



**NORWICH**  
City Council

**Committee name:** Audit

**Committee date:** 11/07/2023

**Report title:** Draft Annual Governance Statement 2022-23

**Portfolio:** Councillor Kendrick, Cabinet member for resources

**Report from:** Head of Legal and Procurement

**Wards:** All Wards

**OPEN PUBLIC ITEM**

### **Purpose**

The purpose of this report is to provide opportunity for the Audit Committee to review the draft Annual Governance Statement for 2022-23 prior to consideration by the Council's External Auditors

### **Recommendation:**

It is recommended that the Audit Committee endorses the draft Annual Governance Statement, subject to any proposed amendments.

### **Policy framework**

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city priority

## **Report details**

### **Introduction**

1. The Accounts and Audit Regulations 2015 require that each year, local authorities must prepare and approve an annual governance statement (AGS). The draft AGS must be published alongside the draft statement of accounts by 31 May each year, and the final version, following external audit review, by 31 July each year.
2. The Audit Committee's terms of reference require it to review, consider and agree the AGS, including the adequacy of the corporate governance framework and improvement action plan.
3. Unfortunately, the external audit of the AGS for 2022-23 is unlikely to take place for some time. As this has not taken place, we cannot present the AGS to the Audit Committee for approval at this stage. Nonetheless, this does present the opportunity for the Committee to input to development of the draft, and for any comments from the Committee to be incorporated before external audit undertake their review.

### **Production of the AGS**

4. The Council is expected to obtain a wide range of assurance in order to prepare the Annual Governance Statement. This process began in March, with an audit committee workshop and key officer workshop to gain thoughts on areas of focus for the AGS, as well as key developments in the year that would need to feature in the document.
5. All Heads of Service within the Council were requested to complete assurance statements, setting out the practices employed in their service area to ensure good governance, as well as potential areas for development. Important decisions and new policy documents during the year were reviewed for further evidence.
6. A draft AGS was considered by the Council's Senior Leadership Team, including the Chief Executive, Directors and Heads of Service in April, with any further comments incorporated into the draft document published on 31 May with the statement of accounts.

### **How the AGS has developed**

7. Last year, the Head of Legal and Procurement committed to reconsidering the format for the AGS.
8. In 2016, the Chartered Institute for Public Finance and Accountancy (CIPFA) published its framework, "delivery of good governance in local government". The framework identifies that preparing an Annual Governance Statement in line with the document fulfils the requirements to review the authority's statement of internal control and its statutory obligations under the Accounts and Audit Regulations 2015. It was therefore fundamental to the refresh to ensure that the new AGS complied with the framework, as follows:

<b>Expectation</b>	<b>How the document has developed</b>
The document should incorporate an acknowledgement of responsibility for ensuring sound governance and reference to the authority code of corporate governance	This has been included in the introduction and page 2, oversight of the corporate governance framework
The document should incorporate reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for developing the governance environment	This is embedded throughout the document, but in particular section 3 (how we obtain assurance our systems and controls are operating effectively)
The document should have an opinion on the level of assurance and confirmation arrangements continue to be regarded as fit for purpose	Included in section 5, conclusion
An agreed action plan showing actions taken or proposed	This is included in the appendix to the AGS
Reference to how issues raised in last year's AGS have been resolved	This is included in the appendix to the AGS
A conclusion, and a commitment to monitoring issues raised	This is included in section 4 (areas for development) and section 5 (conclusion)

9. The Audit Committee also provided useful feedback that the new document needed to be shorter and more succinct, easier in its presentation for members of the public to understand, and it needed to set out how it had been prepared.
10. With this in mind, the new AGS is 25% shorter than the previous document. It provides a clearer narrative as to how the governance framework has developed in the year, themed around CIPFA's principles of good governance, and provides case studies to emphasise examples. Page 2 sets out how the AGS has been developed.

### **Feedback from the Audit Committee**

11. The early workshop held by the Audit Committee has provided the opportunity to use their feedback to input to the development of the document. Whilst it is appreciated that the Audit Committee is likely to have further feedback, it may be helpful to highlight the following areas which particularly featured at the workshop session:
- a) The Audit Committee highlighted examples where they considered the Council's approach to consultation and engagement could have improved during the year. The "Ensuring openness and comprehensive

stakeholder engagement” section includes a paragraph recognising this. This is also referenced in the action plan and section on the Peer Review.

