefit another short break provision and this discussion recorded on Liquidlogic (Childrens). Due Date Dec 2023
- b) The information reported to the Sufficiency & Planning Board should be reviewed to ensure sufficient information is provided for them to adequately monitor short break provision. This could include for example, results of contractor meetings and Section 44 reports, data on cancellations, complaints, and whether the individual objectives of the CYP are being met by the short break provision and direct payments to demonstrate effectiveness of the provision. Consideration should be given to providing information on the effectiveness of or issues for the service as a whole. Due Date 30 Jun 2023
- c) An annual self-assessment style return should be completed for 'Caring Together' if it remains as a provider, and for any other level one providers in future, and a discussion held with the provider to clarify and confirm the contents of the assessment. This will ensure management are aware of the quality of the service provided, whether this is at the standard expected and if there are any issues to discuss and action.

Action now completed

- d) The Short Breaks Team should consider how they can analyse their available data to improve and shape the future direction of the service provided and its effectiveness and support for Parent Carers and the results of this analysis. This analysis could include geographical location of the CYP, and the service used, the type of media used by Parent Carers to access information on Short Breaks, the question on the application form concerning how the applicant heard about the service, reasons for cancellations and not attending, underspends and expenditure data including Direct Payments. Due Date Mar 2024
- e) The Short Breaks Team should develop an improvement plan of all the actions that come out of their data analysis and report progress with these to an appropriate place. Due Date Mar 2024

4. myOracle – Payroll

Audit Opinion: - No opinion given

Robust action plans are in place to address our recommendations as detailed below: -

- a) To implement formal written procedures for the payroll processes in myOracle now that the system has been in use for a period. Additionally, it has been suggested that a review of training needs takes place, to ensure that all back office and front facing staff have the skills required to use the functionality and follow revised processes in an effective manner.
- b) A review of access rights for staff to see if more preventive controls could be utilised within myOracle to aid segregation of duties in the payroll process. Detection controls in the form of report reviews were recommended if staff access rights could not be amended, to aid better segregation of duties, also including the processing of expenses and rejecting claims for expense policy violations.
- c) The processing and checking of payroll claims and expenses for schools' which is a manual entry process. A template being trialled will negate the need for manual entry going forward. Updating School Headteachers on progress was also recommended.
- d) The checking of payroll once processed, using variance reports which need amending so that this checking process can recommence, and the review and authorisation of third-party payrolls with evidence of that.
- e) Communications with HR by utilising checklist type documents to enable everyone to know when processes had been completed.
- f) For any overpayments that occur, to ensure that these are reviewed, actioned and reported timely.
- g) The review of payroll processing errors that occur and the escalation process for these. Updating managers on how they can help to reduce these errors when they complete tasks on myOracle was also recommended.

Last due date - Oct 2023

5. Placements Process

Audit Opinion: - Key Issues – Amber

Robust action plans have been completed to address our recommendations as detailed below: -

- a) Staff should ensure they record the 'Coming into Care Conversation' (CCC) within the case notes in Liquid Logic, along with the date and the name of the Assistant Director who gave permission to accommodate the child. This note should be recorded within 24 hours of the conversation with the Assistant Director. If agreement is given out of hours for accommodation, a CCC must take place on the first working day following accommodation.
- b) Guidance on what to record in the case notes for the 'Coming into Care Conversation' and the Assistant Director's permission to accommodate the child should be provided to staff to ensure consistency in recording.
- c) Staff should be reminded to ensure that a Placement Matching Form is updated based on the advice of the Access to Resources Team (ART) as soon as that advice is received, to ensure that the ART have the necessary information to help them find an appropriate placement that meets the needs of the child.
- d) Case workers and other relevant staff members should be reminded that they must ensure paperwork is completed accurately and respond to the ART's queries within 48 hours.
- e) Staff should be reminded that a placement planning meeting should be held within 72 hours of the placement starting and the plan recorded on the child's case file within the recording expectation timescale of five working days following the meeting.
- f) Case workers and other relevant staff members should check with the ART to see if completing the SNAP tool would be helpful so that the child's voice is captured, enabling this information to be used as part of the placement matching process.

6. Holiday Activity Food Programme

Audit Opinion: - Key Issues – Amber

Robust action plans are in place to address our recommendations as detailed below: -

- a) Consider whether, at school providers, it is necessary to check the Safeguarding Policy, Risk assessment for venues to be used, Public Liability insurance, the Policy on inclusivity and accessibility, the Safe mobile phone policy and the Safeguarding training certification.
- b) Review Public liability insurance documents received as part of the Easter 2023 applications to ensure that the appropriate £10m minimum cover requirement was met.

- c) Circulate copies of the new Terms and Conditions to appropriate team members, with any changes highlighted, to ensure the correct documentation is obtained going forward.
- d) State the amount of provider's insurance cover and the period the insurance covers on the Provider Assessment Tracker, to ensure the level of insurance in place for each provider is easily seen in one document.
- e) Ask all providers who are not on the booking system, Every Move, to submit details of the children attending their holiday club activities prior to the activities taking place to allow checks on free school meal eligibility to be made, to ensure that free holiday club places are targeted at children who are in receipt of benefits-related free school meals.
- f) Record more information to support why a child needs a free or subsidised holiday club place, to ensure that there are adequate records in place to demonstrate why free or subsidised holiday club places have been allocated to children.
- g) Remind all providers that providing data about the children attending the activities is a requirement they have signed up to and when this data needs to be received by, to ensure all data is received timely and the figures provided to the Department of Education are complete.
- h) Ensure that copies of providers' privacy notices / statements form part of the suite of required documentation provided at the application stage and check them for adherence to GDPR and data sharing.

Last due date - Sep 2023

7. myOracle – Accounts Receivable

Audit Opinion: - No opinion given

Robust action plans are in place to address our recommendations as detailed below: -

- a) Staff responsible for raising invoices should be reminded that the correct code should be obtained and used when the invoice is created. This will ensure the process is operating efficiently. If a mis-coding does occur staff need to be reminded that the override adjustments must be to the correct revenue codes, because if made to the receivable or VAT code, it results in additional time being required to sort it out, plus there is a risk that the figures in the Financial Statements could be incorrect. If mis-coding continues this should be escalated. This will ensure errors are minimised in the future.
- b) Access to the NCC Receivables Invoice system should be reviewed as soon as possible and regularly thereafter to ensure access is only provided to current users that have completed the required training. This will ensure that access is appropriate and license costs are kept to the minimum.

- c) Departments should be reminded about the importance of notifying the Cashiers Team about money expected to be received without a supporting invoice, such as grant money, to reduce the time spent by the Cashiers in obtaining this knowledge for coding of income purposes and the importance of staff responding promptly to queries made by the Cashiers Team, to avoid additional time spent by Cashiers chasing for a response. A clear escalation process should be in place to deal with untimely responses. This will ensure that queries can be dealt with efficiently and effectively.
- d) Procedures and/or guidance notes should be written for all areas in the accounts receivable process. This will ensure staff members are clear about what action is required and will support consistent application of the different processes.
- e) Determine whether myOracle can distinguish between the overpayments that are the responsibility of the raising departments and those that are the responsibility of the Accounts Receivable Team (who only deal with duplicate payments). This will ensure monitoring is effective and overpayments are dealt with in an agreed and timely way.
- f) Clear timelines for dealing with overpayments should be put in place and monitored to ensure overpayments are not held for excessive periods of time.
- g) A reminder should be issued to departments regarding their responsibilities about their role in monitoring and dealing with overpayments.
- h) Determine whether myOracle can have a tick box where an advance payment is involved. This will ensure overpayments can be easily identified.
- i) To understand whether myOracle can produce reports for unsecured debts under £25k that are over 180 days, to identify the last action taken and the date of the last invoice which should then be used to further target debt recovery/write off action for these debts. This will ensure management are aware of what actions are being taken with debts under £25k that are over 180 days and that action is in line with agreed policy.
- j) Credit Control Assistants should be reminded of the importance of ensuring adequate notes are included within the MyOracle system in respect of the information obtained and decisions made to support the action taken in recovering debt and checking that the right strategy and task is active to ensure that the right policies and timescales are applied when chasing bad debts. This will ensure the Council can demonstrate appropriate debt recovery action is being taken in line with agreed policy.

Last due date - Sep 2023

8. Governance of Major Projects

Audit Opinion: Acceptable

- a) Fifteen recommendations were made in relation to our medium priority findings.

9. Digital Dashboard for Carbon Emissions

Audit Opinion: Acceptable

- Seven recommendations were made in relation to our medium and low priority findings.
- This audit is an audit of note which the Committee may be interested in due to the interest in respect of Environmental, Social and Governance (ESG) and Climate Change developments.

10. Follow Up – Bridges

Audit Opinion: - N/a

- Significant improvements have been made to improve the control environment around the work of the Bridges Team. The original audit had 15 recommendations and work performed at the follow up audit confirmed that eight had been fully implemented and seven partially completed. The Bridges Team have since confirmed that all actions that were due by 30th June, have been completed. There is one more action to complete which is due by the end of September 2023.
- The work undertaken by the Bridges Team has focussed on the higher priority recommendations and evidence has been seen that these have been implemented.

11. Follow Up – Health and Safety Compliance Checks

Audit Opinion: - N/a

- All the recommendations were found to be implemented apart from one low rated one which was reinstated, for follow up.

B. Advisory Work

Advisory work was completed for Adult Social Services in the following areas with improvements suggested to improve controls and processes: -

- a) Care package line items
- b) Continuing health care and shared care

C. Management Letters

Management letters were issued for the following audits in quarter 4: -

- a) Thematic School Audit – Payments to Individuals and Staff

D. Norfolk Pension Fund

1. New Custodian Northern Trust relationship

Audit Opinion: Acceptable

- a) No recommendations were made.

2. Pension Fund Governance & National LSPS Frameworks

Audit Opinion: Acceptable

- a) Three recommendations were made for our low priority findings.

E. Traded Full School Audits

Audits have been completed at the following schools: -

- a) Great Massingham & Harpley CE Schools Federation
- b) Federation of Spixworth Schools
- c) Mulbarton Primary School
- d) Blue Sky Federation (Erpingham VA CE & North Repps Primary Schools)
- e) Hevingham and Marsham Primary School Partnership
- f) Hive Federation (Brundall and St William's Primary Schools)

All grants certified for the year up to the quarter ending 30th June 2023

LGA	EU	Other
Fire (July 22)	PROWAD (P/e Jul 22) & (Dec 2022)	Norse (P/e March 22)
Transforming Care (June 22)	FACET (P/e May 22)	Supported Families (P/e Jun 22)
CES (September 22)	Mobi-Mix (P/e May 22)	Supported Families (P/e Sep 22)
LA Bus Subsidy (September 2022)	Monument (P/e May 22)	Police & Crime Panel (P/e March 22)
LGA Covid Recovery Fund – community Testing	Mobi-Mix (P/e Sept 22)	Sheringham Community Primary School – Teaching School Core Grant
Traffic Management (September 2022)	Monument (P/e Nov 22)	Police & Crime Panel (P/e August 2022)
Dedicated Home to School and College Transport	Catch (Final claim P/e Nov 22)	BDUK (Q4 2021/22) & (Q1 – 2 2022/23)
Disabled Facilities Grant (Oct 2022)	FACET (P/e Nov 22)	Norse (P/e Sept 22)
Air Quality Grant	FACET OTS	Supported Families (P/e Dec 22) & (March 2023)
Biodiversity Net Gain Grant 2022/23	Mobi-Mix OTS	16-19 EFSA Funding
Adult Weight Mgmt (June 2022)	Monument OTS	ZEBRA
Test & Trace (June 2022)	Endure OTS	
Local EV Infrastructure Fund Capability Revenue and Capital 2022		
Local Full Fibre Network (Final Claim)		

1	<p>The Chief Audit Executive (CAE) must document the team's improvement programme, recording actions for improvement identified by the team, stakeholders, the regular internal assessments, periodic self-assessments, and this external assessment.</p>	<p>An improvement programme (starting with our detailed action plan from the EQA recommendations) has been developed as an ongoing improvement plan to canvas, consider and set out improvement activity. This will be monitored by the management team and progress reported to the Committee. Completed but ongoing.</p>
2	<p>The CAE should consider developing further KPIs, perhaps in the form of a Balanced Scorecard, to capture broader aspects of NAS performance for internal management and external reporting purposes.</p>	<p>The Team's KPI's will be developed further to support performance monitoring for internal management and external reporting - 30 April 2023. The current operational ones, client satisfaction, issue of draft reports, audit budgets and the implementation of recommendations, have since been put into a PBI dashboard report, making updating and monitoring easier for both the management, the Team and the Committee.</p> <p>This will be monitored by the management team quarterly, and progress reported to the Committee quarterly where relevant or annually – ongoing.</p>
3	<p>The CAE should reinstate periodic self-assessments and undertake these more regularly to add value to NAS. These should form part of a documented schedule for the quality assurance and improvement programme</p>	<p>A documented schedule for the quality assurance and improvement programme (including cold file reviews and self -assessments) will be established by the end of 2023.</p> <p>Actions from these activities will be added to the improvement plan. This will all be monitored by the management team quarterly and progress reported to the Committee annually - ongoing.</p>

4	The CAE should undertake periodic cold file reviews as part of the periodic self-assessment	As per 3. above.
5	The CAE should develop a proportionate approach to assurance mapping, coordination and - where appropriate - reliance, to enhance the team's risk-based planning, delivery and the effectiveness of assurance provided to key stakeholders.	<p>A proportionate approach to assurance mapping, coordination and - where appropriate - reliance, to enhance the Team's risk-based planning, delivery and the effectiveness of assurance provided to key stakeholders will be established. This will focus initially on the significant corporate risks, establishing dialogue with Executive Directors, to support assurance mapping and will start in Q4 of this year, 2023.</p> <p>This will be monitored by the management team and progress reported to the Committee through the Audit Plan – ongoing.</p>

Data Analytics Strategy

1. Introduction

- 1.1 In accordance with Public Sector Internal Auditing Standards (PSIAS), “In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.’ Our Plan on a Page also has an action ‘Greater use of data analytics within our audit work to provide larger coverage’.
- 1.2 Data analysis, as used by internal auditors, is the process of identifying, gathering, validating, analysing, and interpreting various forms of data within an organisation.
- 1.3 There is increasing pressure to do more with less. To accomplish this, the current focus of many audit teams is to enhance the quality of their work and effectiveness of the department using technology like data analytical tools.
- 1.4 Data analytics is also increasingly being considered as a major capability for internal audit, but it is not new and within auditing, organisations having been using data analytical tools like IDEA, ACL for a while to identify duplicates, gaps, exceptions and trends.
- 1.5 The NAS Team have already started to data analytical techniques and have moved towards analysing data in their audits using MS PowerBi. The next stage is to develop a strategy for data analytics, to formulate its use over the coming years in audits and in the formulation of the audit plan.

2. Where are we now

- 2.1 The NAS Team were all trained in October 2022 in how to use PowerBi to analyse data and visualise the results in a graphic form.
- 2.2 Our Terms of Reference have standard paragraph detailing that we will consider how we can make use of data analytics tools such as MS Excel and PowerBi in our audit testing.
- 2.3 All the Executive Directors have approved ongoing access to data in all the County Council systems for data analytic purposes for our audit, anti-fraud and wider analytical review work.
- 2.4 In recent audits, we have used MS PowerBi to select more informed samples for testing and for some audit tests.
- 2.5 The table below details our self-assessment of where are against the metrics of DA Tools, People, Data Access, Governance, and the End State of Use. The blue shaded cells indicate our self-assessment.

Current Assessment State: -

	Level 1	Level 2	Level 3	Level 4
DA Tools	No tooling	MS Excel, MS PBI	ACL, IDEA, Arbutus	AI or own tool developed
People	No skills	Limited capability and understanding	Team wide capability and understanding	Dedicated Person or Team
Data Access	Only after requested during fieldwork	Thought given ahead of time in planning phase	Data across NCC, accessible on demand and collaboration with I&A Team	Example DA scripts developed and maintained
Governance	No strategy, no goals or objectives	Objectives/goals with KPIs and monitoring	DA methodology implemented in terms of procedures and practices	QA activities encompass DA oversight
State use	No use in audits	Adhoc use in audits	Data driven audit plan	Automated audit routines and continuous auditing

3. Where do we want to be

3.1 The current state assessment above and our SWOT analysis below enables us to determine a sensible future assessment state also shown below and indicated by the green square outlines in the table.

SWOT Analysis: -

STRENGTHS	WEAKNESSES
Audit Committee and ED buy-in PBI tool available to all I&A Team at NCC Standing of IA in NCC	Access to data Speed of getting data due to time pressure on staff Where NCC is with using PBI and data sharing

OPPORTUNITIES	THREATS
Enable continuous auditing Better messaging in IA reporting Shared / closer working with I&A Team	Staff take up, ability to use and the big learning curve – speed to understand and use efficiently Funds to purchase additional aspects of TM+

Future Assessment State

	Level 1	Level 2	Level 3	Level 4
Tooling	No tooling	MS Excel, MS PBI	ACL, IDEA, Arbutus	AI or own tool developed
People	No skills	Limited capability and understanding	Team wide capability and understanding	Dedicated Person or Team
Data Access	Only after requested during fieldwork	Thought given ahead of time in planning phase	Data across NCC, accessible on demand and collaboration with I&A Team	Example DA scripts developed and maintained
Governance	No strategy, no goals or objectives	Objectives/goals with KPIs and monitoring	DA methodology implemented in terms of procedures and practices	QA activities encompass DA oversight
State use	No use in audits	Adhoc use in audits	Data driven audit plan	Automated audit routines and continuous auditing

3.2 From our future assessment state, we have determined our goals for years 1, 2 and 3.

4. Our goals

In 1 year (2023/24)

1. To establish team wide knowledge and skills in the use of PBI for analysing data for audits and soft skills to effectively communicate, articulate and visualise insights gained from the analysis to stakeholders.
2. The Team to consider how to use data analytics in the planning phase through to the audit programme phase of audits and use where relevant.
3. To prepare the way for Year 2 goal of where all audit topics will be driven by data analytics and data dashboards unless agreed by NAS Management Team.
4. To engage with the Insights & Analytics Team to establish collaboration and assistance on data access and data analytics for audit work so we can access and assess or map other party's data analytics or data for audit and investigative work.
5. To establish some initial KPIs for data analytics.
6. To link this strategy to our procedures and our investigations approach.

In 2 years (2024/25)

1. Majority of audit topics driven by data analytics and data dashboards unless agreed by NAS Management Team.
2. Team using data analytics as first port of call for all testing. Test Sheets explain why data analytics not used.
3. Develop more meaningful KPIs developed for data analytics.

In 3 years (2025/26)

1. Data driving audit topics in all areas where relevant.
2. Data analytics embedded in all audit testing.
3. Team fully confident and comfortable with using MS PowerBi to analyse data.

5. Our KPIs

1. # of people confident in use of MS PBI (Adding data to PBI, formatting data, doing IF calculations and other basic calculations, doing measures, completing visuals and formatting them) (Target - 100%)
2. % of audits where data analytics was used (in testing or population analysis for sample selection or to inform questions for audit) (Target – 75% year 1)
3. # of issues found using data analytics (No target)

Audit and Governance Committee

Item No: 7

Report Title: Governance, Control and Risk Management of Treasury Management 2022-23

Date of Meeting: 25 July 2023

Responsible Cabinet Member: Cllr Andrew Jamieson (Deputy Leader and Cabinet Member for Finance)

Responsible Director: Harvey Bullen (Director of Strategic Finance)

Is this a Key Decision? Yes / No

If this is a Key Decision, date added to the Forward Plan of Key Decisions:

Executive Summary / Introduction from Cabinet Member

As part of its terms of reference, the Committee has responsibility to “consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice”.

The purpose of this report is to provide assurance to the Committee as to the adequacy and effectiveness of these arrangements. This report demonstrates that appropriate arrangements are in place, reflecting best practice and can assure the Committee that there are effective governance, control and risk management arrangements in respect of Treasury Management.

Recommendations:

1. To consider and agree this report, which provides assurance to the Audit and Governance Committee as to the adequacy and effectiveness of the governance, control and risk management arrangements for Treasury Management.

1. Background and Purpose

- 1.1. Treasury management in local authorities is tightly regulated. Specific policy and operational guidance on governance, control and risk management is contained within professional codes of practice, with overarching statutory and regulatory guidance drafted by Government. This framework of regulation and codes of practice provides the basis for the governance and reporting of treasury management activities in local authorities.
- 1.2. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) defines treasury management activities as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 1.3. Statutory and regulatory guidance is provided by the Local Government Act 2003 and the Government’s Investment Guidelines 2010 (Revised). Codes of best practice include the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and the Prudential Code. The Council adheres to all these in the way it manages its treasury services.
- 1.4. CIPFA’s Code of Practice for Treasury Management in the Public Services (the Code) recommends the adoption of four key clauses as part of financial regulations and procedures. CIPFA’s latest version of the Code was released in December 2021. The main changes to the updated Treasury Management Code are as follows:
 - Investment management practices and other recommendations relating to non-treasury investments should be included within the Treasury Management Practices (TMPs)
 - The Liability Benchmark has been introduced as a new Treasury Management Indicator to be reported by local authorities on a quarterly basis
 - Environmental, Social and Governance (ESG) risks are incorporated into the TMP1 (Risk Management) and TMP 13 has been removed
 - The purpose and objective of each category of investments should be described within the Treasury Management Strategy.
- 1.5. These changes will be fully implemented in financial year 2023-24 and local authorities are encouraged to begin implementing these provisions in the 2022-23 financial year. So the Council has reflected these changes in its 2023-24 Treasury and Investment Management Strategy paper.
- 1.6. The specific clauses and policy statements which the County Council adopted in February 2010 as part of its financial regulations and procedures remain materially the same. These recommended clauses are incorporated in Section 4.7 of the Council’s Financial Regulations.

- 1.7. Complementary to the CIPFA Treasury Management Code, the Department of Levelling Up Housing and Communities',(DLUHC's) Investment Guidelines require the full Council to approve an Annual Investment Strategy and an Annual Capital Strategy.
- 1.8. In December 2008, Cabinet approved the establishment of a cross-party Member Panel with specific responsibilities for Treasury Management. The Panel's responsibilities include:
 - Consider and comment on the draft Annual Investment and Treasury Strategy prior to its submission to Cabinet and full Council.
 - Receive detailed reports on the Council's treasury management activity, including reports on any proposed changes to the criteria for "high" credit rated institutions in which investments are made and the lending limits assigned to different counterparties.
 - Receive presentations and reports from the Council's external Treasury Management advisers.
 - Consider the draft Treasury Management Annual Report and Mid-Year Monitoring Report prior to their submission to Cabinet and full Council.
- 1.9. Following a full tender process in 2019, Link Asset Services were engaged for 8 years from 1 September 2019 as the Council's Treasury Management adviser, with the option to extend the contract for a further 2 years.

2. Proposal

- 2.1. The Audit Committee is requested to consider and agree this report which provides assurance to the Committee as to the adequacy and effectiveness of the governance, control and risk management arrangements for Treasury Management

3. Impact of the Proposal

- 3.1. The County Council's treasury management operations form an important part of the overall financial management of the authority. These operations are designed to comply with statutory and regulatory requirements, including appropriate Member scrutiny and reporting.

4. Evidence and Reasons for Decision

- 4.1 An "Annual Investment and Treasury Strategy 2022-23" was approved by the Cabinet on 31 January 2022 and then County Council on 21 February 2022,

to coincide with the Council's annual budget proposals. Prior to consideration by Cabinet, the Strategy had been discussed and approved by the Treasury Management Panel.

- 4.2 The Annual Strategy report provided interest rate forecasts, the Council's borrowing strategy, criteria for choosing investment counterparties, monetary limits and deposit periods, and capital and treasury management prudential indicators. The strategy also incorporates the Council's minimum revenue provision (MRP) policy which sets out how the Council will set aside monies for the repayment of debt.
- 4.3 During financial year 2022-23, the County Council met the reporting requirements of the CIPFA Treasury Management Code by receiving:
- annual report following the year-end describing activity (Cabinet 6 June 2022 and County Council 19 July 2022)
 - a mid-year treasury update report (Cabinet 5 December 2022)
 - an annual treasury strategy in advance of the 2023-24 financial year (Cabinet 30 January 2023 and County Council 21 February 2023).

To aid transparency most of these reports were presented as agenda items and reports in their own right, rather than as appendices to other reports.

- 4.4 Following this financial year-end, the "Annual Treasury Management Report 2022-23" was approved by the Treasury Management Panel on 19 May 2023 and Cabinet on 5 June 2023 and will be presented to County Council in July 2023.
- 4.5 The Annual Report reviews treasury activities undertaken in the previous 12 months (April to March) and contains details of performance against key treasury management indicators and budgets. It also provided confirmation that all treasury investment during the year was in accordance with the approved investment criteria.
- 4.6 The Council incorporates the governance requirements of the CIPFA Treasury Management Code and the MHCLG Investment Guidelines relating to "non-treasury investments" into its Treasury Management reports. A summary of non-treasury investments (including loans to subsidiaries) is included along with a short commentary on the proportionality of these investments in the context of the Council's capital programme and revenue budgets
- 4.7 In addition, following changes to the Public Works Loan Board (PWLB) lending arrangements in November 2020. The local authority s151 officer must provide annual confirmation that there is no intention to purchase

investment assets primarily for yield at any point in the next three years. Schemes approved in the Council's capital programme are all within Norfolk and relate to policy initiatives such as economic development. There are no schemes which include the purchase of assets primarily for yield.

