

Economic Development Sub-Committee

Item No.....

Report title:	County Farms
Date of meeting:	12 May 2016
Responsible Chief Officer:	Executive Director of Finance and Executive Director of Community and Environmental Services
Strategic impact	
The Economic Development Sub-Committee is responsible and accountable for the oversight and development of County Farms, a recognition of their importance in the rural economy.	

Executive summary

The Audit Committee received a report on County Farms on 21 April 2016 and resolved:

- 1) To recommend that Policy and Resources Committee:
 - Clarify and strengthen decision making for County Farms by asking the Council to consider, in accordance with the Council's provisions for changes to the Constitution, to
 - o Place County Farms functions of decision making with the Policy and Resources Committee
 - o Define the County Farms Advisory Board's role of scrutiny of the County Farms operational decisions, reporting back to Policy and Resources Committee, as part of an annual review and make required recommendations for Member's approval
 - Require the Managing Director to review (in consultation with the Executive Director of Finance) how the Council's County Farms landlord functions are exercised, including the selection of tenants, the allocations of County farm assets and Estate Strategies and then make recommendations to Policy and Resources for Member's approval
 - Require County Farm leases to be approved in accordance with the Constitution, for the avoidance of doubt, this will mean that Members no longer have a direct role in the selection of County farm tenants. Members will continue to set policy direction for the County Farms estate (including the lettings policy) via decisions at the relevant committee
- 2) To consider:
 - The opinion that, there are 'key issues that need to be addressed' for both reports; and
 - The findings, recommendations and agreed action plans in the reports
- 3) To note that:

- Responses will be made to the complainants; and
- A County Farms systems audit has been included in the 2016-17 Internal Audit Plan, which will include following up the agreed actions.

4) The County Farms report should be presented to a specially convened meeting of the County Farms Advisory Board, which should be formally minuted, to give Members of the Board an opportunity to formally respond.

5) **The report and the response from the CFAB meeting should then be presented to the Economic Development Sub-Committee, requesting that the Chair establish a Task and Finish Group to consider the report and the CFAB response and make any formal recommendations regarding governance arrangements to the Policy and Resources Committee.** It was noted that any proposed governance changes would need to be presented to the Constitution Advisory Group before being formally presented to full Council for consideration and adoption.

6) An update report to be presented to the Audit Committee at its June meeting.

The purpose of this report is to introduce the County Farms Governance Arrangements Audit report and the County Farms Lines of Enquiry Report, attached as Appendix A and B, respectively.

The reports confirm an opinion that there are, 'Key issues that need to be addressed'. The findings, recommendations and agreed action plans are set out in each report. The reports make recommendations to:

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

The audit work has:

- not identified any potential criminal matters
- not identified any member mis-conduct
- not identified any potential breaches in Standards of Conduct for employees, except for a separate confidential disciplinary report which has been completed regarding the alleged actions of one County Farms employee.

Responses to individual allegations and complaints will be sent to the relevant complainants.

Recommendations:

- 1) **To consider the reports at Appendix A and Appendix B**
- 2) **To consider the Audit Committee's recommendation (part 5) requesting that the Chair establish a Task and Finish Group to consider the report and the CFAB response and make any formal recommendations regarding governance arrangements to the Policy and Resources Committee.**
- 3) **To consider:**
 - **The opinion that, there are 'key issues that need to be addressed' for both**

reports; and

- The findings, recommendations and agreed action plans in the reports

4) To note that:

- Responses will be made to the complainants; and
- A County Farms systems audit has been included in the 2016-17 Internal Audit Plan, which will include following up the agreed actions.

1. Introduction

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

2. Evidence

- 2.1 The County Farms Governance Audit report and the County Farms Lines of Enquiry Report (as at 31 March 2016) are attached as **Appendix A** and **Appendix B** to this report respectively.

3. Financial Implications

- 3.1 Any specific financial implications are covered in the reports.

4. Issues, risks and innovation

Risk implications

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

5. Background

- 5.1 The background is set out in the attached reports.

Officer Contact

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

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