- b) The Committee expressed a desire to further develop the Council’s approach to environment strategy and outcome measurement. The Council’s emerging work is featured in the “Defining outcomes in terms of sustainable economic, social and environmental benefits” section.
- c) The AGS needed to include more information on diversity and equality. The “developing the entity’s capacity, including the capability of its leadership and the people within it” section includes information in how the Council is supporting development in this area, albeit the Council will be developing a new strategy during the next year.

### **Head of Internal Audit Annual Opinion**

12. A key component of the Annual Governance Statement is the Head of Internal Audit’s Annual Opinion, as a significant source of assurance within the authority. This opinion is being presented to the Audit Committee alongside presentation of the draft AGS. It is then intended to incorporate the annual opinion, and significant findings raised by the Head of Internal Audit, into the AGS before consideration by External Audit.

### **Consultation**

13. The process for developing the AGS is outlined in paragraphs 4-6 above.

### **Implications**

#### **Financial and resources**

14. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council’s stated priorities, as set out in its Corporate Plan 2022-26 and budget.

15. There are no proposals in this report that would reduce or increase resources.

### **Legal**

16. Production of the Annual Governance Statement in line with the CIPFA framework supports the Council’s compliance with the Accounts and Audit Regulations 2015

### **Implications**

Please note that the AGS is a reflection of the Council’s arrangements, and does not impact on these arrangements in its own right. As such, the implications of considering this document are none although implementation of actions identified in the AGS may have impacts.

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Equality and diversity	None

Consideration	Details of any implications and proposed measures to address:
Health, social and economic impact	None
Crime and disorder	None
Children and adults safeguarding	None
Environmental impact	None

### Risk management

Risk	Consequence	Controls required
Failure to produce the Annual Governance Statement	External Audit raise concerns as to the adequacy and effectiveness of the Council's governance arrangements	Production of the AGS to the required timeframes  Production process includes a range of sources of evidence

### Other options considered

17. None

### Reasons for the decision/recommendation


18. Consideration of the draft AGS provides the opportunity for the Audit Committee to input to the development of the document and feedback to be taken into account ahead of External Audit review.

**Background papers: None**

**Appendices: Appendix A: Draft Annual Governance Statement, 2022-23**

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# **Norwich City Council Annual Governance Statement**

## **Introduction by the Leader and Chief Executive**

Good governance is important and at the heart of what we do. It is the responsibility of all at Norwich City Council – whether councillors or officers, or those making decisions or scrutinising them, to ensure they are doing the right things in the right ways.

Our Annual Governance Statement is an opportunity for us to reflect on how we operate, the practices we have put in place and how we have worked to strengthen our governance systems. This year, we have also looked to simplify the Annual Governance Statement itself to focus more specifically on four fundamental areas:

- a) How we work to comply with good practice
- b) How we have strengthened our governance systems over the past year
- c) How we obtain assurance to know our systems are operating effectively
- d) Those areas we have identified that require further development.

In this report, we identify some of the key developments which have occurred over the past year. This includes the independent peer review of the Council, undertaken in January 2023; the work to improve our housing and non-housing compliance programme; looking at the governance arrangements for our own companies, and the changes we have put in place to support effective budget planning and programme delivery.

The statement is prepared taking into account a range of evidence. This includes the work of the Council's external and internal auditors; assurance statements prepared by our services; decisions, strategies and plans produced by the Council in the past year, looking ahead for emerging developments impacting on the sector, and other inspections or reports relevant to the Council during the year.

As the statement highlights, we recognise that there are areas that we can develop, but nonetheless we believe that when combined with the Council's broader code of corporate governance, the statement demonstrates that the governance arrangements for Norwich City Council are fit for purpose.

Each year, across the Country there are examples where failings in governance have contributed to Councils failing to provide services to those they serve in the way they should. We hope that you find this a useful position statement to understand the rules, practices and processes the Council puts in place to ensure that we are working to serve the people of Norwich.

Chief Executive

**Louise Rawsthorne**  
30/5/2023

Leader of the Council

**Mike Stonnard**  
30/5/2023

## **Oversight of the Governance Framework**

We understand that all at Norwich City Council are responsible for good governance.

The Chartered Institute for Public Finance and Accountancy (CIPFA) provides guidance to Councils on good governance, particularly through their good governance in local government framework (the framework). The Council has developed a local Code of Corporate Governance which is aligned to this framework and this is reviewed annually by the Audit Committee. This establishes the overall arrangements the Council has in place to ensure good governance.