- 4.8 Through 2022-23, the Treasury Management Panel provided scrutiny of treasury activity. Reports to Cabinet are amended where appropriate to incorporate comments or views expressed by the Panel. There are no outstanding actions or recommendations from meetings of the Panel during 2022-23.
- 4.9 The Panel received training in December 2022 in the form of a presentation from Link Group, the Council's external treasury advisors. This covered the general treasury management environment, the economic outlook and impact of the cost of living crisis and the Russia-Ukraine conflict, review of borrowing options following the continued rise in PWLB interest rates and the Bank of England Base Rate forecast for 2022-24+.
- 4.10 In addition to the specific treasury management reports, throughout 2022-23 Cabinet received regular short treasury management summaries within monthly Finance Monitoring reports. These provided key treasury management information such as the levels of cash balances.
- 4.11 The County Council's external auditor (Ernst & Young) performs audit tests in order to inform their annual audit of the Council's Statement of Accounts. For example, they seek independent verification of material investment and debt balances.
- 4.12 Transaction testing of key controls is supplemented by a triennial full internal audit review, supplemented by further work if significant changes to systems or processes are identified. The full triennial internal audit review was undertaken in 2021, with a final report issued on 24 March 2021. One low priority finding was identified, and action taken to address this by updating the Risk Register for Treasury Management for mitigating actions taken to date.

5. Alternative Options

- 5.1 In order to comply with best practice and Codes of Practice, no viable alternative options have been identified.

6. Financial Implications

- 6.1 The expenditure and income relating to treasury management activities falls within the parameters of the Annual Budget agreed by the Council.

7. Resource Implications

- 7.1 There are no direct staff, property or IT implications arising from this report.

8. Other Implications

8.1 Legal Implications:

None identified.

8.2 Human Rights Implications:

None identified

8.3 Equality Impact Assessment (EqIA) (this must be included):

No issues or implications identified. An overall summary Equality and rural impact assessment report is included on page 305 of the Monday 21 February 2022 Norfolk County Council agenda. [CMIS > Meetings](#)

The Council is maintaining a dynamic [COVID-19 equality impact assessment](#) to inform decision making during the pandemic.

8.4 Data Protection Impact Assessments (DPIA):

DPIA is not required as the data reported in this paper does not drill down to the personal data level.

9. Risk Implications / Assessment

(This must be included in decision-making Cabinet reports only)

- 9.1 In December 2021, CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code. These revisions have particularly focussed on non-treasury investments including, for example, capital loans and property investments. Full implementation of the new Code will be required in 2023-24 and will feature in Treasury Management Reports accordingly.
- 9.2 The Council's treasury management operations have been carried out in accordance with best practice and in compliance with legislative and regulatory requirements. Although there have been some practical changes resulting from remote working, such as the acceptance of e-mail authorisations in place of

handwritten signatures, the Banking and Treasury Team have maintained a full service throughout the year with the same level of authorisation, reconciliation and control.

- 9.3 The Russian-Ukrainian war, fuel shortages and the cost-of-living crisis have resulted in a sustained period of rising inflation in 2022-23. This in turn has caused the Bank of England to increase interest rates in the period covered by this report. In addition, due to patterns of expenditure and government grants, cash-flow forecasting has been more uncertain. However, this has not changed the Council's investment strategy: as in previous years, a balance is maintained with the Council's bank with investments currently with UK retail banks, UK money market funds, or UK local authorities.
- 9.4 The Bank of England Base Rate was increased from 0.75% in April 2022 to 4.25% in March 2023. The base lending rate is forecasted to increase to over 5.5% in the coming year. Returns on the investment of surplus cash are forecast to increase, but interest payable on new loans will also increase.
- 9.5 Changes to IFRS 16 (the financial accounting standard relating to leases), mean that the Council has to bring operating leases and other "right of use" arrangements, including "embedded leases", onto its balance sheet from April 2024, the start date being deferred to in March 2022 by a year. This will affect the Council's statement of accounts and will increase the Council's stated capital financing requirement. However, it is not likely to alter financing decisions or impact the Council's general fund.
- 9.6 The Council's Financial Regulation and Procedures have specific sections dedicated to Treasury Management (sections 4.7 and C7 respectively). They set out the key controls and specific responsibilities of the Statutory Finance Officer (Director of Strategic Finance) and the other Chief Officers. The regulations and procedures are reviewed and updated annually.
- 9.7 The Finance Management Team is responsible for maintaining a departmental risk register. There are currently no "High" risks identified relating to Treasury Management activities.

10. Select Committee Comments

None.

11. Recommendations

Recommendations are set out in the introduction to this report.

12. Background Papers

None.

Officer Contact

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

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Audit and Governance Committee

Item No:

Report Title: Risk Management Quarterly report (ended 30th June 2023) and Annual Report 2022-23

Date of Meeting: 25th July 2023

Responsible Cabinet Member: N/A

Responsible Director: Harvey Bullen, Director of Strategic Finance (section 151 Officer), Finance

Is this a Key Decision? No

Executive Summary

Risk management contributes to achieving corporate objectives, the Council's key priorities and strategy Better Together, For Norfolk, and is a key part of the performance management framework. The responsibility for an adequate and effective risk management function rests with the Cabinet, supported by portfolio holders and delivered by the risk owners, reviewers and Risk Management Officer as part of the risk management framework.

Over the course of the financial year 2022/23, Norfolk County Council has continued to ensure that the risks to the delivery of its strategic objectives have continued to be appropriately managed in accordance with the Council's Risk Management Framework. This fulfils both the Financial Regulations, as set out in the Council's [Constitution](#) (Part 11 C), and the Accounts and Audit (England) Regulations 2015 (as amended in 2020) (Part 2, Internal Control 3(c)) and the Public Sector Internal Audit Standards, for having appropriate risk management arrangements in place for the organisation.

The annual report (**Appendix D**) sets out the key messages for risk management from the last financial year and also looks at this current financial year for the Risk Management Function.

This quarterly report references Norfolk County Council's corporate risk register as it stands in July 2023, using risk data that was presented within the risk management report to Cabinet in July 2023.

This report sets out the key corporate risk management messages, agreed at the July 2023 Cabinet meeting following the review of corporate risks over the first quarter of 2023/24. Corporate risks continue to be monitored and treated appropriately in line with the Council's risk management framework and the Full Council-agreed strategy 'Better Together, For Norfolk'.

A summary of significant changes to corporate risks since they were last reported to this Committee has been included in **Appendix A** for information purposes. The latest corporate risk heat map for the corporate risk register is included in **Appendix B** providing a visual summary of corporate risks, and has been extended to show the Red, Amber, Green (RAG) status of each risk. Full details of the current corporate risks are included in **Appendix C**, including further explanation on risk scoring. The Annual Report for 2022/23 is presented at **Appendix D**.

Recommendations:

To consider and agree the latest:

- a. key messages as per paragraphs 2.1 and 2.2 of this report
- b. key changes to the corporate risk register (**Appendix A**);
- c. corporate risk heat map (**Appendix B**);
- d. corporate risks as at July 2023 (**Appendix C**);
- e. key messages from the Annual Risk Management 2022/23 Report (**Appendix D**);
- f. information in this report is sufficient.

1. Background and Purpose

1.1 One of the Committee's roles is to consider the effectiveness of the Council's risk management. The purpose of this report is therefore to provide assurance on the effectiveness of risk management and the corporate risk register as a tool for managing the biggest risks that the Council faces, helping the Committee undertake some of its key responsibilities. Risk management contributes to achieving corporate objectives and is a key part of the Council's performance management framework.

1.2 The Council's corporate risks were last reported to, and agreed by, Cabinet on 3rd July 2023. Prior to reporting these risks, they have been reviewed and updated wherever there is additional mitigation progress or additional risk information to report by risk reviewers on behalf of the risk owners.

2. Proposal

2.1 The key general risk messages are as follows:

- The overall opinion on the effectiveness of Risk Management for 2022/23 is 'Acceptable' and therefore considered 'Sound' (part 3 of **Appendix D**), working to best practice, and continues to support the Council's strategic objectives.
- The review and updating of corporate risks has taken place with risk owners and reviewer's input
- The Risk Management Function complies with the Accounts and Audit (England) Regulations 2015 (as amended in 2020) and recognised Public Sector Internal Audit standards
- The Annual Governance Statement for 2022/23 refers to this report and will be reported to the Audit and Governance Committee for its approval once it has been audited
- This risk management report should be read in conjunction with the performance and finance reports.

2.2 The key specific corporate risk messages are as follows:

Risk score changes

RM031 - NCC Funded Children's Services Overspend.

The current score has decreased from 25 to 20, on the basis of additional money received by the Children's Services department. The likelihood score has been lowered from 5 to 4.

RM010 - Loss of key ICT systems

The current score of this risk has been slightly increased to reflect that the impact of this risk materialising and NCC encountering a loss of a key ICT system would be major, not moderate. The impact score has been adjusted from a 3 (moderate impact) to a 4 (major impact) accordingly.

Risk re-scope

RM027 – myOracle

This risk is being re-scoped, moving away from treating the risk of non-implementation of myOracle to cover the risk of inefficient processes and system usage.

Risk title changes

RM022b - Replacement EU Funding for Economic Growth

The risk title has changed from EU Transition to Replacement of EU Funding for Economic Growth.

RM036 - Non-Delivery of the NCC Environmental Policy

The risk title has changed from Environmental Policy to Non-Delivery of the NCC Environmental Policy.

Cabinet Portfolio Holder Changes

All corporate risks have been updated to reflect the new Cabinet risk portfolio holders.

Further information on the specific proposed risk changes listed above in 2.2 can be found in **Appendices A and C**.

3. Impact of the Proposal

- 3.1 Risk management plays a key role in managing performance and is a requirement in the Accounts and Audit Regulations 2015 (amended 2020). Sound risk management helps ensure that objectives are fulfilled, that resources and assets are protected and used effectively and efficiently. The responsibilities for risk management are set out in the Financial Regulations, which are part of the Council's Constitution.
- 3.2 Details of the proposals above in 2.2. can be viewed in **Appendix A**, offering further rationale and impact of the proposals.

4. Evidence and Reasons for Decision

- 4.1 Not applicable, as no decision is being made.

5. Alternative Options

- 5.1 There are no alternative options identified.

6. Financial Implications

- 6.1 There are financial implications to consider, which are set out within the risks at **Appendix C**. The budget for this financial year 2023-24 was set and agreed by Full Council in February 2023, following consultation. Mitigations supporting the controlled treatment of the risk of the potential failure to manage significant reductions in local and national income streams are set out in risk **RM002 - Income streams**, and the corporate risk covering the impact of rising inflation is covered in risk **RM035 - Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets**.

7. Resource Implications

- 7.1 **Staff:** There are staffing resource implications to consider as part of risk **RM029 - Critical skills required for the organisation to operate effectively.**
- 7.2 **Property:** There is ongoing work to identify and implement opportunities to reduce our carbon footprint throughout our corporate property portfolio.
- 7.3 **IT:** The Council's Digital Services (previously Information Management) team are continuing to closely monitor cyber security threat levels with the current geo-political situation in Ukraine, and continue to roll out the technology advances that are helping Members and officers to carry out their duties effectively from home as well as Council offices

8. Other Implications

- 8.1 **Legal Implications:** There are no specific legal implications to consider within this report.
- 8.2 **Human Rights Implications:** There are no specific human rights implications to consider within this report.
- 8.3 **Equality Impact Assessment (EqIA) (this must be included):** None applicable.
- 8.4 **Data Protection Impact Assessments (DPIA):** None applicable.
- 8.5 **Health and Safety implications (where appropriate):** There are no new health and safety implications to consider
- 8.6 **Sustainability implications (where appropriate):** There are no specific sustainability implications to consider within this report other than to note corporate risk **RM036 – Non-delivery of the NCC Environmental Policy** covering the risk of not delivering the key objectives of the NCC environmental policy, which incorporate sustainability.
- 8.7 **Any Other Implications:** There are no other risk implications to consider within this report that are not already addressed.

9. Risk Implications / Assessment

- 9.1 The risk implications are set out in the report above, and within the risks themselves at **Appendix C**.
- 9.2 The council's Risk Management Policy and accompanying procedures will shortly be reviewed to ensure they are refreshed as appropriate to continue to reflect industry best practice. Both the policy and procedures will be reported as part of the risk management report to Cabinet and the Audit Committee in due course.

10. Select Committee Comments

10.1 There are no recent risk-based comments from the Select Committee to report.

11. Recommendations

Recommendations:

To consider and agree the latest:

- key messages as per paragraphs 2.1 and 2.2 of this report
- key changes to the corporate risk register (**Appendix A**);
- corporate risk heat map (**Appendix B**);
- corporate risks as at July 2023 (**Appendix C**);
- information in this report is sufficient.
- key messages from the Annual Risk Management 2022/23 Report (**Appendix D**):

12. Background Papers

12.1 The [Cabinet Risk Management Report of July 2023](#) (pp. 123-174)

Officer Contact

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

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The explanation for the key changes to corporate risks is as follows;

Risk score changes

RM031 - NCC Funded Children's Services Overspend.

The current score has decreased from 25 to 20, on the basis of additional money received by the Children's Services department.

There are two elements to this risk, covering internal risk that is within the council's control to treat (reduce), and external risk that is service demand-led and tolerated (accepted) as being outside of Norfolk County Council's direct control.

RM010 - Loss of key ICT systems

There is a slight increase to the current score of this risk to reflect that the impact of this materialising and NCC encountering a loss of a key ICT system would be major, not moderate. The impact score has been adjusted from a 3 (moderate impact) to a 4 (major impact) accordingly.

Risk scope change

RM027 – myOracle

The above risk is being re-scoped, moving away from treating the risk of non-implementation of myOracle. Now that myOracle has been delivered, RM027 is being adapted to now reflect the residual risk of inefficient processes and system usage potentially stemming from a lack of knowledge of how the new HR and Finance system should work. Finance & Payroll elements are now working effectively and the scope of the risk is reduced to HR and self-service elements only.

Risk title changes

RM022b - Replacement EU Funding for Economic Growth

The risk title has been changed from EU Transition to Replacement of EU Funding for Economic Growth.

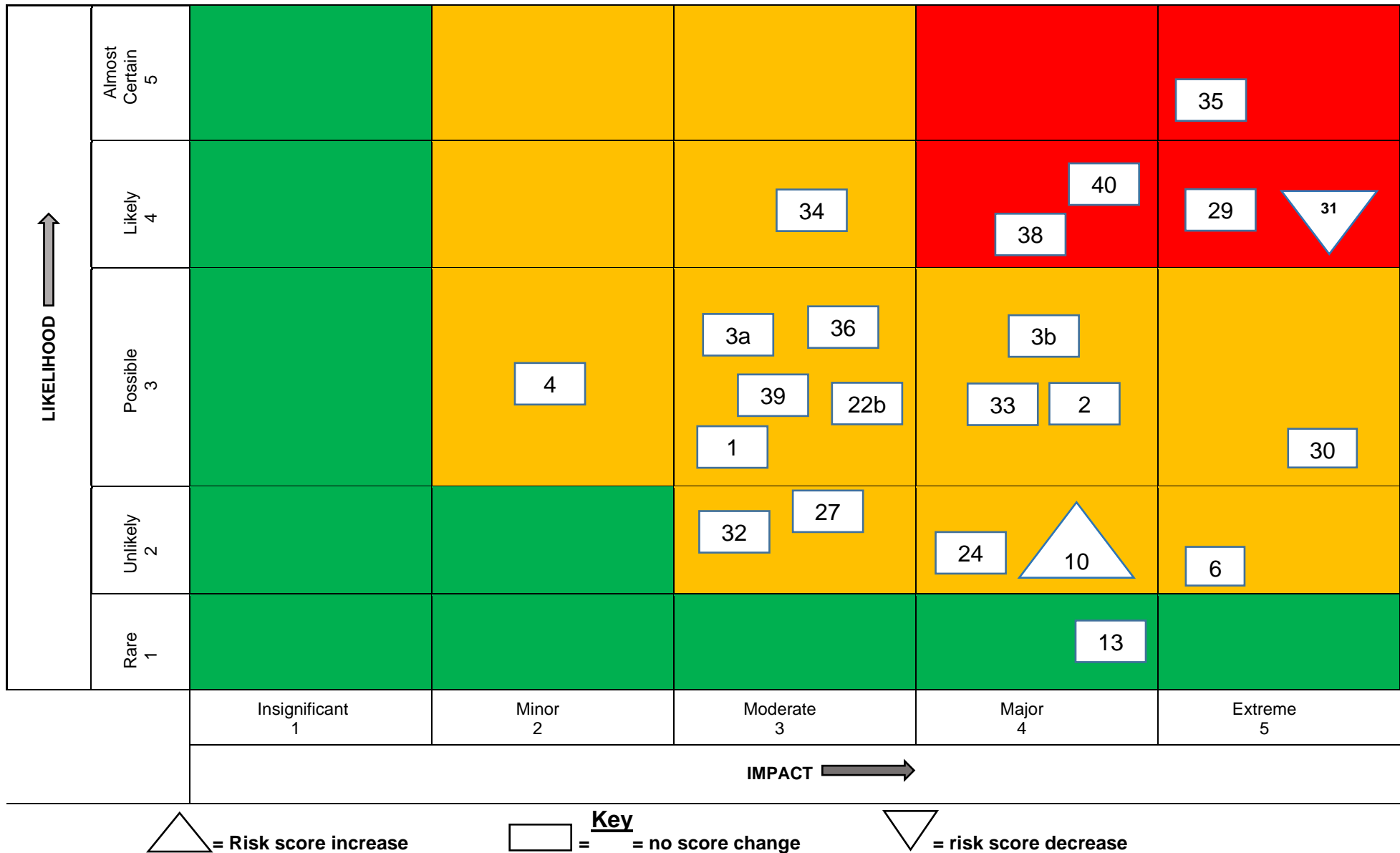
RM036 - Non-delivery of the NCC Environmental Policy

The risk title has been changed from Environmental Policy to Non-Delivery of the NCC Environmental Policy.

Cabinet Portfolio Holder Changes

All corporate risks have been updated to reflect the new Cabinet risk portfolio holders.

Corporate Risks - Heat Map



Each corporate risk is assigned a unique risk number to be able to easily identify it. These can be seen in the heat map above.

Red Rated Risks

Risk Number	Risk Title	Score
RM035	Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets	25
RM029	Critical skills required for the organisation to operate effectively	20
RM031	NCC Funded Children's Services Overspend	20
RM038	ASSD Recovery from the Covid-19 pandemic	16
RM040	ASSD assurance implementation	16

Amber Rated Risks

Risk Number	Risk Title	Score
RM030	Non-realisation of Children's Services Transformation change and expected benefits	15
RM002	Income streams	12
RM003b	Information and cyber security requirements	12
RM033	Norwich Western Link Project	12

RM034	Supply Chain Interruption	12
RM006	Service Delivery	10
RM001	Infrastructure funding requirements	9
RM003a	Information compliance requirements	9
RM022b	Replacement EU Funding for Economic Growth	9
RM036	Non-delivery of the NCC Environmental Policy	9
RM039	ASSD financial, staffing & market stability impacts due to implementation of social care reform	9
RM010	Loss of key ICT systems	8
RM024	Great Yarmouth Third River Crossing (3RC)	8
RM027	myOracle	6
RM032	Capacity to manage a large or multiple incidents or disruptions to business	6
RM004	Contract management for commissioned services.	6

Green Rated Risks

Risk Number	Risk Title	Score
RM013	Governance protocols for entities controlled by the Council.	4

Risk Number	RM001		Date of update		06 June 2023					
Risk Name	Infrastructure funding requirements									
Portfolio lead	Cllr. Graham Plant			Risk Owner	Tom McCabe					
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk of not realising infrastructure funding requirements to achieve the infrastructure ambition of the Business Plan. 1) Not securing sufficient funding to deliver all the required infrastructure for existing needs and planned growth leading to: • Congestion, delay and unreliable journey times on the transport network • A lack of the essential facilities that create attractive conditions for business activity and investment, and sustainable communities, including good connectivity, public transport, walking and cycling routes, open space and green infrastructure, and funding for the infrastructure necessary to enable the county council to perform its statutory responsibilities, eg education. Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	3	9	3	2	6	Mar-24	Amber
Tasks to mitigate the risk										
<p>1.1) Work with other county council officers and partners including government, local enterprise partnerships and district councils to compile evidence and the case for investment into infrastructure in order to achieve success through bidding rounds for capital investment.</p> <p>1.2) Identify and secure funding including Pooled Business Rates (PBR) to develop projects to a point where successful bids can be made for funding through compiling evidence and cases for investment.</p> <p>1.3) Engage with providers of national infrastructure – National Highways for strategic (trunk) roads and Network Rail for rail delivery – to ensure timely delivery of infrastructure projects, and work with partners on advocacy and lobbying with government to secure future investment into the networks.</p> <p>1.4) Review Planning Obligations Standards annually to ensure the county council is able to seek and secure the maximum possible contribution from developers.</p> <p>1.5) Continue to build the relationship with strategic partners including elected representatives, government departments, local enterprise partnerships, regional bodies such as Transport East (the Sub-National Transport Body) and other local authorities to maximise opportunity and work together in the most effective joined-up manner.</p> <p>1.6) Periodically review timescales for S106, and other, funding contributions to ensure they are spent before the end date and take action as required. Periodic reviews for transport contributions and an annual review process for library and education contributions.</p> <p>1.7) Manage risk RM033, Norwich Western Link.</p>										
Progress update										

Progress update

1.1) Working with Transport East on strategic ambitions including on current projects and our intentions on developing future programmes.

NWL (See RM033): Outline Business Case (OBC) submitted to DfT for approval at end of June 2021. Awaiting funding confirmation.

Long Stratton Bypass: OBC approved by government July 2021. Revised planning applications from developers submitted. Issue of nutrient neutrality resolved.

West Winch Housing Access Road: Government progression to the next stage received 7 July 2022. DfT will make a contribution of £698,000 towards the costs of developing an OBC in line with our funding request.

A47/A17 Pullover Junction King's Lynn: Draft Strategic Outline Case received from WSP. Has been reviewed and progression to the next stage will now be the subject of member decision-making.

Working with partners: Continuing to work with districts and other partners on a range of infrastructure projects.

1.2) PBR funding secured for various projects including Norwich Western Link, West Winch Housing Access Road and A47/A17 Pullover Junction (see 1.1). Govt funding secured includes: £0.5m zero emission transport cities, £50m Bus Service Improvement Plan, further £0.7m via Active Travel Fund received in January. County levelling-up bid for Southgates, King's Lynn submitted. Awaiting announcement.

1.3) Secretary of State granted Development Consent Orders for dualling A47 Blofield to Burlingham, N. Tuddenham to Easton and Thickthorn. JR Hearing scheduled 10, 11 May

A47 Alliance Task and Finish Group is developing a programme of advocacy in the run-up to RIS3 decision.

Discussing strategic ambitions with partner authorities on the Alliance

Continuing to work with partners on Norwich to London rail, Ely Task Force and East West Rail Main Line Partnership. Working with Transport East on Transport East Rail Plan

Working with National Highways to deliver improvements at Harfreys Roundabout ahead of completing 3RC

1.4) Officers will continue to update annually the County Council's Planning Obligations Standards (2022) to ensure the council is able to seek and secure the maximum possible contribution from developers. The next update/review will begin later in the year and will need to take into account the recent significant increases in build costs associated with schools and libraries. The updated Standards will need to be agreed by members in early 2023.

1.5) Continuing to work with Transport East: Transport strategy endorsed by NCC Cabinet in November. Working with TE on additional workstreams initiated following three-year funding settlement from DfT. Liaising and attending various wider partnership groups including with DfT, Network Rail and National Highways on strategic road and rail schemes

1.6) Officers have introduced a new system of monitoring known as the Infrastructure Funding Statement (IFS) to comply with the 2010 Community Infrastructure Levy (CIL) Regulations (as amended in September 2019). This will ensure monitoring is effective, transparent and up to date. The County Council will publish its updated IFS later in the year (December) in line with the above CIL Regulations.

1.7) See risk RM033, Norwich Western Link.

Risk Number	RM002		Date of update		16 May 2023					
Risk Name	Income streams									
Portfolio lead	Cllr. Andrew Jamieson			Risk Owner	Harvey Bullen					
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk of failure to manage significant reductions to, or insufficient increases in, local and national income streams. This may arise from global or local economic circumstances (i.e. rising inflation), and/or government policy on public sector budgets and funding. As a result there is a risk that the Medium Term Financial Strategy savings required for 2023/24 to 2026/27 are not delivered because of uncertainty as to the scale of savings resulting in significant budget overspends, unsustainable drawing on reserves, and severe emergency savings measures needing to be taken. The financial implications are set out in the Council's Budget Book, available on the Council's website. Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	2	4	8	Mar-24	Amber
Tasks to mitigate the risk										
<p>Medium Term Financial Strategy and robust budget setting within available resources. No surprises through effective budget management for both revenue and capital. Budget owners accountable for managing within set resources. Determine and prioritise commissioning outcomes against available resources and delivery of value for money. Regular and robust monitoring and tracking of in-year budget savings by Executive Directors and members. Regular finance monitoring reports to Cabinet. Close monitoring of central government grant terms and conditions to ensure that these are met to receive grants. Plans to be adjusted accordingly once the most up to date data has been received.</p>										
Progress update										

Progress update

County Council on 21.02.22 approved the 2022-23 budget and future Medium Term Financial Strategy 2022-26 taking into account the 2022-23 Local Government Finance Settlement.

The council's external auditors gave an unqualified audit opinion on the 2020-21 Statement of Accounts and were satisfied that the County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31.03.2021.

The implications of the COVID-19 response, The absence of a multi-year funding settlement, coupled with continued uncertainty and the further delay of the significant planned reforms for local government finance, represents a major challenge for the Council in developing its Medium term Financial Strategy.

Cabinet on 04.04.2022 considered a strategic and financial planning report for 2023-24 and budget update reports on 04.07.22 and 03.10.22. Cabinet on 30.01.23 considered and agreed the 2023-24 Revenue Budget and Medium Term Financial Strategy 2023-27 and made recommendations to County Council. On 21.02.23 County Council agreed the 2023-24 Budget, level of council tax and future Medium Term Financial Strategy 2023-27 taking into account the 2023-24 Local Government Finance Settlement.

On 05.07.23 Cabinet will consider the proposed approach to 2024/25 Budget Setting and the level of savings to be found within Departments. This sets out details of the Council's robust approach to budget setting to deliver a balanced Budget for Council to consider in February 2024.

Risk Number	RM003a		Date of update		01 May 2023					
Risk Name	Information compliance requirements									
Portfolio lead	Cllr.Kay Mason Billig			Risk Owner	Andrew Stewart					
Risk Description			Date entered on risk register		01 October 2022					
There is a risk of failing to comply with statutory information compliance requirements (e.g. under GDPR, FOI, EIR) which could lead to reputational damage and financial impact from any fines or compensation sought, and operational inefficiencies within the organisation, and loss of cooperation with external partners (eg. NHS).										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	12	3	3	9	2	3	6	Mar-24	Green
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1. Mandatory Information Governance Training for all colleagues, with ongoing awareness of IG responsibilities for colleagues. 2. Information Governance Group and Steering Group occur bi-monthly 3. Detailed management information in place to monitor performance 4. Two-way relationship with ICO maintained to ensure positive working relationship 5. Focus on resource available / required to ensure consistency of service 6. Ongoing improvements underway to improve IG operational efficiency and effectiveness. 7. Working closely with IMT to exploit the technical opportunities as described in RM003b. 										
Progress update										
<p>Mandatory training for Information Governance (Data Protection Essentials) has been live since January 2021 should now have been completed by all colleagues on a 2 year cycle. The migration of the learning platform in April 2022 led to the inability to effectively monitor completion rates until late 2022. The current completion rate is below the 95% target with a focus on improving this now in place through targeted communications. A workbook remains in place to match the online training for non-IT users. All NCC employees and anyone accessing NCC data receive IG training.</p> <p>Information Governance Group and the escalation Steering Group comprising the SIRO, DPO, Dir IMT, Audit and Caldicott Guardians continues to meet, occurring bi-monthly to deliver a strong focus and accountability on information related matters. A new DPO is in place from January 2023 following the departure of the previous DPO.</p> <p>Management information continues to be developed to allow actions to be taken on activity within the IG team and resource to be appropriately allocated / requested. Performance remains strong in Freedom of Information Requests and Police disclosures. Subject Access Requests (SARs)</p>										

Progress update

has seen significant improvements since a single team was created in August 2022 which has seen a 20% reduction in open cases to date. The ICO remains in discussion with us about our SAR position and recruitment is underway to fill vacancies that have arisen which will help further. We continue to look for improvements to process where possible including working with IMT to deliver technology solutions to improve performance and reduce risk.

Positive relationship with the ICO in relation to data incidents and responses to subject access request complaints which helps demonstrate a good culture towards information in NCC.

In conjunction with IMT, the Electronic Storage Programme underway to reduce risk associated with unstructured information held on Fileshares with the first migrations complete. A schedule of migrations is now planned in 2023 to move departments over to the new storage, with retention labels being a key addition.

These activities will enhance many of the mitigations to a higher standard, reducing the likelihood of occurrence - the impact should anything happen would likely result in local or national media attention, depending on the severity of the issue.

Risk Number	RM003b		Date of update		26 May 2023					
Risk Name	Information and cyber security requirements									
Portfolio lead	Cllr. Jane James			Risk Owner	Geoff Connell					
Risk Description			Date entered on risk register		01 October 2022					
There is a risk of failure to comply with relevant information and cyber security requirements. This would incorporate Public Sector Network Assurance, NHS Data Security and Protection Toolkit, and Payment Card Industry -Data Security Standards which could lead to operational, financial and reputation impact. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	3	12	3	4	12	1	3	3	Mar-24	Green
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1. Mandatory Training in place for all colleagues - ongoing. A wider phishing simulation will be delivered in 2023/24. 2. Development and monitoring for breaches - ongoing 3. Implementation of improved security measures - ongoing 4. External networking to ensure best practice - ongoing 5. Completing required accreditations - To gain PSN accreditation by Q1/Q2 2023/24. 6. Cyber communications campaign to be rolled out in Q1 of 2023/24. 										
Progress update										
<ul style="list-style-type: none"> - Ongoing monitoring of compliance levels with mandatory training for all colleagues. - Implementation of improved security measures e.g. E5 Licencing - Involvement with National cybersecurity organisation - Extensive communications to NCC staff on remaining vigilant against cyber-attacks - Increased take up of IT - A simulated phishing exercise, carried out to understand where weaknesses remain; - Roll-out of Safe Links and Safe Attachments technology, which screens MS Office attachments and links before being opened - Anti-spoofing technology software being introduced. - Cyber comms. campaign (e.g. lockscreen notifications) is being rolled out. 										
Update 26/05/23										
- PSN and other Public Sector cyber assurance will continue while new standards are developed. Pre-PSN certification assessment complete.										

Progress update

Identified vulnerabilities addressed. PSN recertification process now being finalised.

- Microsoft 365 E5 “Defender for Endpoint” and “Defender for Identity” products deployed
- Zero Trust design for laptops being rolled out, over 55% of estate completed.
- NHS DSP Toolkit application being prepared for 2023/24.

Microsoft Insider Risk Management implementation planned Q1 financial year 2023/24.

Security patches are applied monthly.

- Phishing simulation has been run for digital services and vulnerabilities have been rectified.

Risk score of 12 at present due to a number of continual threats from the geo-political landscape. The impact should anything happen could result in significant operational and financial impact as well as local or national media attention, depending on the severity of the issue.

Risk Number	RM004		Date of update		06 June 2023					
Risk Name	Contract management for commissioned services.									
Portfolio lead	Cllr. Andrew Jamieson			Risk Owner		Al Collier				
Risk Description			Date entered on risk register		01 October 2022					
There is a risk of failure to deliver effective and robust contract management for commissioned services. Ineffective contract management leads to wasted expenditure, poor quality, failure to achieve anticipated environmental or social benefits, unanticipated supplier default or contractual or legal disputes, and/or reputational damage to the Council. The council spends some £900m on contracted goods and services each year. Overall risk treatment: Tolerate										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	3	6	1	3	3	Mar-24	Green
Tasks to mitigate the risk										
<p>1) New governance arrangements: Stand up the Commissioning and Procurement Leadership Group to add senior rigour to contract and category management across ASS, CS and PH. Ensure similar rigour is ensured for other contracts (ie Non-Light Touch Regime/Provider Selection Regime) via working groups and DLTs. Stand up a Commercial Board for escalation and to endorse significant strategies</p> <p>2) New route for procurement pipeline - annual process with additional ad-hoc plans as they arise Approval from new Commercial Board Endorsement from Corporate Board Agreement from Cabinet</p> <p>3) Segment all contracts into Gold/Silver/Bronze according to a defined framework. Also agree where certain categories should be promoted to a higher segment than that for individual contract. Record this on contract register</p> <p>4) Agree minimum contract management requirements for each segment. Ensure these are monitored regularly at departmental DLTs</p> <p>5) Ensure that staff managing contracts participate in relevant contract management training</p> <p>6) Procure and implement a new contract management system to automate the current manual processes, and to provide a single repository of contract information which is accessible to all relevant stakeholders across both procurement and departmental commissioners/contract managers</p> <p>7) Review arrangements between commissioning departments and procurement - escalation, role boundaries, informal vs formal mechanisms</p>										
Progress update										

Progress update

- 1) Governance structure agreed by Tom McCabe. Terms Of Reference, Membership, Meeting Frequency etc to be in place before end 2022
- 2) To be agreed and implemented through the Governance groups described in (1) above
- 3) Contract segmentation framework nearly finalised. Individual contract segmentation recorded on contract register.
- 4) Next step is to liaise with departmental contract owners to ensure robust contract management, and reporting of such to senior department management teams.
- 5) Contract Management Pioneer Programme available for 10 free places in early 2023. NCC has been accepted onto the programme and is identifying the most appropriate delegates. Once complete (or maybe sooner) we will consider whether additional staff would benefit from the programme - we would need to pay for further places.
- 6) Project underway to agree requirements with procurement staff and commissioning staff from Adult Social Services, Children's Services, and Public Health.
- 7) Detailed RACI almost agreed between procurement and departmental commissioners. Work planned to link departmental and procurement contract processes (first meeting was December 2022).

Risk Number	RM006		Date of update		16 May 2023					
Risk Name	Service Delivery									
Portfolio lead	Cllr. Kay Mason Billig			Risk Owner	Tom McCabe					
Risk Description				Date entered on risk register		01 October 2022				
There is a potential risk of failure to deliver our services within the resources available for the period 2023/24 to the end of 2024/25. The failure to deliver agreed savings or to deliver our services within the resources available, factoring in causation such as rising inflation, resulting in the risk of legal challenge and overspends, requiring the need for in year spending decisions during the life of the plan, to the detriment of local communities and vulnerable service users. Overall risk treatment: Treat										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
2	5	10	2	5	10	1	5	5	Mar-24	Green
Tasks to mitigate the risk										
<p>1) Clear robust framework, ' Better Together, for Norfolk - Business Plan' in place which drives the delivery of the overall vision and priority outcomes. The delivery of a council-wide strategy which seeks to shift focus to early help and prevention, and to managing demand.</p> <p>2) Delivery against the strategic service and financial planning, by translating the vision and priorities into achieved, delivered targets.</p> <p>3) A robust annual process to provide evidence for Members to make decisions about spending priorities.</p> <p>4) Regular and robust in-year financial monitoring to track delivery of savings and manage in-year pressures.</p> <p>5) Sound engagement and consultation with stakeholders and the public around service delivery.</p> <p>6) A performance management and risk system which ensures resources are used to best effect, and that the Council delivers against its objectives and targets.</p>										
Progress update										
<p>Regular budget and performance monitoring reports to Cabinet has continued to demonstrate how the Council is delivering against the 2023/24 budgets and priorities set for each of our services, with a balanced outturn position for the year being achieved.</p> <p>The Council has a robust and established process, including regular reporting to Members, which is closely linked to the wider Council Strategy, in order to support the development of future year budget plans taking account of the latest available information about government funding levels and other pressures. This process includes reviewing service budgets and taking into account financial performance and issues arising in the current financial year as detailed in the budget monitoring reports. There is financial monitoring of in-year cost, with monitoring of 2023/24 spend being reported to Cabinet on a monthly basis. There has been an updated MTFS position reported to Cabinet within the year, and there will be a budget setting meeting of Full Council in February 2024, and monitoring reports taken to Cabinet in 2024/25. Savings from the Strategic Review are to be embedded in 2023/24 and work is underway to identify further proposals to contribute to closing 2024/25 gap.</p>										

Risk Number	RM010		Date of update		26 May 2023					
Risk Name	Loss of key ICT systems									
Portfolio lead	Cllr. Jane James		Risk Owner		Geoff Connell					
Risk Description			Date entered on risk register		01 October 2022					
<p>The risk of the loss of key ICT systems including: - Network connectivity; - Telephony; - Microsoft Office & all business systems. Loss of core / key ICT systems, communications or utilities for a significant period - as a result of a cyber attack, loss of power, physical failure, fire or flood, or supplier failure - would result in a failure to deliver IT based services leading to disruption to critical service delivery, a loss of reputation, and additional costs. Ransomware is currently the highest risk cyber security threat. While every effort is made to avoid such a security breach, it is also important to ensure we are able to recover as quickly as possible if we became infected. Overall risk treatment: Treat.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	2	4	8	1	3	3	Mar-24	Green
Tasks to mitigate the risk										
<p>Implement Cloud-based business systems with resilient links for key areas</p> <p>Review and Implement suitable arrangements to protect against possible cyber / ransomware attacks including;</p> <p>Running a number of Cyber Attack exercises with senior stakeholders to reduce the risk of taking the wrong action in the event of a cyber attack</p> <p>We will hold a number of Business Continuity exercises to understand and reduce the impact of risk scenarios</p> <p>WFH has changed the critical points of infrastructure. Access to cloud services like O365 without reliance on County Hall data centres is critical to ensure service continuity.</p> <p>Keep all software security patched and up to date and supported. Actively and regularly review all software in use at NCC and retire all out of date software that presents a risk to keeping accredited to these standards.</p> <p>Continue to closely monitor security processes.</p>										
Progress update										

Progress update

Ransomware is currently the highest risk cyber security threat. While every effort is made to avoid such a security breach, it is also important to ensure we are able to recover as quickly as possible if we became infected.

Cyber / Ransomware

To help the Authority recover from ransomware we have purchased and implemented a Microsoft Office 365 backup solution, which will ensure we have a copy of our key data to recover from in the event that our Microsoft Tenent is encrypted. We have also purchased and installed new on storage in our data centre's retianing the old storage, disconnected and switched off so we have a point in time offline backup copy of our some of our most critical data.

We have completed a Phishing Simulation across all of Digital Services to reduce the risk of people being tricked into clicking on a link, these excercises will be regularly run across the authority.

We are regular scanning our environment for vulnerabilities and when identified patching them and we operate a monthly patch night to apply updates to servers and software as patches are released.

Future Network

We are 25% the way through implementing the new Abzorb network which will reduce the complexity, improve security by introducing zero trust and improve resilience by removing the reliance on a traditional network. We are ensuring we do not increase the risk by duel running the networks together as the new network is delivered.

"Zero Trust" laptop design is >50% rolled out, removing reliance on County Hall infrastructure for all cloud services including Oracle and Office 365, enabling staff to work from anywhere even if County Hall data centres unavailable

Guidance

Procurement guidance for purchasing cloud based servcies including security has been refreshed

Monitoring and Improvement

Since COVID-19 has resulted in the majority of the workforce working from home, we continue to monitor the network to tweak and improve performance. We have moved our Domain Service to Abzorb to help us protect against Denial of Service Attacks.

Risk Number	RM013		Date of update		16 May 2023					
Risk Name	Governance protocols for entities controlled by the Council.									
Portfolio lead	Cllr. Kay Mason Billig			Risk Owner Harvey Bullen						
Risk Description			Date entered on risk register		01 October 2022					
<p>The potential risk of failure of the governance protocols for entities controlled by the Council, either their internal governance or the Council's governance as owner. The failure of entities controlled by the Council to follow relevant guidance or share the Council's ambitions. The failure of governance leading to controlled entities: Non Compliance with relevant laws (Companies, subsidy control procurement, environmental or other) Incurring Significant Losses or losing asset value Taking reputational damage from service failures Being mis-aligned with the goals of the Council The financial implications are described in the Council's Annual Statement of Accounts. Overall risk treatment: Treat This risk is scored at a likelihood of 1 due to the strong governance in place and an impact score of 4 given the size of the controlled companies.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
1	4	4	1	4	4	1	4	4	Mar-24	Met
Tasks to mitigate the risk										
<p>1) All controlled entities and subsidiary companies have a system of governance which is the responsibility of their Board of Directors. The Council needs to ensure that it has given clear direction of it's policy, ambitions and expectations of the controlled entities. The NORSE Group objectives are for Business Growth and Diversification of business to spread risks. Risks need to be recorded on the Group's risk register.</p> <p>2) The shareholder committee should meet quarterly and monitor the performance of NORSE. A member of the shareholder board, the shareholder representative, should also attend the NORSE board.</p> <p>3) The Council holds control of the Group of Companies by way of its shareholding, restrictions in the NORSE articles of association and the voting rights of the Directors. The mission, vision and value statements of the individual NORSE companies should be reviewed regularly and included in the annual business plan approved by the Board. NORSE should have its own Memorandum and Articles of Association outlining its powers and procedures, as well as an overarching agreement with the Council which outlines the controls that the Council exercises over NORSE and the actions which require prior approval of the Council.</p> <p>4) To ensure that governance procedures are being discharged appropriately to Independence Matters. The Director of Strategic Finance's representative attends as shareholder representative for Independence Matters.</p> <p>5) Shareholder representation required from the Director of Strategic Finance on both the Norse, and Repton Boards.</p>										
Progress update										

Progress update

- 1) There are regular Board meetings, share holder meetings and reporting as required. For NORSE, risks are recorded on the NORSE group risk register.
- 2) The Norse Group follows the guidance issued by the Institute of Directors for Unlisted Companies where appropriate for a wholly owned LA company. The shareholder committee meets quarterly and monitors the performance of Norse. A member of the shareholder board, the shareholder representative, also attends the Norse board.
- 3) The Council has reviewed its framework of controls to ensure it is meeting its Teckal requirements in terms of governance and control. The Director of Strategic Finance is responsible for reviewing the ongoing viability of wholly owned entities and regularly reporting the performance of their activities, with a view to ensuring that the County Council's interests are being protected.
All County Council subsidiary limited company Directors have been approved in accordance with the Constitution.
- 4) The Director of Strategic Finance directs external governance.
- 5) There is Shareholder representation from the Director of Strategic Finance on both the Norse, and Repton Boards.

Risk Number	RM022b		Date of update		06 June 2023					
Risk Name	Replacement EU Funding for Economic Growth									
Portfolio lead	Cllr. Fabian Eagle			Risk Owner	Vince Muspratt					
Risk Description					Date entered on risk register	01 October 2022				
<p>There are two parts to this risk as follows; a) external funding and b) Norfolk businesses a) Risk RM14429 covers the closedown of the France (Channel) England INTERREG programme, managed by NCC. In terms of future external funding, we need to make a compelling case to Government for investment in Norfolk from the UK Shared Prosperity Fund (UKSPF), which replaces EU funding. There is a risk of limited opportunity for future skills funding from the UKSPF that NCC needs to be able to achieve the objectives of the Norfolk Investment Framework. b) We need to understand the implications for Norfolk businesses of the Territorial Cooperation Agreement and work with partners to support Norfolk businesses to trade.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	3	3	9	2	3	6	Mar-24	Amber
Tasks to mitigate the risk										
<p>a) Development of Norfolk Investment Framework to target the UK Shared Prosperity Fund (replacement for EU funding).</p> <p>b) Focussed support for business, in conjunction with LEP and Chamber of Commerce.</p>										
Progress update										
<p>a) The Levelling Up White Paper indicates that in the short-term SPF and LU funds will be delivered through Districts. Should a County Deal be agreed, this may change. There is a need to develop a County Deal in order to gain strategic control over key functions and funds, but also to work with districts to maximise strategic use of SPF.</p> <p>Feedback from Stakeholders confirms the need for a NIF. Approach endorsed by the Steering Committee (including Town Deal Board Chairs/Local Authorities/Business Reps/University & Research Institutes and Private Sector).</p> <p>The NIF will identify funding options for delivery from a range of options including SPF and LUF, other national funding pots as well as private sector investment. The NIF has now been developed for delivery themes, that consist of skills, public sector services, business development and climate change.</p> <p>b) There is growth in the economy, but rising inflation and rise of 'cost of goods' and energy pose a risk/ added pressure on businesses at present.</p> <p>Business advice provided by the LEP's Growth Hub, Norfolk Chamber and Federation of Small Business. While these bodies can provide advice, the challenge for businesses is to invest more resource in producing the paperwork that is now required for the import/export of goods, and still generate a profit. Government has introduced measures to help secure more HGV drivers (to replace those lost due to both Brexit and the pandemic) and increase the number of seasonal agricultural workers who can work in the UK.</p>										

Risk Number	RM024		Date of update		06 June 2023					
Risk Name	Great Yarmouth Third River Crossing (3RC)									
Portfolio lead	Cllr. Graham Plant			Risk Owner	Tom McCabe					
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk of failure to construct and deliver the Great Yarmouth Third River Crossing (3RC) within agreed budget (£121m), and to agreed timescales (construction to be completed early 2023). There is a risk that the 3RC project will not be delivered within budget and to the agreed timescales. Cause: delays during statutory processes put timescales at risk and/or contractor prices increase project costs. Event: The 3RC is completed at a later date and/or greater cost than the agreed budget, placing additional pressure on the NCC contribution. Effect: Failure to construct and deliver the 3RC within budget would result in the shortfall having to be met from other sources. This would impact on other NCC programmes.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	2	4	8	2	3	6	Sep-23	Amber
Tasks to mitigate the risk										
<p>The project was agreed by Full Council (December 2016) as a key priority infrastructure project to be delivered as soon as possible. Since then, March 2017, an outline business case has been submitted to DfT setting out project costs of £120m and a start of work in October 2020. 80% of this project cost has been confirmed by DfT, but this will be a fixed contribution with NCC taking any risk of increased costs. Mitigation measures are:</p> <ol style="list-style-type: none"> 1) Project Board and associated governance to be further developed to ensure clear focus on monitoring cost and programme at monthly meetings. 2) NCC project team to include specialist cost and commercial resource (bought in to the project) to provide scrutiny throughout the scheme development and procurement processes. This will include independent audits and contract/legal advice on key contract risks as necessary. 3) Programme to be developed that shows sufficient details to enable overall timescales to be regularly monitored, challenged and corrected as necessary by the board. 4) Project controls and client team to be developed to ensure systems in place to deliver the project and to develop details to be prepared for any contractual issues to be robustly handled and monitored. 5) All opportunities to be explored through board meetings to reduce risk and programme duration. 6) An internal audit has been carried out to provide the Audit Committee and management with independent assurance that the controls in place, to mitigate, or minimise risks relating to pricing in stage 2 of the project to an acceptable level, are adequate and effective and operating in practice. <p>Overall risk treatment: Reduce, with a focus on maintaining or reducing project costs and timescales</p>										
Progress update										

Progress update

Progress against actions are: 1) Project board in place. Gateway review highlighted a need to assess and amend board attendance and this has been implemented. A gateway review was completed to coincide with the award of contract decision making - the findings have been reported to the project board (there were no significant concerns identified that impact project delivery). Internal audit on governance report finalised 14 August 2019 and findings were rated green. Further gateway review completed summer 2020 ahead of progressing to next stage of contract (construction). May 23 – Ongoing reporting to Board includes budget updates and programme reviews (see 3 below). 2) Specialist cost and commercial consultants appointed and continue to review project costs. The Commercial Manager will continue to assess the project forecast on a quarterly basis, with monthly interim reporting also provided to the board. No issues highlighted to date and budget remains sufficient. A further budget review was completed following appointment of the contractor. The full business case was developed and submitted to DfT at end of September 2020 - the project is still at agreed budget. May 23 – Main project remains within original budget, however additional cost/budget implications of WW2 bomb explosion are being considered. 3) An overall project programme has been developed and is owned and managed by the dedicated project manager. Any issues are highlighted to the board as the project is delivered. The start of DCO examination was 24 September 2019, with a finish date on 24 March 2020. The approval of the DCO was confirmed on 24 September 2020 (no legal challenge). Construction started on 4 January 2021 as planned. Nov 22 - Latest forecasting of completion is June 2023 (reported to Board). Feb 23 - Explosion on site of UXO has resulted in slight delay that is being assessed, but expect opening still by June 23. March 23 - The major milestone of receiving delivery and lifting the bridge leaves into place was completed on 23 March. May 23 – Overall programme delayed due to works to complete bascule chambers. Summer 23 completion reported. 4) Learning from the NDR the experience of commercial specialist support was utilised to develop contract details ahead of the formal commencement of the procurement process. Further work fed into the procurement processes (and competitive dialogue) with the bidders. The commercial team leads were in place from the start of the contract (January 2019) and continue in this role to manage contract administration. March 22 - Construction inflation is being closely monitored, but is not currently impacting the overall budget provisions. 5) The project board receives regular (monthly) updates on project risks, costs and timescales. A detailed cost review was delivered to the board ahead of the award of the contract (following the delegated authority agreed by Full Council), and took into account the contractors tender pricing and associated project risk updates. The project currently remains on budget, however the programme to complete the works and open the scheme in early 2023 has been delayed slightly to June 2023. Feb 23 - The wider implications of UXO explosion on site are still being assessed, but main works continuing. March 23 - Completion of the bridge leaf installation removes a key risk for the project. May 23 – Main works to be completed in summer 23, however works package to repair quay wall also being developed and will take longer. 6) The further internal audit has been concluded and a report circulated. Findings were green with only one minor observation (already actioned).

Risk Number	RM027	Date of update	17 May 2023
Risk Name	myOracle		
Portfolio lead	Cllr. Jane James	Risk Owner	Harvey Bullen
Risk Description	Date entered on risk register		01 October 2022

There is a risk of failure of the new Human Resources and Finance system whereby key operational processes don't deliver the required outcomes for the organisation and its' traded services customers. Cause: System build, poor process for implementation, inadequate training for self service. Event: Operational processes not delivering to the processes required. Effect: Potential reduced employee satisfaction and potential risks to employee retention. New employees not being onboarded quickly enough. Overall risk treatment: Treat

Original			Current			Target				Prospects of meeting Target Risk Score by Target Date
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	
2	4	8	3	2	6	2	2	4	Mar-24	Amber

Tasks to mitigate the risk

- 1) Strong subject expert engagement in the system configuration to ensure that myOracle meets the needs of the organisation.
- 2) Ensure that plans / workarounds are in place to mitigate any residual risks from any issues arising.
- 3) Ensure that we have the resource in place to be able to deal with any issues as they arise.
- 4) Increased cadence of senior stakeholder engagement to address any issues arising within operational areas.
- 5) Director level agreement to award third parties support contract.
- 6) Engaging with other LA's via a peer review to look at other Oracle cloud implementations.
- 7) Extend manager helpline until December 2023.

Progress update

- 1) The implementation of MyOracle is live (as of 13th April 2022) and any issues arising are being managed as a BAU exercise post mobilisation. Finance & Payroll elements are now working effectively and the scope of the risk is reduced to HR and self-service elements only.
- 2) Support team and business teams focused on the identified system and process fixes required and plans/workarounds in place to mitigate those risks - some of the more complex issues have taken longer than predicted to resolve, affecting technology exploitation
- 3) Team in place to rectify issues as they are reported and governance in place to manage business and supplier escalations as required
- 4) Currently progressing procurement exercise to on-board 3rd party support partner call-off contract to aid with specialist more complex areas
- 5) Scheduled post implementation review with Oracle this summer (Aug 2023)
- 6) Head of Service in place and working closely with key stakeholders to address pressure points - alongside peer reviews with other Local Authority implementations.
- 7) Budget agreed and staff for helpline and moving to support model from 1st July 2023.