The meetings of all Councillors and Cabinet are the most significant decision making bodies in the authority. As such, it is important that they uphold, and are seen to uphold good governance principles. Ways in which this is demonstrated include:

- a) Council approving the budget, which has been subject to public consultation and is accompanied by a statement from the Council's Chief Finance Officer confirming the robustness of the proposed budget and the adequacy of reserves;
- b) Council receiving reports from the Scrutiny and Audit Committees on how they have performed during the year to fulfil the responsibilities that Council places on them;
- c) Council adopting changes to improve the Constitution following recommendations from the Constitution Working Party
- d) Cabinet reviewing quarterly assurance reports which identify how the Council is performing against its financial and non-financial targets;
- e) Cabinet receiving updates on significant projects and programmes such as Towns Fund and the Housing Compliance programme;
- f) Shareholder panels overseeing company performance.

This Annual Governance Statement fundamentally provides an opportunity to evaluate the effectiveness of corporate governance arrangements over the past year. It has been drawn together through:

- a) Reviewing decisions and actions taken by the Council in the past year
- b) Reviewing the outcomes of auditors and other inspections and incorporation of their opinions
- c) Workshops held with members of the Audit Committee and key staff members
- d) Completion of "service assurance statements" by Heads of Service, identifying how they comply with good practice in their service areas and the identification of areas for development
- e) Review by the Council's Senior Leadership Team

## **1. How the Council complies with good practice and has strengthened its arrangements over the past year**

The CIPFA framework sets out 6 core principles that all Councils should seek to follow. The Council has a code of corporate governance which sets out in detail each of the core principles and how the Council complies with these. In this annual governance statement, we set out examples of the steps we have taken over the past year to develop our compliance with each principle, as follows:

### ***Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law***

In September, the Council agreed a new Code of Conduct for Councillors. This sets out the standards of behaviour expected from members. The new Code is aligned to the Local Government Association model code of conduct, meaning the public can expect the same standards of behaviour from their Norwich City Councillors as other Councillors across the Country.

Councillors and officers are provided with a range of training opportunities and briefings on standards and conduct. This includes training for councillors on the Code of Conduct and briefings on matters such as whistleblowing and fraud.

The Council has kept its constitution under review during the year. Most recently, work has been undertaken to look at procedures in respect of the licensing and regulatory committees, to ensure there is greater clarity on the operation of sub-committee meetings for applicants, objectors and other attendees, as well as reviewing where decisions should be made in an open committee hearing or by officers.

We have reviewed our arrangements to comply with the Fighting Fraud and Corruption Locally Strategy. This is a national strategy developed to identify and manage the risks of fraud in local Councils. Following an internal audit review identifying the Council's compliance was "reasonable", we have undertaken a range of measures including strengthening arrangements to identify and manage potential housing fraud and raising awareness through briefing and visual posters in the organisation.

### ***Ensuring openness and comprehensive stakeholder engagement***

In March, the Council agreed a suite of new strategies in respect of the housing service, most notably the tenant engagement strategy. This seeks to give tenants the opportunity to scrutinise, influence and shape delivery of the Council's housing services.

Our use of Get Talking Norwich, the council's relatively new digital engagement platform, has expanded in the last year.



The website is designed to offer a variety of ways for our residents have their say – from simple polls to posting ideas on a notice board and other ways to improve engagement opportunities. The platform was used to great effect for the 2023-24 budget consultation, with a record breaking number of people (2,654) responding to the survey. Engagement tools included an infographic slide deck and a fresh and more open style of questions to residents about our budget plans.

Following the recent peer review of the city council, engagement was an area that was explored and identified for further development – both internally and externally. The council fully recognises and accepts it can improve in these areas and will seek ways to enhance engagement opportunities so they are more visible, tangible and meaningful to key stakeholders. Successful engagement in the budget consultation demonstrates the potential to look at different ways the council can consult and engage in future so we can build on that success moving forward.

### ***Defining outcomes in terms of sustainable economic, social and environmental benefits***

The Council's corporate plan was agreed in February 2022. A refresh of the plan has been delayed during the year due to the changes in organisational leadership and is now expected to be presented for approval in the autumn.

In the autumn of 2022, the Norwich Good Economy Commission (GEC) published its final report. The GEC has influenced various aspects of the Council's work; for example, the approach of the diverse voices workstream is informing the development of the new Citizen Participation Strategy and the anchor institutions approach shared as part of the GEC seminar series has inspired the council to explore establishing a new anchor institution network for Norwich.