Risk Number	RM029		Date of update		11 May 2023					
Risk Name	Critical skills required for the organisation to operate effectively									
Portfolio lead	Cllr. Kay Mason Billig		Risk Owner		Jane Naumkin					
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk that a range of critical new/future skills are not available within NCC in the medium to longer term. The lack of these skills will create problems for, or reduce the effectiveness of service delivery. An inability or failure to consider/identify these until they are needed will not allow sufficient time to develop or recruit these skills. This is exacerbated by: 1.The demographics of the workforce (ageing) 2.The need for changing skills and behaviours in order to implement new ways of working including specialist professional and technical skills (in particular IT, engineering, change & transformation; analytical; professional best practice etc) associated with the introduction or requirement to undertake new activities and operate or use new technology or systems - the lack of which reduces the effective operation of NCC . 3.NCC's new delivery model, including greater reliance on other employers/sectors to deliver services on our behalf 4.Significant changes in social trends and attitudes, such as the use of new technology and attitudes to the public sector, which may impact upon our 'employer brand' and therefore recruitment and retention 5.Skills shortages in key areas including social work and teaching 6.Improvements to the UK and local economy which may impact upon the Council's ability to recruit and retain staff. 7.Government policy (for example exit payment proposals) and changes to the Council's redundancy compensation policy, which could impact upon retention, particularly of those at more senior levels and/or older workers. 8. Improvements in T&C in other sectors making the NCC employment deal less attractive/providing fewer points of difference e.g. more flexibility of work in other industries, greater gap on pay Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	5	15	4	4	16	2	4	8	Mar-24	Amber
Tasks to mitigate the risk										

- *Identification of what new critical skills are required in services – using workforce planning process and toolkit. As each directorate makes their changes to make savings / manage demand.
- *Identification of pathways to enable staff to learn, develop and qualify into shortage areas – As each directorate makes their changes to make savings / manage demand
- *Creation of career families and professional communities, providing visible and clear career paths for colleagues.
- *Embedding a strengths based approach to performance management e.g. Recruit for strengths not just qualifications and skills and experience
- *Explore further integration with other organisations to fill the gaps in our workforce - ongoing
- *Develop talent pipelines working with schools, colleges and universities
- *Undertake market rate exercises as appropriate and review the reward package to support attraction and retention
- *Explore / develop the use of apprenticeships and early career schemes; this will help grow talent and act as a retention tool
- *Work with 14 – 19 providers and Higher Education providers to ensure that the GCSE, A level and Degree subjects meets the needs of future workforce requirements
- *acceptance and implementation of new workforce strategy that will lead to improved workforce planning
- *develop our employer value proposition and employer brand to improve attraction of people with the skills we need

Progress update

1. Working with education providers to ensure subjects meet future workforce requirements and students see a career in local government as an exciting option
2. Work has begun to make best use of the 'skills' facility in the new Oracle system. It will take time to understand how best to use the functionality but it is planned to help with finding people within NCC with skills not usually associated with their role, as well as providing easy reporting on professional registrations. This functionality is dependent on completion of career families work which is a long term project.
3. Work on how to use the full Talent module in Oracle will commence during 23/24
4. A digital skills survey has been made available to employees to support information and learning relating to their own particular digital skills competence. Mandatory training policy is live and has been socialised. Work is ongoing to enable notifications to be sent to employees that are due/overdue on their training to support compliance. A digital skills strategy has been agreed and the delivery plan is in development.
5. NCC careers website design is underway
6. Workforce strategy has been agreed and delivery plan is being developed. It identifies a number of themes that will support recruitment and retention of employees with the skills we need to be a successful organisation including refreshing our employer brand and development of clear career families
7. As part of the strategic review proposals to change the organisational design and structure have been formally consulted on with the workforce and ratified
8. Where a need is identified specific recruitment and marketing campaigns are developed and socialised to support attraction to hard to fill roles e.g. 'We Care' campaign
9. Our reward offer is reviewed regularly to identify additional areas that would support attraction and retention. We have recently included a salary sacrifice scheme for greener car leasing options.
10. Work has begun on the career families and pay and reward review projects

Risk Number	RM030		Date of update		26 May 2023					
Risk Name	Non-realisation of Children's Services Transformation change and expected benefits									
Portfolio lead	Cllr. Penny Carpenter			Risk Owner		Sara Tough				
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk of the non-realisation of Children's Services Transformation change and expected benefits, encompassing the risk that Children's Services do not experience the expected benefits from the transformation programme. Outcomes for children and their families are not improved, need is not met earlier and the increasing demand for specialist support and intervention is not managed. Statutory duties will not be fully met and the financial position of the department will be unsustainable over time. Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	5	20	3	5	15	1	5	5	Mar-24	Amber
Tasks to mitigate the risk										
<p>1) A demand management and prevention strategy and associated business cases have been completed and a multi-year transformation programme has been established covering social care and education, with 5 key strategic themes: Inclusion, Prevention and Early Intervention, Effective Practice Model, Edge of Care Support and Alternatives to Care, and Transforming the Care Market.</p> <p>2) Significant investment has been provided to delivery transformation including c. £2m pa transformation investment fund since 2018-19 and £120m for capital investment in Specialist Resource Bases and Specialist Schools</p> <p>3) A single senior transformation lead, operational business leads and a transformation team have been appointed / aligned to direct, oversee and manage the change</p> <p>4) Regular governance structures in place through the Cabinet Member chaired Transformation and Benefits Realisation Board to track and monitor the trajectories of the programme benefits, risks and issues</p> <p>5) Services from corporate departments are aligned to provide support to transformation change e.g. HR, Comms, IT, Finance, Information and Analytics, Innovation, etc</p> <p>6) Interdependencies with other enabling transformation programmes e.g. Smarter Working will be aligned to help maximise realisation of benefits.</p>										
Progress update										

Progress update

Scoring rationale - Risk impact relates to outcomes for children and families not being met, a key county council objective and financial loss of benefits over £3m therefore scored 5. Risk likelihood has reduced from "probable" prior to programme being initiated to "possible" as the transformation programme is seeing initial success after first 48 months of the programme, therefore scored 3.

- The investment in transformation has proved successful since 2018/19 having met existing targets for specific schemes albeit in the context of overall dept overspends
- Overall programme broke even in April 2021 and has delivered gross savings of £67m, net savings of £50m up to 2022/23. Target for 23/24 stands at £16m
- Programme has helped to mitigate the cost pressures for 2022/23 that resulted due demand related pressures for Transport and Placement budgets
- Core indicator of number of Children in Care is broadly stable. Unit costs are under considerable pressure due to the cohort with the very highest and most complex needs continuing to grow as a proportion of all children looked after. The pandemic continues to have a substantial impact e.g. delays in the court system and the impact of hidden harm on CYP. Examples of other factors are; lack of supply of placements, worsening of emotional wellbeing and mental health amongst children, young people and parents, impact of inflation on families and services such as transport, ongoing shortages of staff in key professional specialisms A number of existing transformation projects are in train to support these young people more effectively and reduce unit costs over the medium term.
- A 3-5 year strategy and financial plan to outline the next phase of transformation is under development, including the implementation of Childrens Social Care Reform, alongside the development of a strategic sufficiency business case, including a whole council focus on the recruitment and retention of foster carers.

Risk Number	RM031		Date of update		26 May 2023					
Risk Name	NCC Funded Children's Services Overspend									
Portfolio lead	Cllr. Penny Carpenter			Risk Owner	Sara Tough					
Risk Description			Date entered on risk register		01 October 2022					
There is a risk that in-year pressures from service demand and other external factors beyond the department's control materialise and lead to a significant overspend.										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	4	5	20	3	5	15	Mar-24	Amber
Tasks to mitigate the risk										
<p>1. Transformation programme in place that targets improvement to operating model, ways of working, and placement & sufficiency to ensure that intervention is happening at the right time, with the right children and families supported, with the right types of support, intervention & placements. This will result in improved value for money through ensuring that money is spent in the right places, at the right times with the investment in children and families resulting in lower, long-term costs.</p> <p>2. Improved monitoring system implemented to identify, track and respond to financial challenges.</p> <p>3. Cohorts will be regularly analysed to ensure that all are targeted appropriately and to develop new transformation initiatives to meet needs cost effectively.</p> <p>4. Further recognition of underlying budget pressures, including pandemic-related additional budget pressures, within recent NCC budgets and within the MTFs, including for front-line placement and support costs (children looked after, children with disabilities and care leavers), operational staffing, and home to school transport for children with SEND.</p> <p>5. Local First Inclusion programme in place (supported by the Safety Valve deal) that has planned for additional spend in mainstream schools to support children with high level SEND to remain within them, where it is appropriate for them to do so, and enabling the achievement of good outcomes. This investment acts as a key driver to the long-term aim of returning the DSG to an in-year balanced budget and, subsequently, to repay the cumulative deficit, through mitigating the need for further expansion of special schools (above planned increases) or independent provision.</p>										
Progress update										
Scoring rationale - Risk impact relates to financial impact of over £3m, therefore scored 5. Risk likelihood has reduced to probable from "almost certain" following the additional, significant pressures funding allocated within the 2023-24 budget that has significantly mitigated the risk of in-year overspends.										
May 2023 update:										
<ul style="list-style-type: none"> - Improved monitoring systems and financial oversight have become embedded - Multiple Transformation projects been successfully delivered over the past 3-5 years that will contribute to mitigate this risk, including, for example, transformation of our social care operating model, the embedding of New Roads, the introduction of our Targeted Youth Support Services; significant savings have been evidenced and are projected to continue whilst outcomes have been improved - Children Looked After numbers have reduced significantly since January 2019 through to 2022, which resulted in reduced overall placement costs. However, unit costs have been under considerable pressure due to external market forces, significant inflationary and National Living Wage increases. There are a number of transformation projects aimed reduce unit costs over the medium term. - The LA has been more successful at supporting families to stay together and keeping the number 										

Progress update

children looked after remained stable for much of 22-23, with the exception of unaccompanied asylum seeking children for whom the LA receives additional Government funding; this bucked the national trends, though there was a small increase seen at the end of the year that will be kept under close review for 23-24

- There are a wide range of factors that have impacted on the financial pressures faced by Children's Services nationally, including unit costs are increasing significantly due to the cohort with the very highest and most complex needs continuing to grow as a proportion of all children looked after. The pandemic continues to have a substantial impact e.g. delays in the court system and the impact of hidden harm on CYP. Examples of other factors are; lack of supply of placements, worsening of emotional wellbeing and mental health amongst children, young people and parents, impact of inflation on families and services such as transport, ongoing shortages of staff in key professional specialisms.
- A 3-5 year strategy and financial plan, including the implementation of Children's Social Care Reform, alongside the development of a strategic sufficiency business case, is under development, including a whole council focus on the recruitment and retention of foster carers.

Risk Number	RM032		Date of update		06 June 2023					
Risk Name	Capacity to manage a large or multiple incidents or disruptions to business									
Portfolio lead	Cllr. Kay Mason Billig			Risk Owner		Sarah Rhoden				
Risk Description			Date entered on risk register		01 October 2022					
<p>NCC is affected by an internal or external iNCC is affected by an internal or external incident/emergency that impacts on the authority's ability to deliver critical services. This could be internal threats such as loss of IMT or power or external impacts such as supporting the countywide response to Norfolk's Highest risk such as Coastal flooding or pandemic flu. There is a risk of a large scale incident or series of incidents that cause potential negative impacts on the reputation, resources or financial stability, that affect NCC's ability to deliver it services. There are a number of ongoing situations which are compounding this risk. 1. Unprecedented numbers of Avian Influenza cases in Norfolk putting significant pressure on Trading Standards. 2. Energy providers issue of reasonable worst case scenario for power national power outages. 3. We are also moving towards the season where will be see more severe weather acitivity, particulary the risk of low temperatures which compounds point 2 above. 4. Risk of Industrial action. Risk of industrial action in other sectors eg. ambulance service / NHS will add additional pressure to social care services. 5. Cost of living crisis is affecting people and businesses across Norfolk. Risk to our staff, service users and wider community. 6. ICS and social care winter pressures.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	3	9	3	2	6	Aug-23	Amber
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1) Maintain the Corporate Resilience Plan. 2) Maintain a robust Business Continuity process, including training and exercising. 3) Having the appropriate groups in place to be able to support and manage any response to an incident causing business disruption. 4) Supporting and embedding of Business Continuity looking at best practice to support the operational delivery of services. 5) Further training planning for both BC and Emergency Planning. 6) Active engagement and participation in the Norfolk Resilience Forum. 7) On going review of winter risks 8) Member of the NRF and attancance at weekly Norfolk Risk Intelligence Group (RIG)meetings 9) NRF Plans and procedures in place, including training and exercising 										
Progress update										

Progress update

The BC process and emergency response mechanisms are in place and enabled within NCC, support is in place from the Resilience team who deliver 24/7 response support.

Current BC stats = 83% of NCC plans reviewed and 81% plans have been exercised

Director Ops is stood up and currently meeting fortnightly to monitor on going issues. On call silver and Gold rotas in in place.

To help ensure we meet our duties under the Civil Contingencies Act, and to remain as prepared as possible for the winter period and beyond, the Norfolk Resilience Forum (NRF) has in place weekly Risk Intelligence Group (RIG) meetings. This is where emergency planning professionals from across the NRF partnership come together to review the potential risks that the county faces in the short term (next 7 days), medium term (7 days to 2 months) and longer term (beyond 2 months). This process creates an assessment picture that considers the potential impacts, aims to recommend and support mitigations, and, if required, stand up response structures that look to reduce the impacts as far as possible for Norfolk. The Resilience team attend this weekly Norfolk Resilience Forum (NRF) Risk Information Group (RIG) meeting to enable situation awareness and horizon scanning to support and manage all the major risks within the County.

The purpose of the RIG meetings is to create a Common Operating Picture risk assessment, which then feeds into the individual partner's strategic and tactical management meetings that help to shape the Norfolk wide preparedness and strategy. The NRF also undertakes specific monthly risk assessment meetings to look at the risks to Norfolk on a rolling basis, to ensure that we are current with our risk profile and planning. In addition, the NRF is also fully engaged at a regional and national level with the Department of Levelling Up Communities and Housing around winter assurance and preparedness for winter.

Due to global and national uncertainty, pre-emptive planning is ongoing to look at the risks that NCC and Norfolk will face this winter, these will include:

Winter weather - snow/Ice storms and flooding. Health issues- pressure in care systems, Season Flu, outbreaks, re-emergence of COVID, Hospital roof collapse and care home failure. Cost of living impacts. Disruption to power or communications systems. Industrial Action. Animal Health outbreaks. Cyber attacks. A briefing document has been created for the Director Ops group to look at the requirements and for any additional mitigation actions. In addition we are working with Government departments at DLUHC to ensure we have the latest national steer for winter preparedness. Winter weather - snow/Ice storms and flooding. Health issues- pressure in care systems, Season Flu, outbreaks, re-emergence of COVID, Hospital roof collapse and care home failure. Cost of living impacts. Disruption to power or communications systems. Industrial Action. Animal Health outbreaks. Cyber attacks. A briefing document has been created for the Director Ops group to look at the requirements and for any additional mitigation actions, which was reviewed by Director Ops. NRF power outage exercise (Exercise Lemur) took place on 18th October 2022. FloodEx National flood exercise took place w/c 14th November 2022. Director Ops. have set up a winter preparedness working group and are building a project plan to join up the approach to winter planning. This has created 11 workstreams to ensure that all services are fully informed and as well prepared as possible. Director Ops will maintain oversight of this work. In addition NCC are also feeding into the wider Norfolk winter planning within the NRF multi-agency partnership. NCC and the NRF have issued NPO winter plans to cover the winter period to ensure that NCC and the multi agency partners are able to stand up appropriate staff to respond to the type of incident.

Risk Number	RM033	Date of update	06 June 2023
Risk Name	Norwich Western Link Project		
Portfolio lead	Cllr. Graham Plant	Risk Owner	Tom McCabe
Risk Description	Date entered on risk register		01 October 2022

There is a risk that the NWL project could fail to receive funding approvals from the Department for Transport (DfT), and/or statutory approvals necessary within the necessary timescales to achieve the Orders to construct the project (related to planning consent, land acquisition, highway orders) to enable the Norwich Western Link (NWL) project (at £251m) to be delivered to the agreed timescales (target opening by late 2025). Cause: Objection to the project (particularly related to environmental impacts) that results in either DfT or Secretary of State failing to provide the necessary approvals for the funding/Orders. Event: The scale of the project and the funding requirement from DfT (at 85%) is such that without their funding contribution, it will not be possible to deliver the project. Without the necessary Orders in place, it will not be possible to deliver the project. Effect: The benefits that the project would bring in terms of traffic relief, accommodating growth in housing and employment, economic recovery and journey time savings would not be achieved. If ultimately the project does not get constructed there is the possibility that any funding already provided by DfT would need to be repaid and that the capital expenditure up to that stage could need to be repaid from revenue funds (as there would be no capital asset to justify the use of capital funding).

Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	4	12	3	4	12	1	4	4	Sep-24	Amber

Tasks to mitigate the risk

1. Work closely with DfT to resolve any queries related to the OBC approval. 2. Ensure programme dates for statutory approvals are achieved and submission details are legally checked. 3. Develop strong team resource to ensure well developed submissions for statutory processes (including public inquiry) are provided. 4. Provide regular updates to the project board to ensure any issues related to programme, cost and risk are reported. 5. Monitor scale of expenditure prior to SoS approval to ensure any potential financial implications can be accommodated within the NCC financial envelope.

Progress update

Progress update

1. Outline Business Case (OBC) submitted to Department for Transport (DfT) for approval at end of June 2021. Awaiting funding confirmation, but timescale to be confirmed. July 2022 - Report approved by Cabinet (includes revised timescales and budget - 85% DfT contribution retained in OBC addendum submitted to DfT (approval ongoing). Feb 23 - DfT funding approval still awaited, but no further requests for info received from DfT. March 23 - No funding announcement in March Budget Statement. May 23 - Still no decision from DfT, but no further work required to OBC. Awaiting outcome of Treasury review of funding nationally. 2. Programme being reviewed to ensure realistic timescales for pre-planning application consultation and planning submissions are in place (to be agreed by the project board). July 2022 - Timescales updated in Cabinet report and agreed. Sept 22 - Govt mini-budget on 23rd Sept set out fast-tracking of projects, including NWL. Details awaited to understand any implications. Jan 23 - No further details from (different) government re fast-tracking. Feb 23 - Timescales for planning application submission will be updated in Spring 23 Cabinet report (date TBC). May 23 - Awaiting OBC decision is continuing to delay planning application process (and Cabinet approvals). Report to be taken to Cabinet asap following OBC decision. 3. Resource review in progress to ensure the team structure is suited to the next phases of the project. July 2022 - Team structure in place with some gaps in resource being resolved, but very challenging employment market conditions. Sept 22 - maintaining resources on project is proving challenging. Ongoing recruitment and discussions with WSP. Feb 23 - Resourcing remains challenging, but is an issue within construction sector generally. 4. Project board meetings in place and risk, programme, cost regularly reported. July 2022 - All details updated in Cabinet report and cost, risk and programme will be monitored by Board based on Cabinet report. Sept 2022 – Board closely monitoring budget including inflation/economic implications. May 23 - Delays to project OBC decision reported to project board. Implications will continue to be considered and reported to Cabinet. 5. Section 151 officer was updated on expenditure to date at project board and is comfortable that any potential cost/budget implications could be accommodated within the NCC financial envelope. July 2022 - Details in Cabinet report agreed with s151 officer and budget recommendation and implications accepted by Cabinet and Full Council on 19 July. January 2023 - Still awaiting DfT OBC approval (following November 2022 budget statement). May 23 - Report planned for July 2023 Cabinet, to consider implications of ongoing delay to DfT OBC approval.

Risk Number	RM034		Date of update		06 June 2023					
Risk Name	Supply Chain Interruption									
Portfolio lead	Cllr. Kay Mason Billig		Risk Owner		Harvey Bullen					
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk of a supply chain interruption, which could affect any of the Council's supply chains. This could take the form of either a sudden or gradual interruption, affecting the ability to deliver one or more services effectively. Cause: Examples of sudden interruptions include; loss of power; loss of supplies due to panic-buying (fuel being the prime example with knock-on effects); supplier insolvency; inability to replace critical components. Examples of gradual interruptions include; a gradual inability to recruit key in-demand staff (e.g. drivers & care workers); a gradual material shortage (e.g. construction materials); inflation; industrial action; staff absence owing to Covid-19 / seasonal flu, gradually contracting labour markets. Event: The materialisation of a sudden or a gradual interruption or degradation of a NCC supply chain. Effect: Different causes will generate different effects, but the common effect would be a disruption to service delivery stemming from the interruption of the supply chain involved. This could have knock on effects to other services depending on the interconnectedness / scale of the supply chain.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	4	3	12	3	2	6	Mar-24	Amber
Tasks to mitigate the risk										
<p>For loss of power:</p> <ol style="list-style-type: none"> 1) Understanding power resilience of County Hall 2) Understanding failover if we lost County Hall power 3) Reviewing plans for simultaneous loss of power or gas to multiple sensitive sites, e.g. care homes. 4) Thinking through command and control in case of widespread power loss <p>For fuel:</p> <ol style="list-style-type: none"> 5) Sending out a de-brief form to all involved in the fuel disruption (NCC) and the Resilience team will collate the returns. This will inform changes to the NCC approach and potentially update the Corporate plan. Our work will feed into the wider NRF de-brief to the NRF plan. <p>For food:</p> <ol style="list-style-type: none"> 6) Consideration of academies and our role with free school meals. 7) Maintain good relationships with key suppliers. <p>For supplier insolvency:</p> <ol style="list-style-type: none"> 8) Formalising tiering of contracts <p>For critical spares:</p> <ol style="list-style-type: none"> 9) Work with providers to ensure there is adequate support to just in time (JIT) deliveries (contingency stock of critical spares). <p>For IT:</p> <ol style="list-style-type: none"> 10) Ensure IT refresh is considered and appropriate stock pre-ordered. <p>General mitigations against sudden major disruptions include:</p> <ul style="list-style-type: none"> Early warning and trigger points Supply diversity Supplier relationships Public sector resource pooling Effective plans 										
Progress update										

Progress update

For loss of power:

- 1) Power resilience understood.
- 2) Resilience of Disaster Recovery site understood.
- 3) This is being looked at via normal BAU winter preparedness. Resilience Reqs and DMT's are supported by the Resilience Team to review BC plans.
- 4) Command and control will follow existing processes. Any issues to be reported by department and escalated to appropriate response level (Silver/Gold) to manage the NCC response. If beyond NCC the NRF will be activated to respond.

For fuel:

- 5) Resilience Team have sent out a de-brief form to all involved in the fuel disruption (NCC) and has collated the returns. We have collated learning and now the Resilience Team are looking at the delivery of an operational plan to help deliver fuel to critical services and have created a BC exercise for services to work through their fuel issues and supply needs.

For food:

- 6) Work to be carried out with providers to ensure they think about support to just-in-time deliveries (contingency stock of basics).
- 7) Close communication and good relations being upheld with key suppliers of food.

For supplier insolvency:

- 8) Tiering of contracts being formalised.

For critical spares:

- 9) Ongoing work with providers to ensure adequate support is available for JIT deliveries.

For IT:

- 10) Laptops for next round of IT refresh pre-ordered and in supplier's warehouse.

Further detail of the wider resilience work being undertaken to help prevent supply chain interruption can be seen in risk RM032.

Risk Number	RM035		Date of update	16 May 2023						
Risk Name	Adverse impact of significant and abnormal levels of inflationary pressure on revenue and capital budgets									
Portfolio lead	Cllr. Andrew Jamieson		Risk Owner	Harvey Bullen						
Risk Description			Date entered on risk register	01 October 2022						
<p>There is a risk that significant and abnormal levels of inflationary pressure persist for an extended period of time with a negative impact on both the Council's revenue budget and capital programme. Unusually high levels of inflation across various sectors are being experienced, driven by a number of economic and other factors which are entirely outside the council's control. Forecasts are increasingly suggesting that this situation is likely to persist for a protracted period. There is a risk that this level of inflation will have very significant impacts across several areas of the council including: - Increasing demand for a range of support and services including hardship funds as the cost of living and inflationary pressures impact on wider society. - Direct impact of inflationary pressures on revenue pay budgets - pay awards for 2023-24 and 2024-25 in excess of the level which has been assumed in the budget / MTFs. - Direct impact of inflationary pressures on non-pay revenue budgets including energy and fuel costs. - Direct impact of inflationary pressures on the Capital Programme including the cost of construction for various schemes. This is significantly reducing the Council's purchasing power and creating significant challenges for programme management and scheme delivery. Risk Treatment: Tolerate (overall levels of inflation are outside of the Council's control), but treating the aspects that the Council is in a position to control.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
5	5	25	5	5	25	5	3	15	Mar-24	Green
Tasks to mitigate the risk										
<p>1) Close budgetary control 2023-24 - Monitoring budgets and emerging pressures during the financial year, reviewing activity levels and pressures in order to mitigate and minimise these as far as possible as part of regular budget monitoring and management processes. Where pressures cannot be avoided / mitigated, identifying alternative off-setting savings and / or funding (such as from business risk reserves) to deliver a balanced budget position for 2023-24.</p> <p>2) Setting 2024-25 Budget - Developing the 2024-25 Budget to provide as far as possible for known and unavoidable cost pressures, and identifying further income or off-setting savings initiatives to ensure that a robust and achievable Budget can be considered by Full Council in February 2024.</p> <p>3) Reviewing capital programme - Review of cost estimates, forecasts and profiling of major projects. The Council will monitor this risk and review the potential pressures on the capital programme and proactively manage the schemes, deferring some schemes where possible to minimise the impact of inflation and continue to deliver the capital programme within the budget available. The impact of cost pressures on the capital programme forecast will be picked up as part of the regular capital monitoring process during 2023-24 and as part of setting the 2024-25 Capital Programme.</p> <p>4) Articulating the financial challenges faced by the Council to Government and other stakeholders - The Council's work to ensure that sufficient funding allocations are provided / available will include responses to Government consultations, funding announcements, discussions about the 2023-24 pay award, and other engagement.</p>										

Progress update

- 1) Budget monitoring and reporting of variances, risks and mitigations to Cabinet is underway in respect of 2023-24.
- 2) Budget process underway for 2024-25 including identification of saving proposals for consideration by Cabinet in October 2023. Further savings required to close forecast budget gap and work underway to identify and validate cost pressures.
- 3) Monitoring of Capital Programme underway in respect of 2023-24 and reported to Cabinet. Review of capital programme profiling and development of new schemes for 2024-25 programme to be considered in context of wider position.
- 4) Ongoing engagement including formal consultation responses and ad-hoc opportunities.

Risk Number	RM036		Date of update		06 June 2023					
Risk Name	Non-delivery of the NCC Environmental Policy									
Portfolio lead	Cllr. Eric Vardy			Risk Owner		Steve Miller				
Risk Description			Date entered on risk register		01 October 2022					
<p>There is a risk of not delivering the key objectives of the NCC environmental policy. This could stem from not achieving the key objectives within our control to deliver. These include; achieving Net Zero Across the County Council Estate by 2030, working in partnership across the County, especially through the Norfolk Climate Change Partnership on the delivery of; the Climate Action Plan, major environmental infrastructure projects; sustainable travel projects; the 1 Million Trees for Norfolk project; the Pollinator Action Plan as well as continued roll out of LED streetlighting upgrades and implementation of the EV strategy. Event: Non-delivery of the key objectives. Effect: This could lead to greater potential for increased damage to the local and global environment. Overall risk treatment: Treat</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	3	9	2	2	4	Mar-25	Green
Tasks to mitigate the risk										
<ol style="list-style-type: none"> 1) Achieve Net Zero across NCC Estates by 2030. 2) Develop and deliver Climate Action Plan through Norfolk Climate Change Partnership. 3) Delivery of major environmental infrastructure projects for example Wendling Beck. 4) Delivery of all of the major transport infrastructure projects including ZEBRA. 5) Delivery of the 1 Million Trees for Norfolk project. 6) Delivery of the Pollinator Action Plan. 7) Rollout of 15k LED lights by the end of 2023 8) Rollout of electric vehicles 										
Progress update										
<p>Regular reporting cycles are already established for each of the key objectives.</p> <ol style="list-style-type: none"> 1) Digital dashboard established and strong delivery against scope 1 and 2 emission targets. 2) Development work ongoing with Norfolk Climate Change Partnership. A number of strategic workshops are taking place in the third quarter of 22/23 which will inform the direction and content of the climate action plan. 3) Strong progress to date with all key environmental infrastructure projects on schedule. 4) Sustainable transport projects progressing well and major investment in ZEBRA scheme and cycling and walking programmes secure. 5) Delivery of 1 Million Trees project progressing positively with plan in place to accelerate planting plan following Covid-19 impact on planting programme. 6) Pollinator Action Plan approved by Cabinet and under delivery - no major issues to report. 7) We have currently replaced 3.7k lights. 8) We are currently developing metrics for the fleet of NCC electric vehicles. <p>With the sign-off of the NCC Climate Strategy, we are now in the process of incorporating this into this risk going forward.</p>										

Risk Number	RM038		Date of update		25 May 2023					
Risk Name	Delivery of the Connecting Communities priorities and required outcomes for individuals									
Portfolio lead	Cllr. Alison Thomas			Risk Owner	Laura Clear					
Risk Description			Date entered on risk register		01 October 2022					
If there is insufficient time and staffing resource in operational teams to focus on recovery actions, then the risk of harm to service users will be unaddressed with the associated adverse impact to staff wellbeing & retention, increased complaints & LGSCO findings; and reputational challenge from Members/the Council and from the public.										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	4	4	16	4	2	8	Sep-23	Amber
Tasks to mitigate the risk										
<ul style="list-style-type: none"> - Whole department approach to supporting recovery plans/actions - Dedicated leadership in place - Staff involvement in development of plans - SAFE event planned <p>10.5.22 SAFE event commenced throughout May. Newton to support longer term work following the SAFE events.</p> <p>6.7.22 Newton Europe to support: Identifying operational initiatives that can be deployed to reduce the holding lists. Having a consistent approach to managing risk within holding lists. Conducting a risk assessment of cases currently on the holding list. Quantifying the operational impact of the upcoming changes in Adults Social Care (recovery & social care reform). Developing a plan, milestones and KPIs that can be rolled out to target both the holding list and increased demand due to care reforms (this will include resourcing considerations)</p> <p>15.7.22 clear governance with backlogs position reported to DLT via recovery and oversight group. Recovery monitoring through finance and accountability meetings. peripatetic assessment team focussing on holding list reduction. Duty teams responding to urgent and crisis needs.</p> <p>8.11.22 All Places have recovery plans in place - weekly monitoring in place.</p>										
Progress update										

Progress update

8.2.23 Increase in team manager capacity to support embedding recovery actions/connecting communities priorities agreed- Job role description drafted. Exploring option of contracting additional temporary capacity to support reductions in holding list numbers whilst recovery actions/connecting communities priorities are embedded.

06.04.2023

The Departmental Leadership Team (DLT) acknowledged greater impact and grip on Social Workers / Assistant Practitioners lists which is welcomed. Stand-alone session with DLT to be organised on discharge recovery pressures and priorities. Occupational Therapy recovery planning work starting. Safeguarding recovery plans being developed in each locality. Learning Cycle meetings in each locality focused and actions driven by data in place. Holding lists is reducing overall Invitation to tender issued for external agency support to complete 1000 assessments from holding lists (provisional start July). Additional E4SC Team managers recruited in 3/5 localities. Further recruitment efforts to secure final two posts underway. Roll out of E4SC ways of working planned for remaining 3 localities from May.

02.05.2023

Business as usual process through recovery learning cycles, locality leaning cycles and DLT recovery reporting continue to keep focus on recovery progress. Current trajectory (which we are behind), the projections based on current performance show reduction to a manageable level extending out to mid-2024; we have seen a slow down in Holding List reductions in the last week, which is expected with the support that localities have offered to Social Care Community Engagement (SCCE) (we haven't seen an increase in the locality holding lists despite SCCE support provided). There have been some particular successes – in particular Norwich and East, who have seen core substantial reductions since December and demonstrate the potential for Holding List reductions to continue above the rate of current performance. (Norwich and East showing >25% reduction since beginning of December). Leaders for OT focus work on OT holding list identified and work plan to be developed during May. E4SC ways of working roll out planned for East and North through May. Small delay to West locality to allow more readiness time for leadership team.

Risk scoring recently agreed to be reduced with Operations Directors. No further reduction this month.

Risk Number	RM039		Date of update		25 May 2023					
Risk Name	Financial, Staffing & Market Stability impacts due to implementation of Social Care Reform (now October 2025)									
Portfolio lead	Cllr. Alison Thomas		Risk Owner		Sonia Kerrison					
Risk Description					Date entered on risk register		01 October 2022			
<p>Financial Risk There is a risk that the Government will not provide sufficient funding to support the implementation of Social Care Reform and that we (NCC) will not have any monies to fill any shortfalls or additional costs. There is a risk that the Government has hugely underestimated the cost to implement Social Care Reform and therefore there will be a shortfall in funding to Local Authorities. Added to this, NCC does not have any additional monies to fill any shortfall from the Government or any other additional costs (related to additional cases, more service users that require more input into costs, support & maintenance for Care Accounts etc) associated with the Social Care Reform implementation. Resourcing/Staffing Risk There is a risk that there will be insufficient resources both internally and to recruit externally to meet the new demands of the social care reform. we will not have sufficient resources (SW, Finance and Brokerage) to process the increased care act and eligibility checks as more self funders request LA to purchase care on their behalf or reach the £86,000 cap. In addition we may not be able to recruit the necessary additional staff externally due to lack of social workers both regionally and nationally. We are struggling to recruit for vacancies we have now. Market Stability Risk There is a risk that there will be insufficient capacity in the market to meet the new demands of the social care reform. The implementation of 18(3) whereby self funders can request Local Authorities to purchase care on their behalf, has a destabilising impact on our already fragile care market. In addition the level of provider failures/contract handbacks are really worrying and may impact our ability to provide suitable care or alternatives to those who can no longer afford first and third party top ups once they reach the cap. There also may not be sufficient care in the market for us to provide suitable lower price alternatives if first party and third party top ups are required.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
4	4	16	3	3	9	2	2	4	Oct-25	Amber
Tasks to mitigate the risk										
<p>Social Care Reform has been delayed by 2 years to October 2025. The SCR Programme will continue working through the Modelling and Impact analysis to understand the impact and plan for implementation.</p> <p>The programme is :Developing the Target Operating Model to deliver Reform, including: How we will approach assessments in the future so that we can better meet demand (proportionality, whether we get partners involved in carrying out some assessments (trusted assessor model), whether we introduce self assessment, self service, and optimising the use of technology). Implementation of changes within reform to Charging and the creation of Care Accounts. Market sustainability and Fair Access to Care. Working with customers, carers and partners to plan and shape the Transformation required to deliver Social Care Reform.</p>										
Progress update										

Progress update

Programme is currently defining detailed activities and scope for each workstream which will determine what products will be due from each workstream.

Review of Programme completed end of November - milestones and programme of work requires review and potential rescoping following Government Budget on 17/11/2022.

The Government announcement to delay the implementation of SCR by 2 years to October 2025 gives Norfolk County Council additional time to prepare and plan for the implementation of Social Care Reform (SCR). The Programme funding to implement SCR has been refined following the Budget and further analysis is required.

The programme is :

Developing the Target Operating Model to deliver Reform, including:

How we will approach assessments in the future so that we can better meet demand (proportionality, whether we get partners involved in carrying out some assessments (trusted assessor model), whether we introduce self assessment, self service, and optimising the

use of technology). Mapping and scoping the potential savings that the use of technology and self assessment models may create through assessment activity being delivered differently.

Implementation of changes within reform to Charging and the creation of Care Accounts.

Market sustainability and Fair Access to Care.

Working with customers, carers and partners to plan and shape the Transformation required to deliver Social Care Reform.

Risk reviewed by Senior Management Team as a group on 15/12/2022 - agreement on risk level and mitigations in place.

Update 3/4/2023

Revised programme progressing to plan. Target Operating Model (TOM) currently being created.

Revised programme endorsed via SMT and DLT.

Challenges in obtaining data to support TOM in relation to staffing resource and activity being discussed with IMT

Update 23/5/2023

Challenges in obtaining data to enable robust modelling for the Target Operating Model for demand and staffing escalated to DLT.

Risk Number	RM040		Date of update		25 May 2023					
Risk Name	Assurance implementation									
Portfolio lead	Cllr. Alison Thomas			Risk Owner	Debbie Bartlett					
Risk Description			Date entered on risk register		01 October 2022					
<p>Performance Improvement Group (PIG) in place to drive performance improvements, meeting monthly. Initial action plan drawn up following regional mock assurance exercise, highlighting areas to focus efforts on. This is reviewed regularly at PIG. Updated following regional ex-director challenge session Jan 2023 Performance is majorly impacted by recovery. Recovery tracker maps performance against key metrics weekly and is circulated to senior managers. All areas have recovery plans with weekly monitoring. Quality Improvement Forum established February 2023 to drive quality improvement, including ensuring that increased focus on recovery does not compromise quality of work.</p>										
Original			Current			Target				
Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Likelihood	Impact	Risk score	Target Date	Prospects of meeting Target Risk Score by Target Date
3	3	9	4	4	16	2	3	6	Sep-23	Amber
Tasks to mitigate the risk										
<p>Performance Improvement Group (PIG) in place to drive performance improvements, meeting monthly. Initial action plan drawn up following regional mock assurance exercise, highlighting areas to focus efforts on. This is reviewed regularly at PIG. Updated following regional ex-director challenge session Jan 2023 Performance is majorly impacted by recovery. Recovery tracker maps performance against key metrics weekly and is circulated to senior managers. All areas have recovery plans with weekly monitoring. Quality Improvement Group established Feb 23 to drive quality improvement, including ensuring that increased focus on recovery does not compromise quality of work.</p>										
Progress update										

Progress update

Action plan has been drawn up and is being managed via the Performance Improvement Group (PIG), meeting monthly. This has been updated following Regional Challenge session from ex-director.

Dec '22: Impact and likelihood scores amended due to further information now being available about the assurance process and publication of national tables for ASCOF. CQC assurance framework remains in draft form currently.

Recent publication of ASCOF regional results for 21-22, available to assurers under the new regime, shows the need for a refocus on KPIs impacting our ASCOF measures across organisation. Operational KPIs are being re-visited as a mechanism for driving up performance in key areas, particularly for turning the corner on some ASCOF measures.

Regular performance reviews at DLT now taking place, broadening conversation from action plan and PIG to include focused discussions on performance measures and our current position.

Operational Directors weekly meetings for localities include a focus on key recovery areas which impacts overall performance due to our backlog position.

Feb '23: Refresh of Finance & Performance Boards as part of new performance and governance framework, with new KPIs in place which more closely address Care Quality Commission (CQC) quality statements contained within the assessment framework.

Preparation for ASCOF publication in May '23 taking place against key Adult Social Care Outcomes Framework and short and long term measures - both of which will form part of phase 1 of assurance, a desk top review of each Adult Social Services Department (ASSD).

A rating of less than 'good' would result in reputational damage at national level, making it difficult to recruit high quality staff, diverting senior management time and impacting our ability to achieve our performance objective, particularly in terms of recovery. Our current ranking in benchmarked external reporting along with the uncertainty associated with a new assurance regime makes it more than 50% likely that we will not achieve a rating of at least good.

April '23: Further clarity regarding assurance regime now available. Desktop exercise for all ASSDs from April 23. Up to 20 selected for assurance Sept-Dec 23 based partly on perception of risk. Given our recovery pressures and associated waiting times and waiting lists, this increases likelihood of us being assured in first or second tranch. Risk scores remain valid.

Appendix D
Annual Risk Management
Report
2022-23
Assistant Director of
Finance (Audit) &
Risk Management Officer
Norfolk Audit Services

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1. Introduction

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8. Further Information

9. Acknowledgements

1. Introduction

- 1.1 This section of the report sets out the risk management overview for the financial year 2022/23. Here, the report covers the Council's priorities, the key messages and the risk management opinion, areas of good practice demonstrated over the year, as well as developments for the risk management function both for 2022/23 and 2023/24. Information contained within this report will feed into the Council's Annual Governance Statement where assurance on the risk management function's effective performance will be provided.

2. The Council's priorities

- 2.1 The Council's priorities continue to be mapped out through the strategy, [Better Together, for Norfolk 2021-2025](#). This is a high level document, which makes clear our intent and represents the Council's strategic priorities. It has been underpinned by a Corporate Delivery Plan and aligned to our medium-term Financial Strategy.

3. Key messages including the risk management opinion for 2022/23

- 3.1 The key messages from the Risk Management Function in 2022/23 are as follows:
- The Council's system of risk management during 2022/23 was sound, adequate, and effective in accordance with the requirements of the Accounts and Audit (England) Regulations 2015 (amended 2020). These requirements state that 'a relevant authority must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk'. 'Sound' is taken to mean that adequate governance, reporting, and assurance structures are in place to manage the risks to the Council's objectives.
 - Risk management has added value to the key decisions being taken within the council over the course of the last financial year. The reporting template has a risk section (9) built into the reporting template, whereby officers are required to assess any risks or opportunities associated with the decision being taken, to provide committees with a more informed risk and opportunity picture.
 - The Risk Management Function has operated within the approved budget for 2022/23.

4. Areas of Good Practice

- 4.1 Risk management reports have continued to be produced throughout the year for both Cabinet and Audit Committee (now known as the Audit & Governance Committee). Cabinet reports have centred on putting key risk decisions forward to Cabinet for consideration, with the Audit and Governance Committee having focussed on the governance arrangements for risk management.
- 4.2 With 2022/23, a decision was taken to move from annual reporting of departmental level risk summaries, to introducing a more frequent 6 monthly reporting cycle for departmental level risks.
- 4.3 In addition to a more frequent reporting cycle for departmental risks, 2022/23 also saw the introduction of departmental red rated risks being reported in full, to allow Cabinet a better view of these risks, and understand them in more detail and how we are mitigating them.
- 4.4 2022/23 saw the establishment of a Risk, Performance and Complaints forum. This internal forum looks at any key risk, performance and complaint themes that require officer discussion and action, prior to making Executive Directors aware of anything coming out requiring their knowledge and input. Membership of this forum comes from across the council with each department represented.
- 4.5 2022/23 also saw the continued enrolment of the Risk Management Officer on both the Alarm and Institute of Risk Management professional membership groups in order to be alert to emerging new best practice within the risk management industry.

5. Our Outputs – Risk Management Work

- 5.1 The Risk Management Function has delivered quarterly Risk Management reports for Committees in 2022/23, covering corporate risks, reported and presented to both Cabinet and the Audit and Governance Committee.
- 5.2 Recommendations from the risk management independent 'health check' report of 2021 have been largely implemented, with ongoing recommendations continuing to be delivered throughout the year. Where not completed, the groundwork has been laid via the 2023/24 Risk Management Strategy to implement the remaining recommendations this financial year.

6. Developments of the Risk Management Function in 2022/23

- 6.1 In December 2022, the Risk Management Officer Thomas Osborne passed his final exam to successfully complete the International Diploma in Enterprise Risk Management. This was recognised at the Audit and Governance Committee.
- 6.2 The Risk Management Officer continues to chair the East Midlands and East Anglia Risk Management Group, which acts as a valuable resource for horizon scanning and discussing with risk management counterparts what their local authorities are doing in respect of their risk management and key national and international risk themes.

7. Developments of the Risk Management Function in 2023/24

- 7.1 There are a number of developments planned for this financial year 2023/24 as set out below.
- 7.2 The Risk Management Policy and accompanying procedures will be reviewed and refreshed in line with its' two-year review cycle.
- 7.3 Risk Management will be further integrated into the corporate business plan to help deliver the Council's strategy.
- 7.4 The remaining recommendations from the independent 'health check' report will be implemented, and the revised Risk Management Strategy will set out how and when this will happen.
- 7.5 Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) including how we are tackling climate change as an organisation is at the forefront of organisational thinking, so these areas will be particularly prominent over the course of this financial year and beyond. Doing what is right for society is engrained in the work of local government, so we need to continue to ensure that our CSR and ESG activities reflect society's needs in a sustainable manner. Corporate risks of an ESG nature are being developed and will reported on, to be able 'to provide transparency about our commitments to identify, manage, and report on ESG risks' (ESG reporting and attestation: A roadmap for audit practitioners, CAQ, AICPA & CIMA - February 2021).

8. Further information

- 8.1 Further information on risk management progress throughout the year will be reported in the quarterly risk management reports to Cabinet and Audit and

Governance Committee, and a further summary of this year's developments and deliverables will be reported in next year's risk management annual report.

9 Acknowledgements

9.1 We would like to thank Members of the Cabinet, Audit and Governance Committee, Executive Directors, managers, and officers for their engagement and commitment to effective risk management throughout 2022/23.

Adrian Thompson Chief Internal Auditor

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Audit and Governance Committee

Item No: 9

Report Title: Norfolk County Council's Insurance Cover

Date of Meeting: 25 July 2023

Responsible Cabinet Member: Not applicable

**Responsible Director: Harvey Bullen, Director of Strategic Finance
(Section 151 Officer)**

Is this a Key Decision? No

Executive Summary

The Council's Constitution includes in the Audit and Governance Committee's Terms of Reference (part 4.4) for risk management to, 'Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's risk management Policy and Framework and that proper insurance exists where appropriate.

Providing insurance cover is one of the accepted methods of reducing the impact of risks to the Council and subsidiary companies. The payment of a premium to an insurer, thus offsetting the risk, allows the Council to purchase protection against a breach of its duty where the insurer will indemnify the insured against financial loss.

This report provides the Audit and Governance Committee with information relating to the current position of the insurance provision for Norfolk County Council. The Insurance function is part of the Finance and Commercial Services Department.

The report provides members with assurance as to how the insurance provision is delivered and how claims against the Council and subsidiary companies are managed by the Insurance Team.

Recommendations:

- 1. To Consider and agree that proper insurance provision exists where appropriate, as confirmed by external and internal reviews and accept the report.**

1. Background and Purpose

- 1.1 Audit and Governance Committee members requested that they might have an annual report containing information about the insurance cover that is in place for Norfolk County Council and subsidiary companies.
- 1.2 Until 1992 the Council was insured with “Ground-up cover”, this is where an insurer takes on the full risk of the cost of any claim settlement. The Council did not carry any deductible and as such premiums were set at a high level as all the risk was held by the insurer. In 1993 it was agreed that on the Liability policy the Council would carry a deductible of £100,000 per claim.
- 1.3 To accommodate this decision, it was necessary to create an Insurance Fund to cover the element of the self-insurance to the £100,000 level as the Council would be responsible for all claim payments up to that value. Since the mid 1990’s our deductible across liability and motor policies has been increasing to the current £290,000, with Material Damage (Property) set at £250,000. The result of these higher levels of deductibles is that insurers can reduce the risk they have to cover and thus reduce the costs of premiums they charge; the Fund is then used to cover settlements up to the levels of the deductibles.
- 1.4 Where the insurer takes on the full risk of the claims, under the Ground-up cover scheme, it is the insurer who will take conduct of the claims and make all decisions around settlement in conjunction with the insured. The insurer will investigate, review, and decide upon liability, making their recommendations to the insured. Where there is a deductible, the insured will have responsibility and conduct of the claim and is responsible for all decisions made up to the value of that deductible, although in some significant cases the insurer may also be involved in decision making. This process gives the insured much more control and certainty over the settlement of claims and therefore the associated costs.

2. Proposal

- 2.1 This report seeks to provide information and assurances to Members that there is adequate provision regarding the placement of insurance cover, managing claims and the associated risk mitigation measures throughout the Council and subsidiary companies.

3. Impact of the Proposal

- 3.1 It can be demonstrated that there is adequate insurance provision in place to protect the employees and assets of the of the Council and subsidiary companies.

4. Evidence and Reasons for Decision

- 4.1 There are many risks the Council and subsidiary companies face in delivering the services they provide. When risks have been identified, there are several industry accepted methods for treatment or mitigation of these risks.
- 4.2 There are four accepted methods of treating and mitigating identified risks:
- **Avoid:** Decide not to start or continue with an activity that gives rise to the risk. Stop the activity or find a different way of doing it. The application of this option is often limited, especially in terms of strategic risks.
 - **Reduce:** Take actions to reduce the impact of the activity, e.g., contingency arrangements. Act to reduce the likelihood e.g., alternative systems, increased training, physical improvements to premises etc.
 - **Tolerate:** One example of the value of risk management is recognising that it may be appropriate to place an activity 'at risk' yet continue with it with agreed constraints.
 - **Transfer:** Share the exposure, either totally or in part, with a partner or contractor, or through insurance.
- 4.3 Risk transfer is usually accomplished using an insurance policy, although not exclusively. This is, at its most basic, a voluntary agreement between two parties, the insurance company, and the policyholder, in this case, the Council. In such an agreement the insurer takes on strictly defined financial risks from the policyholder. If an event occurs that is covered by the insurance policy, the insurer will make good the agreed financial loss.
- 4.4 For providing this type of cover against loss the insurer charges a fee, or insurance premium, for accepting the risk which is based on the level of perceived risk. In addition, there may be deductibles, reserves, reinsurance, and other financial agreements that modify the financial risk the insurer is willing to take on.
- 4.5 Changes to the Insurance Act have placed a higher responsibility on those seeking insurance cover to disclose all salient facts. There is a "Duty of fair representation" within the Act that requires "the insured to make a fair presentation of risks". A failure by the insured to follow this part of the Act allows the insurer, at worst, to withdraw cover, at best, charge additional premiums to maintain cover.

- 4.6 Not all identified risks are insurable, non-insurable risks are risks that an insurer is not willing to take on because the risks and future losses cannot be estimated. Examples of non-insurable risks would include criminal prosecution, loss of reputation and risks around political decision making.
- 4.7 Most risks that are identified can be insured against. However, the cost of insurance, the premium charged by the insurer, will reflect the level of risk the insurer believes they are taking on. The premium is very dependent upon the claim's history of the organisation and how effective risk mitigation measures are that have already been implemented. The insurer will also look at what additional measures could be or are being implemented to reduce the perceived risks. The insurer will undertake audits of activities and surveys of property to determine how effective risk mitigation is.
- 4.8 In the last 12 months our Material Damage insurer has carried out full property surveys at 4 of our highest value properties to review all aspects of safety and maintenance. The 4 properties were County Hall, the Millennium Library, Charles Burrell Centre (Formally Charles Burrell High School) and the Costessey Waste Transfer site.
- 4.9 For each location the surveyor produced a report with various action points and recommendations that needed to be addressed. The individual locations are working through the action points, none were regarded as high risks requiring immediate responses. Currently the action points are being resolved by the relevant management teams.
- 4.10 The cost of cover or the premiums that are to be charged is also dependent upon the level of deductible that is attached to the policy. The greater the deductible generally the lower the cost of cover will be. The insured will then be responsible for investigating and funding, if liability is accepted, the full costs of any claim up to the agreed deductible, and should the claim exceed this, the insurer will be responsible for covering the balance.
- 4.11 **Insurance provision.**
Norfolk County Council retains a number of different insurance policies however, only Employer's Liability insurance is a legal requirement under the Compulsory Insurance Act 1969. We hold other policies out of necessity to provide adequate protection to the Council and subsidiary companies, employees and third parties. All other protection could be underwritten by the Council, however, this would require the Council holding a limitless fund, sufficient to finance the total cost of all settled claims.

There are four main policy types that Norfolk County Council and the subsidiary companies hold cover on:

Employers Liability – As an employer, the Council has insurance against claims from employees for an alleged breach of our duties towards them. The insurance will allow the Council to meet the costs of compensation for injury or illness as a result of the actions or inactions of the Council. The limit of indemnity on this policy is £50 million with a deductible of £290,000.

Public Liability – This policy covers members of the public (non-employees) against claims for breach of duty or where the Council is the occupier of a premises that the public have a right of access to. This policy would also cover claims made against the Council for incidents relating to the highway as the Highway Authority. Currently the limit of indemnity on this policy is £50 million with a deductible of £290,000.