The Council has reviewed the operation and the way that we are using the work of the City Vision 2040 partnership to influence and inform our work. Membership of the partnership has grown over the last three years, ensuring that the right voices are being heard. This has provided necessary opportunity for us to discuss and respond to challenges as they occur, most significantly to the cost-of-living crisis over the past year. To support the longer-term vision of the partnership, a core group of partners will now meet regularly to consider place shaping and harnessing resources amidst the disruptions and challenges as a result of climate change, technological advancements, and growing inequality.

In November 2022, the Council agreed a new biodiversity strategy to maintain and improve biodiversity across the City. An action plan has been developed to deliver the strategy which will be monitored by a biodiversity working group. The Council had originally intended to bring forward an update to its existing environment strategy during the year, however re-appraised this work with the intention of bringing forwards an environment commitment policy statement and environmental programme to 2030. This will see the biodiversity strategy sitting alongside a City-wide and Council action plan to achieve net zero. Proposals on this work were presented to the Council's Climate and Environment Emergency Panel in February 2022 and the relevant work programmes will be brought forward in 2023-24.

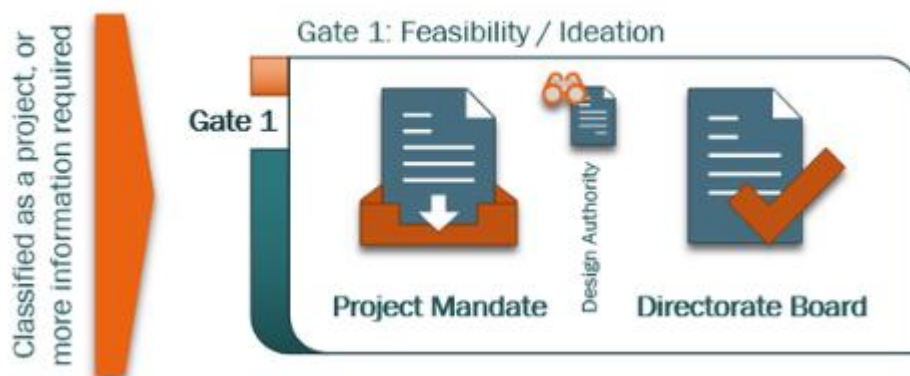
During the year, the Council has faced the challenge of Nutrient Neutrality. In March 2022, Natural England wrote to the Council requiring it to take urgent action to identify how adverse impacts of nutrient pollution can be mitigated through planning development. This necessitated an immediate pause on residential planning applications until further action is taken to understand nutrient impacts. This risked having a significant impact on the Council's delivery of its local plan, the level of planning income received and the ability of Norwich Regeneration Limited to undertake development.

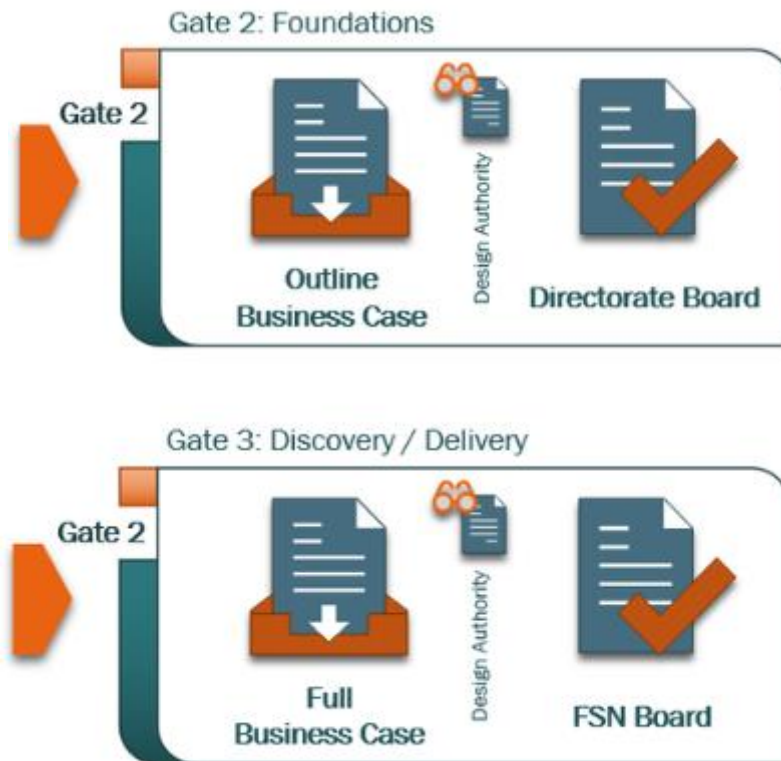
Throughout the year, the Council has worked with affected partner Councils to address the challenge, and ensuring that key stakeholders including developers, those involved in the development industry and Natural England were supportive and engaged in developing solutions. In December, the Council was able to produce an innovative interim solution, and in March Cabinet supported in principle the entering into of a joint venture with other partners to deliver a long term solution to resolve the Nutrient Neutrality challenge.