Property or material damage insurance – Cover for material damage to property owned by the Council and covers damage to both the physical property and contents of such properties as a result of applicable perils. Currently the limit of indemnity on this policy is the individual property valuation assessed by NPS with an excess of £250,000. Contents values are based on reports provided by the individual services.

Motor insurance – Cover for any motor vehicle which is the property of or in the custody or control of the Council and subsidiary companies. Currently the limit of indemnity on this policy is £50 million with no excess. Although it is compulsory for all drivers to hold Motor insurance, the Road Traffic Act 1988, Section 144 provide an exemption to County and District Councils to self-insure all losses if they consider it appropriate.

4.12 There are a number of addition policies that the Council currently hold as follows:

Airside cover – Cover for incidents on the airside (live side) at an airport, this is specifically for the activities of the NFRS should they be required to attend to an incident at the airport.

Terrorism cover - Policy to cover acts of terrorism against County Hall only.

Fidelity Guarantee – Cover for direct acts of fraud, theft or dishonesty by an employee in the course of their employment.

Contract works - All risks policy to cover loss or damage to contract works undertaken for and on behalf of the Council.

Fine Art All Risks cover – Cover for art and collectables owned or on loan to the Council.

Travel insurance – Cover for all authorised trip members worldwide, including school travel and the policy covers specialist medical assistance and repatriation if necessary.

Professional Indemnity – Covers financial loss as a result of acts or omissions in the professional services provided by the Council. A £5m limit of

indemnity is included within the Public Liability policy, however an additional level of cover has been procured for NP Law because of the nature of the risks involved in providing that service.

- 4.13 As part of the insurance service provided by the Insurance Team there are several small, individual and explicit or bespoke policies that have been purchased to cover very specific risks. Examples would be cover for asbestos surveys and removal, use of drones, and hired in plant cover.
- 4.14 The same main policy coverage extends to all the activities that are undertaken by the Council and subsidiary companies, such as Norse, Independence Matters and Repton Developments.
- 4.15 Premiums are paid on an annual basis to the insurer to purchase cover for the designated period. In addition to the premium, we are required to pay tax on all insurance policies purchased, the current level of Insurance Premium Tax (IPT) is 12%.
- 4.16 Prior to the annual insurance renewals, questionnaires are sent to Heads of Service and Executive Directors to identify all risks within individual service areas. The responses are then collated and provided to the insurers so they can assess the annual risks and calculate appropriate premiums. As previously noted, failure to present all our risks may breach the Insurance Act requirements. Heads of Service and Executive Directors are required to sign off each renewal questionnaire confirming that the information contained is true and accurate and reflects the current risks to that service or company.
- 4.17 At present our main policies, Casualty (Employers and Public Liability) and Motor are placed with Zurich Municipal, Material Damage (Property Damage) is placed with AIG. Smaller or more specialist cover is placed with various specialist insurers through our broker, Aon.
- 4.18 The premiums charged are competitive market rates for the risks related to the activities of the Council and subsidiary companies. Those rates are then passed on to the individual areas through the annual premium calculations. If an individual area was to look to the market for an individual premium it would find that the rates would be much higher because the risks are more concentrated within a smaller portfolio. The insurer is more comfortable when spreading the risk over a number of areas/elements rather than a single entity.
- 4.19 As an example, our property asset is insured on a portfolio basis against the rebuild value of each property, there are a small number of properties that are on demolition only cover, where there is no intention to rebuild. The insurance market sees the high portfolio value, over £1.7bn, but assess the risk as low because the properties are spread across numerous sites. If a single building was to seek insurance cover the premium would need to reflect the individual value of the property and the high level of risk on the specific site. By working

on a portfolio bases, we are able achieve much lower levels of premium per property than as individual sites.

- 4.20 Following negotiations for this year's premium we were able to secure an overall increase on the casualty cover (all liabilities) of 9% (this takes into account the current inflation rate). In addition, we were able to secure an increase of 13% on the Material Damage policy when we have seen an increase in the value of the property portfolio of over 15%. The market is generally experiencing increase on similar policies of up 20%. We have been able to present the insurers with very good responses to renewal questionnaires and the Council and subsidiary companies have been view as "a good risk".
- 4.21 Internal insurance premiums are calculated based on various factors, the Insurance Fund requirements, external premiums and the costs of the Insurance Team. In the first instance top level calculations are produced using this data, and cover the main policies, Liability, Motor and Material Damage. At this top-level, costs are allocated on a pro-rata basis, Liability on Fund requirements, Motor on fleet size and Material Damage on property and contents values.
- 4.22 Once the top-level calculations are complete further analysed is carried out based on the individual questionnaire responses, the 5-year claims history and estimates of current claims. Once these calculations are complete, each individual area within the Council and subsidiary companies is notified of the premiums with breakdowns of the figures. The annual renewal reports are sent to each area of the Council and subsidiary companies, outlining the policies that are in place for that specific area with the annual premium costs. In addition, an overall service report is sent to each Executive and company Director noting all policies the individual service has.
- 4.23 **Claims Handling.**
The Council is self-insured to the level of £290,000 (£250,000 – Property) which results in the Insurance Team having full conduct of all claims that are valued below that figure. The team has the capacity and experience to make final decisions on all such claims, ensuring the best possible outcome for the Council and subsidiary companies. The insurers have, as part of the insurance contract, authorised the team to act on their behalf within the excess layer. The team has full authority to manage and where necessary, settle claims in the best possible interests of the Council and subsidiary companies.
- 4.24 All areas of claims brought against the Council and subsidiary companies within the deductibles are handled in-house by a dedicated, professional team of claims investigators and managers, including those claims that ultimately become litigated. The Insurance Team has been managing claims for almost 30 years and has considerable experience in all classes of business and areas of claim. As the team is in-house, there is ready access to the appropriate

officers and Senior Managers in service areas against which claims have been brought and access to IT systems and electronic record data as required. Data that is stored is available to investigators without special permissions as it remains within the Council and subsidiary companies and is being used for the investigation of the insured's activities.

- 4.25 Claims can be brought against the Council and subsidiary companies in several ways, a claimant in person may complete a claim form or write a formal letter of claim. Claims may come in through the Ministry of Justice portal, this is a mechanism that allows solicitors to bring claims electronically with specific fixed costs or directly from a solicitor through a traditional letter of claim. No matter how the claim is brought it must contain clear and specific allegations of a breach and a clear description of the location. Once the claim has been entered into the claims management system it is allocated to the appropriate level of handler.
- 4.26 Claim are allocated to individual handlers who are supervised by Claims Manager. The handler will carry out a full investigation into the allegations and make decisions on the validity of the claim. Claims Managers carry out regular audits on claim files and authorises all payments to ensure there is a consistent approach to claims handling across the team. This also enables managers to identify trends and have an insight into developing areas of concerns. These are fed back to service areas and often discussed at industry forums where representatives from other local authorities, insurers, legal service providers and brokers come together to review such trends.
- 4.27 The team handled over 1700 claims in the financial year 2022-23, this is a similar figure to last year. Almost 800 of claims received were liability claims, the majority of which were brought as Public Liability claims. These claims include alleged slips and trips on the highway, damage to vehicles from alleged highway defects and claims arising from alleged failures in both Children's and Adult Services. A small number of claims were brought as Employers Liability claims where the individual is an employee or is treated as an employee for the purpose of insurance, such as volunteers acting in the appropriate capacity and under the supervision and control of NCC.
- 4.28 All claims against the Motor Policy will be related to an incident involving vehicles either owned or under the control of the Council or subsidiary company. Some incidents will involve a third-party where our vehicle has collided with a vehicle or property owned by the third-party. Most of these claims will involve a light commercial vehicle, a car or van. A number will involve heavy commercial vehicles, refuse freighters, highway vehicles and specialist vehicles such as fire appliances. There have been some 570 motor claims this year. All property claims will relate to damage to a property or contents owned by the Council and subsidiary companies, and we have seen just under 370 claims this year.

- 4.29 Claims are reserved (the estimate based on potential cost of settlement and includes all potential legal costs and the costs of experts) against the information provided by the third party or their representatives. Reserves are amended as new information is obtained and as negotiations are undertaken. An alternative option, worse case reserving, fixes a very high figure that is reduced as new information is obtained. This method requires a very high level of Fund reserve and ultimately impacts on external and internal premiums.
- 4.30 Where a claim reserve is higher than the deductible based on all the information available, the insurer has a right to take over conduct of the claim. Should that be the case, the insurer will work in conjunction with the handler and Claims Manager to investigate the allegations, and where necessary, negotiate and achieve the best possible outcome.
- 4.31 We will notify the liability insurer when the estimate is at 50% of the deductible out of courtesy so that should the claim costs increase, they are already aware. We also notify the insurer immediately if there are complex injuries such as head/facial injury or complex diseases alleged such as asbestos or hand arm vibration syndrome.
- 4.32 Allegations related to liability claims must be linked to a breach of statute or brought in negligence. It is for the claimant to bring the allegations of what statute/s they consider have been breached or where they believe there has been negligence on the part of the Council or subsidiary company. It is then for the handler to fully investigate the allegations and determine if there is a defence based on information from the service or if there is a legal precedent (case law) to base a defence on.
- 4.33 Where there are property damage claims, the handler acts as the Loss Adjustor and provides immediate recovery/restoration provision. This will include, particularly in flood and fire circumstances, managing recovery experts to ensure the property is returned to the pre-incident condition as soon as possible. The handlers will liaise with the occupiers and the specialists to ensure that the service delivery disruption is minimised. As part of this service, handlers work with contractors and NPS where building works are necessary to ensure best value and speedy responses. Where property damage exceeds the excess, we will work with the insurer and the nominated external Loss Adjuster to ensure the best possible outcome for the building users.
- 4.34 Where a claimant or the claimant's representative is dissatisfied with a denial, they can refer the claim to the Courts and the claim will become litigated. The handler will work in conjunction with one of our panel solicitors to develop our defence to the allegations. Handlers will take witness statements, collate additional documentation, meet with barristers, and eventually, if necessary, attend court to support our witnesses. Whilst in court, they record the salient points of the case for future learning and feedback.

- 4.35 Decisions on liability are clear cut, and handlers are trained to review all relevant information to ensure that the correct decision is reached. There is no opportunity to mediate or negotiate on this position, either the Council has breached a duty or been negligent, or it has not. What is open to negotiation is the value of the claim and what the claimant may have contributed to the loss, pre-existent injuries/illness or local knowledge of the location etc. Handlers will assess evidence of loss and offer an appropriate level of compensation considering all these factors.
- 4.36 The team does not have the ability to pay any ex-gratia compensation if there has been no breach of statute or duty in a liability claim. The team always seeks to settle claims on the best possible terms, negotiating with the claimant or their representative to minimise the cost to the Insurance Fund and possible premium increases and mitigate any potential reputational risks. It is also important that any negotiations are seen to be fair and equitable to both sides.
- 4.37 Denial rates (closing a claim with no payment to the third party) forms part of the suite of KPI's for the Insurance Team. The overall rate for Employers Liability denials in the last year was 60% (it should be noted that this figure is based on a very small sample). The overall Public Liability denial rate (including highway related claims) is 80%. Clearly denial rates are very dependent upon what the individual departments and teams are doing and what policies and practices are in place. Claims can only be defended and denied if there is sufficient documentation and evidence to prove the Council and subsidiary companies have complied with all that is required to do including our own policies, procedures, and guidance.
- 4.38 It is not possible to place an actual financial figure on the claims that are denied in any given period. However, it is evident that the better the denial rates are, the smaller the strain on the Fund, which in turn is reflected in the costs of both external and internal premiums.
- 4.39 Where a claim is settled, the team will provide feedback to the individual departments and managers. This process is used to improve and enhance further our future ability to defend similar claims. Sometimes this will require a change in working practices or consideration of how the activity can be delivered in a different way to mitigate the identified risks.
- 4.40 As part of the handling process, fraud indicators are checked at each stage during the life of the claim. Where there are concerns raised, further investigation and checking is undertaken. The insurance industry is seeing fraudulent claims in several main areas including motor, where the incident is staged, housing damage where tenants are exaggerating the material damage and the exaggeration of injuries by liability claimants. Recent Court cases have seen the judiciary willing to dismiss claims for exaggerated injuries and in extreme cases charge those who brought the claim with fraud.

- 4.41 The team looks for signs of fraud by comparing photographs, statements, allegations, and medical records for inconsistencies. Where fraud is suspected we can refer a claim to one of our panel solicitors who have teams with access to sophisticated fraud detection systems. Should fraud be identified we will refer the findings in the first instance back to the claimant or their representative for consideration and suggest discontinuance.
- 4.42 Reports are regularly produced from the Claims Management system to identify and address any specific claim trends and where these are identified, referred to the departments involved. This has proved very useful to the Highways Team in that it enables Engineers to target areas of need when considering proactive maintenance works.
- 4.43 There are various future risks that are being highlighted by the insurance industry and our legal providers. There has also been concerns raised linked to e-scooters and the use on the highway and electric vehicle charging points. Additionally, there are increasing risks for NFRS with electric vehicles involved on collisions and the increasing number of electric storage facilities on solar and wind farms. There are concerns around Human Rights and the deprivation of liberty. Generally, there is an increasing risk around weather related incidents both to property and highway damage.
- 4.44 **Insurance Fund**
The Insurance Fund is the financial provision used to pay settlement compensation and costs to successful claimants including any associated legal and medical costs. The Insurance Fund is maintained by the collection of premiums paid by the departments against the policy cover provided.
- 4.45 For some classes of insurance, it can take several months or even years to report, investigate, pay, and close claims. For some large and complex claims, Courts may need to decide on liability, and this can add more time to the process. Claims relating to abuse or long-term disease such as mesothelioma can be open for many years until a final settlement can be agreed.
- 4.46 As noted, each claim will have a reserve set as an estimate of future potential payments (the outstanding amount). Insurers and claims handlers adjust the outstanding amounts as the claim progresses and new information is available. The total value of a claim (the incurred amount) is the amount paid to date plus the “outstanding” amount still to be paid, as money is paid out on a claim, the reserve will be reduced accordingly.
- 4.47 The Council and subsidiary companies carry large deductibles, and we hold financial provisions in the Insurance Fund to meet the liabilities from claims for incidents in the current and previous years. The Insurance Fund, comprising of departmental premiums, is drawn down to pay compensation to successful claimants up to the full value of the deductible. There needs to be sufficient

money within the Insurance Fund to meet the historical liabilities, losses arising in previous years, as well as claims in the current policy year.

4.48 Assurance

Each year the claims profile for the Council and all subsidiary companies is evaluated by external actuaries who considers claims arising from Employers Liability and Public Liability that are retained in respect of the period 1 April 1993 to current. The purpose of the review is to estimate the reserves required in the Insurance Fund to cover the known and potential liabilities. The evaluation uses actual claim figures and statistical analysis to calculate how claims are expected to change over time before they are eventually concluded. The annual review is undertaken by external Actuaries to ensure industry compliance and to give assurance the fund is adequate to meet the need.

- 4.49 Whilst considering the actual claims held on the book of liabilities, the review also looks at the whole insurance market to determine what may be brought against the Council and subsidiary companies in future years. These claims are known as incurred but not reported (INBR), the incident may have occurred but has not been developed into a claim and the review provides statistical analysis of what value may be placed on such claims. An allowance is then made within the Insurance Fund to cover such claims, should they arise at a future date, based on a balance of probability.
- 4.50 As part of the general auditing process, Claims Managers carry out random reviews of files at various points throughout the life of a claim to ensure consistency. We also have remote training sessions with members of our panel solicitors and insurers who provide training and assurance in the context of national standards. Where a claim is litigated all documentation and information will be reviewed in conjunction with legal experts to ensure there is an effective course of action in defending.
- 4.51 As part of the offering from our legal providers, feedback is given to senior managers on the files and the way claims have been conducted by team members. As international legal companies, they can benchmark how the Insurance Team is operating against other similar organisations. Feedback is given at regular meetings with providers where this information is discussed, findings are then discussed with team members.
- 4.52 We undertake claims management strategy meetings with claims handlers on a regular basis. Handlers can bring unusual or more difficult claims to a collective Teams meeting with managers and other handlers where strategy and further action can be discussed. This provided training opportunity to team members and imparts knowledge and experience across the team. These meetings also provide a level of consistency across claims handling and investigation. This also provides an arena to discuss claims that have been denied and the claimant has asked for a formal review by a manager.

5. Alternative Options

5.1 There are no alternative options.

6. Financial Implications

6.1 There are no financial implications to note within this report.

7. Resource Implications

7.1 **Staff:** There are no staff implications.

7.2 **Property:** There are no implications to property to highlight within this report.

7.3 **IT:** There are no specific IT implications to highlight in this report

8. Other Implications

8.1 **Legal Implications:** There are no legal implications to highlight within this report.

8.2 **Human Rights Implications:** There are no human rights implications to highlight within this report.

8.3 **Equality Impact Assessment (EqIA) (this must be included):** There are no Equality impact assessments to note within this report.

8.4 **Data Protection Impact Assessments (DPIA):** There are no data protection implications to highlight within this report.

8.5 **Health and Safety implications (where appropriate):** There are no Health and safety implications to note within this report.

8.6 **Sustainability implications (where appropriate):** There are no sustainability implications to highlight within this report.

8.7 **Any Other Implications:** There are no other implications highlighted on this report.

9. Risk Implications / Assessment

9.1 Not applicable

10. Select Committee Comments

10.1 Not applicable

11. Recommendations

11.1 See Action Required in Executive Summary above.

12. Background Papers

12.1 Not applicable

Officer Contact

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Audit and Governance Committee

Item No 10.

Report title:	Yearly Update of the Audit and Governance Committee 2022-23
Date of meeting:	25th July 2023
Responsible Cabinet Member:	N/A
Responsible Director:	Harvey Bullen, Director of Strategic Finance, Finance Directorate
Is this a key decision?	No

Executive Summary

This report, which summarises the work of the Audit and Governance Committee from the 1 April 2022 to 31 March 2023, confirms that during the year its function has been consistent with its terms of reference, best practice, demonstrates the impact of its work and explains how it adds value. Its work is reported to full Council. During the year the Audit Committee was merged with the Standards Committee reflected in a new terms of reference for the Audit and Governance Committee which were agreed in November 2022. The Committee welcomed the statutory Independent Persons, appointed under the standards regime, within Norfolk County Council's Governance structure to the meetings. No standards business has been required between November 2022 and March 2023.

An audit committee's effectiveness should be judged by the contribution it makes to and the beneficial impact it has on the authority's business. Evidence of effectiveness will usually be characterised as 'influence', 'persuasion' and 'support'. The Committee has demonstrated its effectiveness.

As a regulatory body for Local Government, CIPFA recommend that a self-evaluation of the effectiveness of an audit committee is undertaken on an annual basis and the results of this self-evaluation are included in the Committee's annual report. Appendix F of CIPFA's position statement is a self-evaluation tool to be used to evaluate the impact and effectiveness of the committee.

The committee can demonstrate that it follows good practice principles. These good practice principles are set out in the [CIPFA's position statement guidance](#). Where an audit committee has a high degree of performance against such principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

The conclusion drawn from a self-evaluation of the effectiveness of the Audit and Governance Committee, using CIPFA's toolkit in Spring 2023, is that there is clear evidence that the Audit and Governance Committee has a high degree of performance against the good practice principles and substantially meets the criteria set out in CIPFA's position statement.

Recommendations

The Audit and Governance Committee are asked to consider and agree:

- that the arrangements, for audit and for governance, are satisfactory and note that the Committee has terms of reference which are consistent with guidance and best practice
- the action to further strengthen the work of the committee by considering how the HoIA and the Council operate in accordance with the principles of the CIPFA Statement on the Role of the Head of Internal Audit.

1. Background and Purpose

- 1.1. The Council is required under the Accounts and Audit Regulations (England) 2015 to make provision for internal audit in accordance with “proper practices in relation to internal control”. CIPFA, in collaboration with the Chartered Institute of Internal Auditors (CIIA) have produced the UK Public Sector Internal Audit Standards 2017 (the Standards) which originally came into force on 1 April 2013 and replaced the CIPFA Code of Practice. CIPFA, in collaboration with the CIIA, also published in March 2016 the revised Local Authority Guidance Note (LAGN) for the Standards. CIPFA has published ‘Audit Committees – Practical Guidance for Local Authorities and Police (2022 Edition)’, which was issued to Committee members in March 2023. That guidance includes CIPFA’s Position Statement, ‘Self-assessment of good practice’ and ‘Evaluating the effectiveness of the Audit Committee’ tools.
- 1.2. The Localism Act 2011 substantially altered the prevailing Local Government standards regime in England. The Council is required to appoint at least one "Independent Person" through a proper recruitment process. Her or his views are sought (and taken into account) by the Monitoring Officer before investigation; also available to the Standards Committee (if there is one) and the accused Member. These are not "members" and cannot vote in committee. Source: [House of Commons - The Standards Systems in the House of Commons - Committee on Standards \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/commons-only/standards/)
- 1.3. The Audit and Governance Committee is an established committee; it
 - reports directly to full Council
 - has seven members; and
 - has two statutory independent persons appointed under the standards regime (see 1.2).
- 1.4. The Audit and Governance Committee are responsible for monitoring the adequacy and effectiveness of the systems of risk management and internal control, including internal audit, as set out in its Terms of Reference, which is part of the Council’s Constitution.

As part of good practice and in accordance with its Terms of Reference (part I3), this report summarises the work of the Audit and Governance Committee for the period ended March 2023. This report also confirms that the Committee’s function is consistent with best practice, demonstrates the impact of its work and how it adds value.

- 1.5. Under section 17 of the Crime and Disorder Act 1998, the Council has a statutory general duty to take account of the crime and disorder implications of all its work and do all that it reasonably can to prevent crime and disorder in Norfolk. Internal Audit helps with this by aiming to deter crime, to increase the likelihood of detection through making crime difficult, to increase the risk of detection and prosecution and to reduce the rewards from crime.
- 1.6 The Audit and Governance Committee's terms of reference was updated in April 2022 to include some inconsequential changes including these roles from the CIPFA position statement (version 2018):
 - o considering the effectiveness of arrangements and the control environment and risk related issues in relation to partnerships and collaborations with other organisations
 - o monitoring the effectiveness of the control environment, including arrangements for ensuring value for money and supporting standards and ethics supporting standards and ethics arrangements
- 1.7 Full Council agreed changes to its Constitution at its meeting on 19 July 2022. This included abolishing a separate Standards Committee and incorporating the Council's obligations in respect of standards for elected members into the Audit Committee's terms of reference, renaming it the Audit and Governance Committee. These changes were reflected in a new terms of reference for the Audit and Governance Committee which were agreed in November 2022. The current terms of reference remain fit for purpose.

2. Proposals

- 2.1 The last such annual report was presented at the Audit and Governance Committee meeting in November 2022. This report covers the period 1 April 2022 to 31 March 2023. This report also confirms that the Committee's Terms of Reference, purpose and core functions are consistent with best practice.
- 2.2 The Audit and Governance Committee demonstrates the impact of its work and how it adds value by:
 - o Supporting the Council's vision 'Better Together, for Norfolk' and its objectives in achieving a reputation for good governance and risk management, sound internal control and good value for money; and
 - o Reducing the potential cost burden and operational disruption when risks, internal control weaknesses, frauds or corruption are avoided or mitigated.
- 2.3 The following section of this annual report demonstrates where the Audit and Governance Committee have had an impact by supporting improvement. The narrative in **bold** is from Appendix F of the CIPFA position statement with supporting narrative as to how the Committee has had an impact, which is drawn from the recent self-evaluation. Officers from Norfolk Audit Services drafted the self-evaluation which was then shared and agreed with the Chairman and Vice Chairman of the Audit and Governance Committee.

The Committee is '**Promoting the principles of good governance and their application to decision making**'. It has challenged, scrutinised, championed its functions and provided oversight in accordance with its Terms of Reference.

Reports have been received from the then Executive Director of Finance and Commercial Services, the then Director of Governance and the External Auditors. The committee receives and approves the Annual Governance Statement and the Annual Internal Audit Report which explained what action has been taken during the year regarding internal controls and risk management. The Committee also receives an Annual report from the Monitoring Officer.

The Committee has:

- received and considered the reports of the External Auditor.
- considered and agreed quarterly reports on the work of the Internal Audit Team (Norfolk Audit Services). Those reports included the plans and reporting on their audits/work and opinions during the year and Anti-Fraud Activity
- considered reports on the governance of the Norfolk Pension Fund to inform its consideration where they are included in the Council's Annual Statement of Accounts
- received an update on the Norfolk Pension Fund Governance Arrangements.

The Committee is, '**Contributing to the development of an effective control environment**'. The Committee has encouraged ownership of the internal control framework by relevant managers by actively monitoring the implementation of audit recommendations through the quarterly internal audit reports. The Committee will call in officers to explain where there maybe delays or non-implementation of recommendations or where there may be significant concerns over controls. The Audit and Governance Committee gain assurance, from the annual internal audit report, that internal control arrangements are satisfactory.

The Committee is, '**Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks**'. The Committee review quarterly risk management reports, monitor improvements to risk management through these and through the annual risk management report. The Committee gains assurance that the arrangements for the governance and management of risks is satisfactory through the independent healthcheck review of the risk management function undertaken by Zurich Municipal in May 2021. The Committee monitor the implementation of ongoing recommendations from that review as part of the quarterly risk management reporting. The Committee has continued to champion and encourage sound risk management in the Council, including how it is reported to members, and to provide member challenge and review for the Corporate Risk Register. The Committee has encouraged discussion of departmental risks as well as Corporate Risks.

The Committee is, '**Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively**'. The Committee have requested changes to our audit reporting to provide more information in some areas to strengthen their understanding (examples are follow up of audit recommendations and the synopsis of 'key issues red' and 'key issues amber' audit opinions). The Committee received a detailed internal audit strategy, approach and plan for the coming year which advises on how the framework of assurance, how the plan (the topics) is determined and how assurance may be placed on other bodies/collaborative arrangements to support streamlining of assurances.

The Committee is, '**Supporting effective external audit, with a focus on high quality and timely audit work**' The Committee received and considered an annual

external Audit plan for 2021-22 which set out the proposed audit scope of their work summarising their initial assessment of the key risks driving the development of an effective audit for the Council in response to those risks. An external audit update was received in March 2023 regarding the plans to conclude the 2021-22 annual statement of accounts audit and their approval.

The Committee is, **‘Supporting the quality of the internal audit activity, in particular underpinning its organisational independence’**. The Committee reviewed the internal audit charter (terms of reference) in November 2022. The Committee have assurance over the quality of the internal audit activity, in particular underpinning its organisational as the Institute of Internal Auditors undertook an External Quality Assessment (EAQ) of the internal audit function in the Autumn of 2022. The Committee’s Chairman and Vice Chairman were consulted as part of that assessment. The outcome of this EQA was reported in the February 2023 quarterly report and concluded that the internal audit function generally conforms with the UK Public Sector Internal Audit Standards. Further detail, including actions, is provided in the 2022-23 annual internal audit report. The quarterly internal audit reports received by the Committee include updates on the audit team’s quality assurance and improvement programme.

An improvement action was identified to include in the annual report and charter how the HoIA and NCC operate in accordance with the principles of the CIPFA Statement on the Role of the Head of Internal Audit [Statement on the Role of the Head of Internal Audit \(2019\)](#)

The Committee is, **‘Aiding the achievement of the authority’s goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements’**. The Committee receives and approves the Annual Governance Statement which includes references to assurance on performance management. That statement includes inspection reports that will indicate that arrangements are appropriate to support the achievement of services objectives – for example Ofsted/ASSD reports/HMRC reports. Through reporting of audit work the Committee gains assurance on the review of major projects and programmes to ensure that governance and assurance arrangements are in place.

The Committee is, **‘Supporting the development of robust arrangements for ensuring value for money’**. The Committee considers how performance in value for money is evaluated as part of their consideration of the annual governance statement which is presented to them each year. The Council was given an unqualified value for money opinion by the External Auditors in their independent auditors report 2020-21. The external Auditors are still progressing with their audit work on the 2021-22 statement of accounts.

The Committee is, **‘Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks’**. The Committee has received updates on work to counter fraud and corruption and supports the promotion of the Council’s zero tolerance to fraud and corruption. An Anti-Fraud and Corruption Update is regularly reported to the Audit Committee as part of the quarterly reporting. The Committee received the annual Anti-Fraud, Bribery and Corruption report for 2021-22 in July 2022 and the annual report for 2022-23 will be presented.

The Committee is, **‘Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability’**. As above, the Committee receive and consider the annual governance statement which gives them assurance on the adequacy of governance

arrangements. The Committee are aware that the council has always published its financial statements and annual governance statement in accordance with statutory guidance and timeframes. The Committee were alerted in the Autumn 2022 to the position and circumstances around the late approval and sign off the Councils statement of accounts and annual governance statement for 2021-22 and received a further update from the External Auditors during the March 2023 Committee meeting outlining and agreeing the plans to conclude their work. The Committee are aware that the External Auditor has in the past issued an unqualified audit opinion with minimal adjustments to the financial statements as the work performed by the council is of appropriate quality.

2.4 In addition to the above points which are drawn from the self-evaluation, the Committee can demonstrate they have had additional impact by supporting improvement:

- The Committee is keen to ensure that business resilience, business continuity and emergency planning, including ICT, are well managed.
- The Committee received the Monitoring Officers Annual report in November 2022 which summarised the internal governance work carried out by the Monitoring Officer and Deputy Monitoring Officer in 2021/22 and provided assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, is adequate and effective.
- The Committee considered the effectiveness of the governance, control and risk management for Treasury Management.

2.5 Between April 2021 and April 2023 the Council has hosted the LGA sponsored East of England Audit Committee Chairs Forum, which has been chaired by Councillor Ian Mackie. The purpose of regional forums is to provide a place where Audit Committee chairs can come together and discuss issues of common concern, identify and share best practice, alert each other to emerging issues and, for newly appointed Chairs, to pick up tips from more experienced colleagues. This work has been provided as part of the LGA's Sector Support Improvement Programme which has been funded by UK Government. Four meetings were held of which two were in person meetings. Topics covered included:

- the need for the forum and expectations of the forum
- the LGA role within the forum
- LGA training offer for 2022-23 audit chairs leadership essentials
- Audit vs Scrutiny
- Audit Committee member training on approving year end accounts
- Roles of the audit committee chair
- Audit committee oversight of Local Authority owned trading companies
- Audit committee relationships and engagements
- Hot topics and sharing of experiences
- Presentation on Cipfa's position statement on audit committees 2022 and supporting guidance
- How to assess your audit committee's effectiveness
- Risk management, practical advice and guidance on oversight and challenge of risk management

2.6 The Committee continues to develop its role and impact through on-going member training and the development of the Committee's work programme.

3. Impact of the Proposal

The work of the Audit Committee supports the good governance of the Council as reported in the Annual Governance Statement. The Committee can be assured that good governance practice is demonstrated. The Committee has provided challenge and taken assurance from reports, principally:

- considering and approving the Annual Statement of Accounts and Annual Governance Statement 2020-21, at its October 2021 meeting; and
- over the period has added value through considering;
 - the External Auditor's reports where the committee have been kept informed of delays in reporting due to national issues with the accounting standards. The committee have challenged the process, understood the position with the latest set of accounts and what to expect
 - internal audit and strategic risk management reports, performance and effectiveness
 - plans and action to prevent, detect and investigate any fraud, bribery or corruption

4. Financial Implications

The Committee's work covers the Council's and Pension Fund's Revenue and Capital Expenditure and their Assets & Liabilities.

5. Resource Implications

5.1 There are no implications for Staff/Property or IT.

6. Other Implications

6.1 Legal Implications:

None.

6.2 Human Rights implications:

None.

6.3 Equality Impact Assessment (EqIA) (this must be included)

Not required.

6.4 Data Protection Impact Assessments (DPIA)

Not required.

6.5 Health and Safety Implications:

None.

6.6 Sustainability Implications

None.

Any Other implications

Officers have considered all the implications which members should be aware of. Apart from those listed in the report (above), there are no other implications to consider.

11. Recommendation

As above.

Background Papers

None.

Officer Contact

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

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Audit and Governance Committee

Item No. 11.

Report title:	Monitoring Officer's Annual Report 2022-23
Date of meeting:	25th July 2023
Responsible Cabinet Member:	Kay Mason Billig – Leader of the Council and Cabinet Member for Governance & Strategy
Responsible Director:	Director of Legal Services and Monitoring Officer
Is this a key decision?	No

Executive Summary

The Monitoring Officer's Annual Report summarises the internal governance work carried out by the Monitoring Officer and Deputy Monitoring Officer in 22/23 and provides assurance that the organisation's control environment, in the areas which are the responsibility of the Monitoring Officer, is adequate and effective.

The key messages in the Monitoring Officer's report include:

- that there have been no 'reportable incidents' during the period 2022/23
- that the systems of internal control administered by the Monitoring Officer were adequate and effective during 2022/23 for the purposes of the latest regulations
- There have been no findings of a breach of the Council's Code of Conduct, by the Standards Committee (and later the Audit and Governance Committee), in 2022/23

Actions required

To consider and agree:

- the contents of the report and the key messages in the above Executive Summary and Appendix A section 2.1; and
- they continue to review information on the effectiveness of the management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.

1. Background and Purpose

- 1.1. The Audit and Governance Committee considers matters of Governance in accordance with its terms of reference, which are part of the Council's

Constitution. This annual report supports the assurance statements included in the [Draft Annual Governance Statement 2022-23 for Norfolk County Council](#).

2. Proposals

2.1. The proposal is shown at the Executive Summary above.

3. Impact of the Proposal

3.1. This report supports the Annual Governance Statement, which is required by regulations.

4. Evidence and Reasons for Decision

4.1. The Monitoring Officer's Annual report appears at **Appendix A**.

5. Alternative Options

5.1. There are no alternative options.

6. Financial Implications

6.1. There are no specific financial implications to report.

7. Resource Implications

7.1. **Staff:**

None

7.2. **Property:**

None

7.3. **IT:**

None

8. Other Implications

8.1. **Legal Implications:**

None

8.2. **Human Rights implications**

None

8.3. **Equality Impact Assessment (EqIA) (this must be included)**

Not applicable

8.4. **Health and Safety implications** (where appropriate)

None

8.5. **Sustainability implications** (where appropriate)

None

8.6. **Any other implications**

None

9. Risk Implications/Assessment

9.1. Section 17 Crime and Disorder Act 1998

9.1.1 Under section 17 of the Crime and Disorder Act 1998 the Council has a statutory general duty to take account of the crime and disorder implications of all of its work and do all that it reasonably can to prevent crime and disorder in Norfolk.

9.1.2 The Monitoring Officer's work helps to deter crime, and/or make crime

difficult, increasing the likelihood of detection and prosecution and thereby disincentivising crime.

10. Select Committee comments

10.1. None

11. Recommendation

11.1. Please see the Executive summary above.

12. Background Papers

12.1. None

Officer Contact

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

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Monitoring Officer's Annual Report 2022/23

Section Numbers	Contents
1	Introduction
2	Key messages
3	Results of the Monitoring Officer's work in 2022/23
4	Review of effectiveness of systems of Internal Audit
5	Governance Statement
6	Section 17 Crime and Disorder Act
7	Overall opinion on the adequacy and effectiveness of the Governance framework

1. Introduction

- 1.1. The Monitoring Officer's Annual Report summarises the more significant activities of the Monitoring Officer and Deputy Monitoring Officer in 2022/23 and comments on other current issues relevant to the Monitoring Officer's work for the County Council.
- 1.2. Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, Norfolk County Council recognises the need for sound corporate governance arrangements and over the years has put in place policies, systems and procedures designed to achieve this. The Council's Code of Corporate Governance was refreshed in line with CIPFA guidance and was approved by the then Policy and Resources Committee on 26 March 2018. The code was updated for consequential changes in June 2020 and again in November 2022. The Code brings together the Council's Governance and Standards in one place and supports the Council's Constitution. The Code is referenced in the Council's Annual Governance Statement, which is published each year and subject to external audit scrutiny.
- 1.3. The Monitoring Officer is appointed under Section 5 of the Local Government and Housing Act 1989 and has a number of statutory functions in addition to those more recently conferred under the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007 and subsequent regulations governing local investigations into member conduct. The current standards regime came into effect with the introduction of the Localism Act in 2011 and subsequent implementing regulations that came into force during 2012/13.

2. Key messages

- 2.1. The key messages to note from the year are:
 - 2.1.1. There have been no 'reportable incidents' during the period 2022/23.
 - 2.1.2. That the systems of internal control administered by the Monitoring Officer and Deputy Monitoring Officer including compliance with the Code of Corporate Governance and the Council's Constitution were adequate and effective during 2022/23 for the purposes of the latest regulations.
 - 2.1.3. The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.
 - 2.1.4. The County Council publishes on its website a summary of Members' declared interests, all the authority's expenditure over £500 and the expenses of Chief Officers.
 - 2.1.5. The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training

and has put in place arrangements for monitoring compliance with standards of conduct across the Council including:

- Social Media and Code of Conduct for Members including register of gifts and hospitality and Disclosable Pecuniary Interests

2.1.6. Following the May 2017 elections and subsequent by-elections all Members completed a declaration of Disclosable Pecuniary Interests. These updates were loaded onto the website. These are kept under review with updates being passed to the support team

2.1.7. The Council can demonstrate that generally Members and staff exhibit high standards of personal conduct. There have been no findings of a breach of the Council's Code of Conduct, by the Audit and Governance Committee, in 2022/23.

2.1.8. Only one complaint has been received in 2022-2023

- February 2023 a member Councillor complained that a fellow councillor had breached the code by failing to treat a particular identifiable group, with respect. The complaint was not accepted because it was not felt that any disrespect was intended, and no breach was found.

2.1.9. Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers.

2.1.10. Bi-annually the Council takes part in data matching exercises which have specific tools for identifying potential conflicts of interests employees may have, for example; Employee data is matched against companies house data, supplier invoice data, supplier bank account data and other public organisations.

2.1.11. Where matches are identified these are investigated to ensure that where a declaration is required it has been made and; if a conflict is identified it is being managed appropriately.

2.1.12. To further evolve and strengthen the work undertaken in previous years to ensure there are robust arrangements in place for declaring interest, options are currently being explored to make the declaration process digital (so that electronic registers are created) thus centralizing the recording and monitoring of interests made. Once this is established an internal audit will be undertaken to confirm the controls are in place.

2.1.13. The Audit Committee receives an annual update on the Council's counter fraud and corruption policy applying to all aspects of the Council's business. There are effective arrangements for receiving and acting upon fraud and corruption concerns and disclosures from members of the public.

- 2.1.14. The Council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and fraud and corruption.
- 2.1.15. The County Council's Anti-Fraud and Corruption Policy and Strategy was updated to reflect applicable changes in law and best practice and was approved by the Audit Committee, dated March 2021.
- 2.1.16. There is a whistleblowing policy which is publicised and demonstrates the Council's commitment to providing support to whistle-blowers and has been communicated to staff and those parties contracting with the Council. The policy was updated to reflect applicable changes in law and best practice and was approved by the Audit Committee, dated January 2023.
- 2.1.17. The Council can demonstrate its staff, and staff within contracting organisations, have confidence in the whistleblowing arrangements and feel safe to make a disclosure.
- 2.1.18. nplaw, the legal service for the County Council, achieved reaccreditation of the Law Society's Lexcel quality standard in February 2023, with arrangements in place to ensure the quality of the service provided.
- 2.1.19. Money laundering requirements as stipulated in the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002 are fully met.

3. Results of the Monitoring Officer/ Deputy Monitoring Officer's work in 2022-23

3.1. In order to ensure the effective undertaking of her responsibilities, the Monitoring Officer has a number of duties which are set out in the table below:

DUTIES	EXAMPLES
Has regular meetings with each of the Head of Paid Service, Executive Director for Finance and Commercial Services and Assistant Directors of Governance in order to review current and likely future issues with legal, constitutional or ethical implications.	The Constitution was rewritten into a more accessible format, and some changes made to content, agreed by Full Council in July 2022. A working group is developing the Council's approach to preventing and tackling modern slavery.
Maintains good liaison and working relations with the External Auditor.	Key issues for the External Auditor are raised through correspondence and meetings as necessary with the External Auditor and through the then Executive Director for Finance and Commercial Services. The External Auditor is notified and contacted if reportable incidents arise.

<p>Ensures that the County Council is kept up to date on new legislation and changes in the law which are relevant to the carrying out of the County Council's activities.</p>	<p>This generally takes the form of reports to Members and briefing notes to Executive Directors but where appropriate will involve training sessions for relevant Members and Officers. These activities are carried out in consultation and conjunction with relevant Executive Directors.</p>
<p>The Monitoring Officer or one of their senior staff is consulted at an early stage on new policy proposals and on matters, which have potentially significant legal implications.</p>	<p>The Monitoring Officer and staff in Legal Services are regularly consulted by Executive Directors on new policy proposals. The Monitoring Officer is a member of the Corporate Board which forms a part of the Member oversight arrangements in the Council. The Monitoring Officer's place on Corporate Board is complementary to the expectations on Executive Directors and the Head of Paid Service to involve the legal function early in decision making on significant projects and new policy proposals to ensure the Council acts lawfully.</p>
<p>All draft reports to Cabinet and Council are as a matter of routine cleared with the Monitoring Officer and/or Legal Services senior staff.</p>	<p>All reports for decision were routinely forwarded to the Monitoring Officer and/or Legal Services senior staff by service departments and were reviewed for their legal and governance implications prior to any publication taking place.</p>
<p>The Monitoring Officer has been informed of all emerging issues of concern of a legal, ethical or constitutional nature.</p> <p>Similarly, Members have ensured that the Monitoring Officer is routinely informed and consulted in respect of new policy proposals.</p>	<p>Executive Directors are aware that they should consult the Monitoring Officer on legal, ethical or constitutional matters and do so as the issues arise.</p> <p>Members can rely on the fact that significant reports for decision are routinely reviewed by the Monitoring Officer or senior staff in Legal Services prior to their presentation for decision</p>
<p>The Monitoring Officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.</p>	<p>The Monitoring Office and the senior staff in Legal Services regularly advise on the legality and/or appropriateness of administrative procedures.</p>
<p>In cases where external lawyers are acting for the County Council, it will be necessary for the relevant Chief Officer and the Monitoring Officer to agree arrangements for ensuring that vires and constitutional issues are satisfactorily addressed.</p>	<p>No exceptions were raised during the period.</p>

<p>In appropriate cases, and to secure the rapid resolution of a potential reportable incident or avoid a separate statutory report, the Monitoring Officer will be entitled to add their written advice to the report of any other County Council Officer.</p>	<p>There have been no such incidents during 2022/23</p>
<p>Where the Monitoring Officer receives a complaint of a potential reportable incident, they must in appropriate cases seek to resolve the matter amicably, by securing that any illegality or failure of process is rectified. However, it is recognised that the Monitoring Officer may decide that the matter is of such importance that a statutory report is the only appropriate response.</p>	<p>There have been no incidents requiring a statutory report during 2022/23.</p>

4. Review of effectiveness of systems of internal audit

- 4.1. Regulation 7 of the Accounts and Audit Regulations 2015 (as amended) requires the Council to review annually the effectiveness of its system of internal audit. There is currently no guidance or good practice available for meeting this requirement. Informal advice from CIPFA and discussions with other local authorities provided various options for reviewing the effectiveness of the system of internal audit.
- 4.2. The elements of the Council's systems of internal audit and the assurance on their effectiveness include corporate control functions such as legal services. The Audit Committee are recommended to consider and agree, that; they continue to review information on the effectiveness of the management processes and corporate control functions (legal, financial, health and safety and human resources services performed) as provided by internal audits, self-assessment, customer feedback and any existing external performance reviews.
- 4.3. nplaw's work was re-examined by Lexcel, the Law Society's quality standard for all legal practices, in 2022/2023 and the accreditation was maintained.

5. Governance Statement

- 5.1. In addition to the Council's own governance the Monitoring Officer provides legal advice as required to the following joint committees:
 - 5.1.1. Norfolk Records Committee
 - 5.1.2. Norfolk Joint Museums and Archaeology Committee
 - 5.1.3. Eastern Shires Purchasing Organisation (ESPO)
 - 5.1.4. Norfolk Parking Partnership Joint Committee
- 5.2. The Council and each Joint Committee (where required to do so) publishes its own Annual Governance Statement.

- 5.3. In addition, the Monitoring Officer provides legal advice to the Pension Funds administered by the Council and in some areas, to the Council's wholly owned companies.

6. Section 17 Crime and Disorder Act 1998

- 6.1. Under section 17 of the Crime and Disorder Act 1998 the Council has a statutory general duty to take account of the crime and disorder implications in all of its work and do all that it reasonably can to prevent crime and disorder in Norfolk.
- 6.2. The Monitoring Officer's work helps deter crime or increase the likelihood of detection through making crime difficult, increasing the risks of detection and prosecution and reducing the rewards from crime.

7. Overall opinion on the adequacy and effectiveness of the Governance framework

- 7.1. That the systems of internal control administered by the Monitoring Officer including the Code of Corporate Governance and the Council's Constitution, were adequate and effective during 2022/23 for the purposes of the latest regulations.

Katrina Hulatt
Director of Legal Services
Email: Katrina.hulatt@norfolk.gov.uk

Audit and Governance Committee

Item No: 12

Report Title: Annual Anti-Fraud, Bribery and Corruption Report 2022-23

Date of Meeting: 25th July 2023

Responsible Cabinet Member: N/A

Responsible Director: Kat Hulatt, Director of Legal Services and Monitoring Officer

Is this a Key Decision? No

Executive Summary

The Council's Anti-Fraud, Bribery and Corruption Policy continues to direct the proactive anti-fraud work undertaken by Council. This report, at **Appendix A**, provides an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken for the year ended 31st March 2023.

Furthermore, an update in respect of the Council's Whistleblowing provision and Money laundering Reporting Officer Policy can also be found in **Appendix A**.

Recommendations:

1. To consider and agree: -

- the key messages featured in the Annual Report at Appendix A, that the work and assurance are satisfactory, effective and meet their requirements; and advise if further information is required.

1. Background and Purpose

1.1 One of the roles of the Committee is to have oversight of the effectiveness of the anti-fraud and corruption and whistleblowing arrangements of the Council including the strategy, policies and any associated guidance.

1.2 Norfolk Audit Service (NAS) leads on the strategic delivery of Counter Fraud, Bribery and Anti-Corruption work across all NCC's services on behalf of the Director of Legal Services and Monitoring Officer. The aim is to protect the public purse, NCC, its staff and its service users from corrupt activities that would undermine NCC's aims and objectives of meeting public service requirements.

2. Proposal

2.1 The report, at Appendix A, provides an update in respect of the pro-active and reactive anti-fraud, bribery and corruption activity undertaken during the previous financial year (2022-23), including Whistleblowing and the Money laundering Reporting Officer policy.

2.2 The NAS Anti-Fraud, Bribery and Corruption Strategy and activity plan sets out and provides information on NCC's response to the document 'Fighting Fraud and Corruption Locally (FFCL), The local government counter fraud and corruption strategy.

2.3 To support NAS in implementing appropriate measures, a suite of anti-crime goals has been developed (that encompass the FFCL strategy) in the following areas:

2.4 Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC.

2.5 Acknowledge: acknowledging and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response.

2.6 Prevent: preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

2.7 Pursue: punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

2.8 The Committee are recommended to consider and agree: -

- the key messages in **Appendix A**.
- that the work and assurance meet their requirements and advise if further information is required.

3. Impact of the Proposal

- 3.1 This report supports the remit of the Committee in providing proactive leadership and direction on anti-fraud, bribery and corruption governance and issues. The purpose of this report is to update the Committee on outcomes and activities undertaken during the period.
- 3.2 The Council can demonstrate commitment and progress to protecting the public purse, fighting fraud locally and to fulfil the Crime and Disorder Act 1998

4. Evidence and Reasons for Decision

- 4.1 The evidence is set out in the report at **Appendix A**.

5. Alternative Options

- 5.1 There are no alternative options.

6. Financial Implications

- 6.1 The service expenditure falls within the parameters of the annual budget agreed by the council.

7. Resource Implications

- 7.1 There are no staff, property, or IT implications.

8. Other Implications

- 8.1 There are no Legal, Human Rights or Equality Impact Assessment (EqIA), Data Protection Impact Assessments (DPIA), Health and Safety, Sustainability, or other implications.

9. Risk Implications / Assessment

- 9.1 N/A

10. Select Committee Comments

- 10.1 N/A

11. Recommendations

Please see the Executive Summary above.

12. Background Papers

NCC Anti-Fraud, Bribery and Corruption Policy

NCC Whistleblowing Policy

NCC Anti-Money Laundering Policy

Officer Contact

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**NAS Anti-Fraud, Bribery
and Corruption Annual
Report (including
whistleblowing and MLRO)
2022-23**

Date

25th July 2023

1. Executive Summary

In the UK, fraud continues to be a significant challenge, with cases escalating both in volume and sophistication.

Public sector fraud has significant fiscal implications. New initiatives have been undertaken to address this issue by central government, including the creation of the Public Sector Fraud Authority (PSFA) in August 2022. Although in its infancy and primarily aimed at central government, the PSFA's mandate includes agreeing new professional's standard for fraud prevention and developing proposals for improved powers to combat public sector fraud. It is hoped these developments (particularly powers) will be applicable to Local Authority counter-fraud functions in the future.

The strategic document: Fighting Fraud and Corruption Locally (FFCL) for the 2020's provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities.

Through this strategy Norfolk Audit Services aims to; foster anti-fraud culture, prevent fraudulent activity from occurring, detect instances of fraudulent activity, pursue those who seek to defraud through all means available and recover losses

Whistleblowing is a critical mechanism for identifying and addressing many forms of misconduct or unethical behaviour. It is legally protected under the Public Interest Disclosure Act 1998, which shields whistleblowers from detrimental treatment or victimisation. The public sector, including health, education, and local government bodies, places significant emphasis on maintaining transparency and public trust. Encouraging a culture of open reporting of concerns without fear of retaliation is therefore paramount.

Despite these protective measures, many potential whistleblowers may still harbour fears of repercussions. In response, the UK government is considering further strengthening whistleblower protection laws and support systems, specifically for public sector employees.

Given the nature of local government, with its extensive reach into the lives of citizens and the resources it controls, there is a high risk of malfeasance, including fraud and corruption. Whistleblowing enables workers to flag such activities, fostering an environment of accountability and transparency. Disclosures can lead to investigations, audits, and, if necessary, legal actions that hold the wrongdoers accountable.

By having robust whistleblowing mechanisms, local authorities can more effectively prevent, detect and deter all forms of wrongdoing. This not only ensures the proper use of public funds but also strengthens trust in, and the good reputation of, local government entities. For whistleblowing to continue playing this crucial role, it's imperative that local authorities maintain a supportive environment where whistleblowers feel safe to come forward without fear of retaliation.

This annual report provides a summary of the Anti-Fraud, Whistleblowing and Money laundering Reporting Officer (MLRO) activities undertaken over the 2022-2023 financial year along with recommendations for the development of these functions in the future.

2. Introduction

The NCC Anti-Fraud, Bribery and Corruption Policy/Strategy was approved by the Audit Committee in April 2022.

NCC's anti-crime goals are set out below. There are four sections that follow the FFCL strategy.

Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout NCC.

Acknowledge: acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent: preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue: punishing fraudsters and prioritising the recovery of losses via a triple track approach (Civil, Criminal or Disciplinary), developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

An assessment against the strategy can be found at Appendix 1. The assessment highlights operational challenges where complex investigation activity has continued to have an impact on time and resources.

Govern

- Updates and progress reports in respect of Anti-Fraud matters have been provided to the Monitoring Officer, Chief Internal Auditor, the then Executive Director of Finance and Commercial Services and the Audit and Governance Committee throughout the reporting period. The updates and reports included:
 - ✓ The agreement and planning of activities
 - ✓ Progress against activities
 - ✓ Investigation updates and outcomes
 - ✓ Emerging fraud risks
 - ✓ External reports regarding wider/national anti-fraud activity
- The Council's Whistleblowing Policy continues to be developed and managed with a view to promoting new referrals and protection for those who report concerns. Changes to whistleblowing law (The Public Interest Disclosure Act) are expected to be implemented and work is ongoing to research new initiatives and practices ahead of the changes.
- Elected members, Directors, Heads of Service and all those charged with governance demonstrate top level strategic support for all anti-fraud, bribery and corruption related activity at the Council.

Acknowledge

- NCC has the following key policies that acknowledge the risk of fraud, and these are promoted throughout the organisation;
 - ✓ The Anti-Fraud, Bribery and Corruption Policy
 - ✓ Code of Conduct and Behaviour Policy
 - ✓ Whistleblowing Policy
 - ✓ Anti-Money Laundering Policy
 - ✓ Money Laundering Reporting Officer Policy
- The Anti-Fraud, Bribery and Corruption Policy specifies the reporting lines for fraud concerns and references the related policies.

- The policy has been published on the Internet and iNet (intranet). Articles have been circulated in the NCC publication; Norfolk Manager, promoting the policies.
- eLearning programs have been developed to promote the policies and procedures and enhance reporting and staff knowledge.
- The NCC Anti-Fraud, Bribery and Corruption policy was updated in 2022 and continues to direct the counter fraud strategy within.
- Executive Directors support the work anti-fraud work in the Council and there is demonstrable top-down support.

Prevent

- We keep up to date with relevant publications and being members of bodies such as CIPFA, IIA and LGA, those responsible for the counter fraud arrangements at NCC are periodically updated with new and emerging fraud, bribery and corruption risks. This assists with understanding risks and enhancing fraud prevention techniques.
- NCC has a system of risk-based auditing where the risk of fraud, bribery and corruption is considered as part of the audit process where relevant. Recommended actions, concerning risk management and internal control, are employed as part of the audit process, including fraud prevention measures.
- Testing is undertaken by Digital Services (IMT) on a regular basis to test NCC systems for external vulnerabilities and; internal risks included phishing email tests to evaluate staff awareness of fraudulent cyber related crime.
- There is a system of monitoring, follow up and review in place relating to new and emerging fraud, bribery and corruption risks. Where a potential or actual fraud has been identified, the investigative auditor works with departments to identify root cause and prevent re-occurrence. Where emerging risks are identified, warnings are issued to relevant departments so that prevention measures can be implemented.

Pursue

- All relevant fraud/theft cases investigated during the 2022-23 financial year were reported to law enforcement.
- There have been a moderate number of referrals during the financial year, and these have been noted in the below table.

Cases ongoing from 2020 - 2023	Total fraud or corrupt practice referrals received 2022/2023	Cases reported to Police following internal investigation-Fraud	Cases reported to Police – Theft	Cases progressed to internal investigation that resulted in sanctions and/or resignation.	Cases that were NFA and/or
3 (with police)	7	1	4	3	0

From the referrals received:

- Three cases carried over from previous years are still under investigation by Norfolk Police. Significant progress has been made in the final quarter of the financial year.
- 7 new referrals were received during the financial year, a summary of the referrals is as follows:
 - a). One case of suspected fraud and theft in a Norfolk School was reported to the police following an extensive internal investigation. One suspect is currently on police bail pending further investigation. Parallel disciplinary action has been completed resulting in one dismissal from employment.
 - b). One case of financial irregularity in a Norfolk School was investigated by an external provider under internal procedures. One employee resigned during the investigation process. The case is ongoing.
 - c). Two minor cash thefts were investigated in Library Services. both were reported to police. There was insufficient evidence to make any arrests.
 - d). One case of potential procurement card theft (minor) resulted in a pre-investigation and a referral to Norfolk Police. No further action was taken as a result of the referral however an internal investigation found procedural deficiencies which resulted in internal sanctions for one employee.
 - e). One case relating to immigration concerns relating to external suppliers was referred to the relevant authorities.

The Council continues to pursue all allegations of fraudulent and/or corrupt activity external to the Council, and from within. The Council seeks sanctions and redress in all cases through civil, criminal and/or disciplinary channels as necessary.

Whistleblowing

The Monitoring Officer and Chief Internal Auditor champion the Whistleblowing Policy. It is their role to ensure the implementation, integrity, independence and effectiveness of the policy and procedures on whistleblowing. It is important to create a culture of confidence for employees to report those concerns, track the outcome of whistleblowing reports, provide feedback to whistle-blowers and take reasonable steps to protect whistle-blower's from victimisation. Not all reported concerns will fall within whistleblowing law, but they are all taken seriously.

Norfolk Audit Service is responsible for receiving and progressing all disclosures made to the Council under the NCC Whistleblowing Policy.

A summary of the Whistleblowing activity received can be found below:

- 'Whistleblowing Awareness' work continues to be key in promoting a culture of reporting concerns and signposting the protection in place for workers who make protected disclosures. The COVID19 Pandemic has had an impact on reporting concerns as staff are predominately working from home. Hybrid working will need to be considered in the future whistleblowing strategy.
- The Whistleblowing Policy was updated in 2022.

A total of 15 whistleblowing disclosures were received during the 2022-23 financial year. All referrals are being progressed to a satisfactory outcome. Whistleblowing themes include areas such as; Fraud and Theft, Social care, Bullying and harassment, health and safety.

Personal grievances are not usually regarded as whistleblowing and signposted to the relevant teams to progress under the Grievance policy.

The role of Norfolk Audit Service in dealing with Whistleblowing complaints is to assess the disclosures and ensure these matters are addressed by either investigating the matter where it relates to fraud and corruption or; forwarding to the correct department for review and investigation by that department if appropriate.

We also liaise with Whistleblowers as an independent point of contact to ensure segregation of duties and that matters have been resolved to their satisfaction.

Where a whistleblowing referral is received, we will inform the appropriate Executive Director (where appropriate) of the referral to ensure the matters are addressed effectively.

Money Laundering Reporting Officer (MLRO) Policy

During the year the responsibility for the above role passed to the Council's Chief Internal Auditor. There have been no referrals required during 2022-23. An MLRO Strategy is being developed covering promotion, prevention, risk assessment, training and reporting.

Contact

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If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.


APPENDIX 1 – Assessment Against the Provisions of the Document: Fighting Fraud Locally, a strategy for the 2020’s.

Standard	Y	N		NA	Comments
<p>There is a counter fraud and corruption strategy applying to all aspects of the local authority’s business which has been communicated.</p>	Y				<p>The NCC Anti-Fraud, Bribery and Corruption Policy was updated in 2022 and is publicised on the internet and iNet</p>
<p>The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.</p>	Y				<p>Expectations are set out in a number of documents including:</p> <ul style="list-style-type: none"> • Conduct and Behaviour Policy • Disciplinary Policy and Procedure • Anti-Fraud, Bribery and Corruption Policy • Whistleblowing Policy • Anti-Money Laundering Policy • Various IT usage policies
<p>The risks of fraud and corruption are specifically considered in the local authority’s overall risk management process.</p>					<p>There is no specific risk around fraud within the council’s corporate risk register.</p> <p>However, the risk is covered in part through corporate risk RM002 – Income Streams.</p> <p>Furthermore, under the Council’s constitution, a duty is placed on executive directors for ensuring that internal controls are such that fraud, bribery or corruption will be prevented, where possible, and the measures in the Anti-Fraud, Bribery and Corruption Policy are promoted.</p> <p>In the 2023/24 financial year, activities to better understand</p>

				how this duty is discharged, and can be developed further are being considered.
Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Y			The investigative Auditor, along with Audit colleagues routinely review new and existing policies relevant to counter fraud activity.
Successful cases of proven fraud/corruption are routinely publicised to raise awareness	Y			Case outcomes or summaries are included in Audit Committee reports upon completion of a successful prosecution. Specific details cannot always be published timely due to the ongoing nature of some cases, including wider and/or parallel investigations There is currently a delay in the delivery of cases investigated by law enforcement due to resources and complexity.
The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	Y			The Anti-Fraud Bribery and Corruption Policy sets out NCC's stance on the prevention and detection of fraud. Executive Directors are responsible for fraud prevention and detection arrangements in their areas of responsibility as per the NCC Constitution.
The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering: ✓ Annual reports to Standards Committee or Audit Committee – codes of conduct including behaviour for counter fraud, anti-bribery	Y			NCC routinely analyses compliance with policies and procedures through its Strategy and Governance, HR and Audit processes.

and corruption – register of interests – register of gifts and hospitality.				
The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	Y			<p>The NCC HR Recruitment and Resourcing team provide end-to-end recruitment services for departments, schools and academies.</p> <p>The vetting of staff is carried out on a risk assessed basis, based on criteria for posts which are created before any post is advertised.</p> <p>It is the NCC policy that no person is recruited to post without the provision of identity documents, references and other risk based requirements.</p>
Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business interests. This is checked by auditors and reported to committee.	Y			<p>This requirement is published in NCC's policies and procedures including:</p> <p>Anti-Fraud, Bribery and Corruption Policy Conduct and Behaviour Policy</p> <p>An audit in this areas was carried out in 2019.</p>
There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Y			<p>The volume and complexity of reactive assignments is impacts on pro-active work.</p>
There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure	Y			<p>The NCC Whistleblowing Policy was updated in 2021 and is published on the Internet and iNet.</p> <p>Concerns raised under the policy are assessed and acted upon on a risk assessed basis.</p>

Contractors and third parties sign up to the whistle-blowing policy and there is evidence of this. There should be no discrimination against whistle-blowers.	Y			The Whistleblowing Policy is published on the internet and contractors are either advised of the policy or assurance is sought that they have their own arrangements in place where disclosures can be made.
Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.				Reactive investigation work is prioritised over proactive assignments due to available resources.
There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.				Due to the complexity and volume of Ad-hoc reactive investigation work within Anti-Fraud, Disciplinary and whistleblowing reports, a comprehensive annual fraud plan needs strengthening. However, the risk of fraud is considered throughout the annual internal audit plan and financial audits undertaken.
Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Y			Statistics are reported annually to the Audit Committee
Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.	Y			The Council's financial procedures gives power to audit personnel to gain access to any record for the purposes of any related audit function, including fraud investigation.
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communication team.		N		A formal programme of publication is not in place.
All allegations of fraud and corruption are risk assessed.	Y			The Chief Internal Auditor and Investigative Auditor review all reported concerns. The Disciplinary Action Review Group (DARG) meets upon

				referrals that may involve employees of NCC and/or Schools to risk assess and provide direction.
The fraud and corruption response plan covers all areas of counter fraud work.	Y			Policies and procedures updated in 2022, actions monitored regularly – governance, prevention – detection – investigation – sanctions – redress
Asset recovery and civil recovery is considered in all cases.	Y			As per the Anti-Fraud, Bribery and Corruption policy.
There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.	Y			<p>The Anti-Fraud, Bribery and Corruption Policy sets out the NCC approach to tackling fraud and corruption.</p> <p>Dishonesty which causes a loss to NCC and/or where an individual makes a gain is considered automatic gross misconduct within the Conduct and Behaviour Policy. Where internal fraud is identified, it is reported to the appropriate authorities in accordance with the Anti-Fraud Bribery and Corruption Policy</p> <p>External Fraud from contractors, suppliers or members of the public is investigated internally and where the likelihood of fraud exists, is reported to the appropriate authorities.</p>
There is a programme of proactive counter fraud work which covers risks identified in assessment.				The programme is currently on hold due to the volume and complexity of reactive assignments. This is a resource led approach.
The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity	Y			The Investigative Auditor liaises with other authorities, the police, the national crime agency and other enforcement agencies on the basis of need.
Prevention measures and projects are undertaken using data analytics where possible.	Y			<p>NCC employs data analytics for range of tasks.</p> <p>Norfolk Audit Service continue to explore the use of data analytics in audit and counter fraud work.</p>
The counter fraud team has registered	Y			The investigative Auditor review the hub regularly for new and

with the Knowledge Hub so it has access to directories and other tools				emerging fraud risks
The counter fraud team has access to the FFCL regional network.	Y			The investigative Auditor regularly engages with the FFCL regional network and has been recognised within the FFCL strategy for his contribution to the design of the document.
There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	Y			The investigative Auditor is accredited counter fraud specialist undertaken with the University of Portsmouth. The Chief Internal Auditor holds the Cipfa certificate in investigative practices.
The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas	Y			Proportionate to the role and length of service.
The counter fraud team has access (through partnership/other local authorities/or funds to buy in) to specialist staff for: ✓ – surveillance – computer forensics – asset recovery – financial investigations.	Y			The investigative Auditor has collaborated and engaged contacts across NCC and law enforcement and partnering LA's to enable the provision of these services.
Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud proof systems	Y			Root Cause Analysis is undertaken and fed back to department leads and managers. Where required advice is provided on mitigation.

Audit and Governance Committee

Item No. 13.

Decision making report title:	Information Governance Annual Report 2022 - 2023
Date of meeting:	25 July 2023
Responsible Cabinet Member:	Kay Mason Billig, Leader – Strategy and Governance
Responsible Director:	Paul Cracknell, Executive Director of Strategy & Transformation
Is this a key decision?	No

Executive Summary

The Council has a duty to ensure sound internal controls and risk management including for Information Governance. While the Chief Executive has overall accountability for ensuring the Council's compliance with legislation, regulation and guidance, the Council has an Information Governance Framework that sets out;

- The principles that guide the use of information
- The key aims for information governance
- Information governance roles and responsibilities
- The governance structure in Norfolk County Council

There are some key roles that ensure that the Framework is implemented effectively and their accountabilities are stated as;

Senior Information Risk Owner (SIRO) - the SIRO is a Senior Officer responsible for reporting to the Executive Leadership Team on information risks and governance and ensuring that Information Governance is embedded across Norfolk County Council so that the potential Information risks are mitigated. Where information risks are identified the SIRO will make the final decision as to whether they are acceptable, and any actions needed to reduce / eliminate.

Data Protection Officer (DPO) - the DPO is a Senior Officer who has access to the highest management level, is independent and an expert in data protection. The primary role of the Data Protection Officer (DPO) is to ensure that Norfolk County Council processes personal information in compliance with the applicable data protection rules.

Caldicott Guardian - a Caldicott Guardian is a Senior Officer specifically responsible for protecting the confidentiality of people's health and care information and making sure it is used and shared in an appropriate and secure manner.

At the time of this report being presented, the SIRO is Simon Wynn, DPO is Paul Cracknell and Caldicott Guardians are James Wilson & Jenna Lane (Childrens) and Craig Chalmers & Neil Ricketts (Adults)

- Paul Cracknell became DPO in January 2023 following the departure of Helen Edwards.
- Jenna Lane became Deputy Caldicott Guardian (Childrens) in January 2023 following the sad passing of Marcus Needham.

- Neil Ricketts became Deputy Caldicott Guardian (Adults) in May 2023 replacing Sarah Rank.
- Simon Wynn became SIRO in June 2023 following the departure of Andrew Stewart.

This report provides an annual assurance statement to confirm that these roles have ensured that there are adequate systems and processes in place around Information Governance, and updates on the activity that has taken place to ensure a robust Information Governance culture.

Positive progress continues to be made to ensure that Information Governance is embedded within Norfolk County Council and we continue to comply with the relevant legislation, particularly in relation to protecting personal information.

Recommendations To:

1. Consider the annual statement on Information Governance and agree appropriate actions have been taken and there are clear deliverables for further embedding
2. Consider and agree that the SIRO, DPO and Caldicott Guardian roles, described in the Council's Information Governance Framework, have been adequately discharged.

1. Background and Purpose

- 1.1. This paper is designed to outline the activity that has been undertaken to ensure that the responsibilities held by the SIRO, DPO and Caldicott Guardians have been effectively discharged.

The Council's Information Governance Framework sets out the roles and responsibilities in relation to Information Governance, including the SIRO, DPO and Caldicott Guardians. The SIRO, DPO and Caldicott Guardians are delegated responsibilities in relation to Information Governance as laid out in the Executive Summary.

2. Proposals

- 2.1. The Audit and Governance Committee, as those charged with governance, are asked to consider the Information Governance annual statement and confirm that the SIRO, DPO and Caldicott Guardians roles have ensured that there are adequate systems and processes in place around Information Governance.

They are then asked to consider and agree that the SIRO, DPO and Caldicott Guardians roles have therefore been adequately discharged.

The following are the key updates resulting from the work of the SIRO, DPO and Caldicott Guardians over the 2022-2023 financial year:

- Information Governance Steering Group continues to meet bi-monthly to ensure clear escalation and accountability for information risks and issues. This group comprises SIRO, DPO, Digital, Caldicott Guardians (Adults' and Children's), Risk, HR, Finance and CES.
- Monitoring completion of the mandatory training for Information Governance (Data Protection Essentials) and Online Information Security has been a challenge between April 2022 and March 2023 due to system issues, but focus has remained with 95% achieved by June 2023, as required by NHS Digital to continue to allow access to their data.

- Freedom of Information requests continue to be handled effectively with over 94% being responded to within the statutory 20-day timescale with the ICO supporting our position in all cases that have been escalated to them.
- The Electronic Storage Programme, designed to migrate all documents to SharePoint from network drives continues to be rolled out with benefits already seen for migrated departments including a reduction in documents held, improved access to and sharing of files and automated retention being applied.
- Project Paperchase continues to centralise the manual files that we hold into one location with over 75% of identified boxes migrated and clear owners identified. Work continues to rationalise the material to further reduce the information risk.
- Centralisation of the management of the Subject Access Request Team in August 2022 to deliver efficiencies in terms of process and approach has seen active cases reduce by over 25%.
- Ongoing conversation with the ICO between April 2022 and March 2023 relating to SAR response times for requests received between April 2021 and April 2022. Controls had already identified the issue and plans had been put in place to address, which are delivering as expected. A reprimand was issued by the ICO on 15 May 2023 which contained recognition of work already undertaken to resolve and requires an update on progress by November 2023.
- DPIAs continue to be referred to the DPO when appropriate to ensure that we comply with our obligations under UK GDPR / DPA 2018, particularly relating to key strategic projects involving using personal information in new or wide-ranging ways (e.g. Connecting Communities).
- Opportunities for using technology continue to be exploited within Information Governance to both improve the customer experience, such as through online notification of SARs, FOI, breaches and through better utilisation of technology for processing requests.
- Continued positive engagement with Police and CPS around disclosures to “protect the public of Norfolk and ensure an open and fair justice system”.
- Caldicott Guardians determine the outcome where information requests involve the use of health and care information, with decisions being documented to determine that the information is being shared in an appropriate and secure manner. These have related to individual cases such as for court cases to the use of information for key strategic projects (e.g. Connecting Communities).
- Caldicott Guardian Register which is held by the NHS has been updated with current Caldicott Guardians for the organisation
- Between April 2022 and March 2023, we self-notified 2 breaches to the Information Commissioners Office (ICO). One has been closed by the ICO with no further action required or fines issued, the other remains open and we await the outcome. All breaches continue to be monitored and action taken to improve controls to avoid reoccurrence.
- Information Governance support continued to be provided across the Council as part of our Covid response ensuring the deletion of information as required under Control of Patient Information (COPI) regulations which ended in June 2022.
- Continued investment in appropriate training with two officers undertaking a Certified DPO course to ensure effective support can be given to the DPO in discharging their duties.
- Requests for use of Norfolk County Council data relating to research continue to be managed through the Research Governance Framework to ensure that our data is used appropriately in relation to such work
- Information Governance related risks are documented in the Corporate Risk register and regularly reviewed to ensure focus at an appropriate level.

Annual Information Governance Statement 2022-23

Following reasonable and appropriate enquiries and in fulfilment of our accountabilities under the Information Governance Framework, the SIRO, DPO and Caldicott Guardians can confirm that the Council has adequate systems and processes in place around Information Governance and any potential information risks have been mitigated. Progress continues to be made in key areas such as process efficiencies, information governance controls and training, while activity is ongoing to strengthen the Information Governance agenda further.

– SIRO, DPO and Caldicott Guardians for Norfolk County Council

3. Impact of the Proposal

- 3.1. Good Information Governance supports compliance with the UK General Data Protection Regulation and the requirement for sound internal control and risk management in the Accounts and Audit Regulations 2014 (as amended in 2020).

4. Evidence and Reasons for Decision

- 4.1. As detailed in the key updates, a significant number of actions have been taken in 2022-2023 that have strengthened Information Governance within the Council and will ensure that the SIRO, DPO and Caldicott Guardians can continue to manage their responsibilities in relation to information risk.

Key measures continue to be tracked to provide assurance that Information Governance is being appropriately managed across Norfolk County Council and action can be taken as required to address any exceptions.

The current key measures and progress are shown below, for awareness:

- 1. Information Governance Framework and procedures**
 - a. Framework in place
 - b. Procedures centralised and ongoing review in place
- 2. Awareness and accountability**
 - a. Information Governance mandatory training – target 95% completion.
- 3. Monitoring and assurance**
 - a. Information Governance Steering Group held bi-monthly.
 - b. Information Governance Group held bi-monthly.
- 4. Information Management**
 - a. Subject Access Requests reduced – process improvements and resource continue to improve situation
 - b. Freedom of Information Requests – within timescale.
- 5. Information security**
 - a. Online Information Security mandatory training – target 95% completion.
- 6. Collection and use of personal information**
 - a. Breaches – external emails sent to wrong recipient remaining the majority with control options being assessed
 - b. Data Protection Impact Assessments – continue to capture risks and mitigation

Future deliverables that have been identified to further improve Information Governance in 2023-2024 include:

1. Continue to exploit technology to improve Information Governance e.g., further delivery of the Electronic Storage Programme and exploration of improved redaction technology.

2. Continue to monitor potential regulatory changes and implement as required such as the Data Protection and Digital Information (No. 2) Bill which is currently going through Parliament.

5. Alternative Options

- 5.1. The alternative is not to accept the Information Governance statement or to accept the planned future deliverables. This would risk not having robust information governance in place and would likely be detrimental in meeting relevant regulations.

6. Financial Implications

- 6.1. The service expenditure falls within the parameters of the annual budget agreed by the council.

7. Resource Implications

7.1. Staff:

There are no staff implications.

7.2. Property:

There are no property implications.

7.3. IT:

There are no IT implications.

8. Other Implications

8.1. Legal Implications

There are no specific legal implications to consider within the report.

8.2. Human Rights implications

There are no specific human rights implications to consider within the report.

8.3. Equality Impact Assessment (EqIA) (this must be included)

No implications.

8.4. Health and Safety implications (where appropriate)

There are no health and safety implications.

8.5. Sustainability implications (where appropriate)

There are no suitability implications.

8.6. Any other implications

There are no other implications.

9. Risk Implications/Assessment

- 9.1. Not applicable.

10. Select Committee comments

- 10.1. Not applicable.

11. Recommendations

11.1. See Executive Summary above.

12. Background Papers

12.1. Information Governance Framework (<https://intranet.norfolk.gov.uk/tasks/information-governance/information-governance-framework>)

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Audit and Governance Committee

Item No: 14

Report Title: Work Programme

Date of Meeting: 25th July 2023

Responsible Cabinet Member: N/A

Responsible Director: Harvey Bullen, Director of Strategic Finance, Section 151 Officer, Finance Directorate

Is this a Key Decision? No

Executive Summary

The Committee's work fulfils its Terms of Reference as set out in the Council's Constitution and agreed by the Council. The terms of reference fulfil the relevant regulatory requirements of the Council for Accounts and Audit matters, including risk management, internal control and good governance.

Following constitutional changes agreed by Full Council on 19th of July 2022 the Audit and Standards Committee have merged.

Recommendations

The Committee are asked to consider and agree:

- the work programme for the Committee
- if further information is required.

1. Background and Purpose

1.1 In accordance with its Terms of Reference, which is part of the Constitution, the Committee should consider the programme of work set out below.

2. Proposal

2.1 The proposed work is set out below:

- **5 September 2023** reports
 - Director of Strategic Finance (S151 Officer)
 - External Audit - Audit Results Report 2021-22 and Letter of Representation
 - Annual Statement of Accounts and Annual Governance Statement 2021-22

- **October 2023** reports
 - Director of Strategic Finance (S151 Officer)
 - Money Laundering Reporting Officer (MLRO) Report 2022-23
 - External Audit Letter and Audit Plan 2023
 - NAS Quarterly Report Quarter ended September 2023
 - Risk Management Report
 - Work Programme

 - Assistant Director Legal Services (Monitoring Officer)
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update

 - Executive Director of Strategy and Transformation
 - Follow Up to the Census 2021 presentation (July 2021)

- **January 2024** reports
 - Director of Strategic Finance (S151 Officer)
 - NAS Quarterly Report Quarter ended December 2023
 - Risk Management Report
 - Internal Audit Strategy and Plan 2024-25
 - Work Programme

 - Assistant Director Legal Services (Monitoring Officer)
 - Anti-Fraud and Corruption Strategy and Whistleblowing Update

- **Medium Term** topics to note
 - Executive Director, CES - Environmental Policy Update

- 2.2 The Committee may wish to propose further reports on additional topics relevant to the Committee's terms of reference.

3. Impact of the Proposal

- 3.1 As a result of the delivery of the work plan the Committee will have assurance through audit conclusions and findings that internal controls, governance and risk management arrangements are working effectively or there are plans in place to strengthen controls.

4. Evidence and Reasons for Decision

- 4.1 Not applicable.

5. Alternative Options

- 5.1 There are no alternative options.

6. Financial Implications

- 6.1 The service expenditure falls within the parameters of the annual budget agreed by the council.

7. Resource Implications

- 7.1 There are no Staff/Property or IT implications

8. Other Implications

- 8.1 There are no Legal /Human Rights/ Equality Impact Assessment (EqIA) /Data Protection Impact Assessments (DPIA)/Health and Safety/Sustainability or other implications.

9. Risk Implications / Assessment

- 9.1 There are no risk implications. Risk Management reports feature in the programme.

10. Select Committee Comments

- 10.1 None.

11. Recommendations

1. Please see the Executive Summary above.

12. Background Papers

12.1 None.

Officer Contact

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