### ***Determining the interventions necessary to optimise the achievement of intended outcomes***

During the year, the council implemented new procedures to strengthen its approach to managing transformation and savings programmes as part of the Council's transformation programme, "Future Shape Norwich".

All significant change proposals are now subject to the service area producing an initial project mandate to assess the potential and feasibility of taking the work forwards. These are reviewed by the design authority, a panel of internal experts in specific areas such as IT, finance, HR, legal, procurement and asset management to give greater insight to the mandate development and how it may impact on other workstreams. If approved, the mandate goes forward to an outline, and then final business case which is subject to approval by the Future Shape Norwich Board. The Board oversees programme delivery across all major programmes.





A Microsoft SharePoint site has been set up to provide effective governance across boards and provide a collaborative hub for business case development and management and reporting across projects. Regular updates are provided through highlight reporting to boards on current projects or significant steps forward to enable effective management and communication on project progress. Closure reports are provided for completed projects to evaluate the benefits and outcomes.

This approach in moving forward programmes successfully was deployed in developing the 2023/24 budget, with the ability to test assumptions and the ability to deliver growth, capital and savings proposals. Work is now underway to refine and develop the medium term proposals for the 2024/25 budget and later years' through this route. The process was tested and endorsed through the Council's peer review.

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Several of the council's transformation programmes are intended to provide Council staff with more effective tools to undertake their day-to-day work. This includes a new finance and HR system, customer data management system and development of SharePoint. It is expected that in delivering these programmes, the Council will be able to operate more efficiently whilst also having better insight to our customer needs and expectations and to improve resident's experience.

By way of demonstration, introduction of the Northgate system allowed the Council to introduce “citizen access” – online systems that allow customers to better manage and understand their Council accounts and bills. Customers are now able to see their current bill, notify the Council of changes to their account, move to e-billing and direct debit, notify of housing repairs required, and apply for discounts.

#### **Case Study - how the Council has intervened to improve outcomes: Housing Compliance**

In October 2021, the Council received a regulatory notice from the Housing Regulator, raising concern at the Council's compliance with safety requirements in Council Housing. Since that time, a Health and Safety Compliance Board has been established to oversee the Council's improvement plan and a specialist team has been brought in to establish a new model of operating the compliance programme.

This has seen the Council take significant steps to improve compliance, with reductions in the number of outstanding checks and consequent remedial actions. Attention is now focused on developing a “business as usual” programme of monitoring to ensure that standards are maintained. The Compliance Board have also supported new processes where access to properties is refused, handling damp and mould complaints and installing carbon monoxide detectors in line with new legal requirements.

To support monitoring this programme of work, an independent panel was formed comprising of experts in social housing, enabling external challenge to the work being undertaken, and an independent external review of the programme has been undertaken to give assurance as to the robustness of work undertaken. The Council will be aiming for the regulator's notice to be lifted during the 2023/24 financial year.

#### ***Developing the entity's capacity, including the capability of its leadership and the people within it***

The Council has placed particular importance on supporting workforce diversity and wellbeing over the past year.

In May 2022, the Council launched its new wellbeing strategy as part of events to mark national mental health awareness week. The strategy was employee-led, driven by a team within the organisation who worked with colleagues to formulate both the strategy and associated action plan which is now being delivered.

Since the launch of the strategy there has been a range of developments in the Council, both employee-led and through the work of the Council's HR team and Unison branch. This has included the establishment of a “comerados” living room to provide breakout space for staff; promotion of wellbeing groups, webinars hosted by Active Norfolk and menopause support events.

In recognition of the cost of living, in January 2023 the Council launched special grants to support colleagues experiencing financial challenges, as well as promoting cost of living support.

In July 2022, the Council was amongst the first in the country to sign the Unison anti-racism charter, and in September Council supported a motion recognising the rights of the trans community. Between December 2020 and December 2022, the ethnic diversity of the workforce increased from 3.1% to 8.3%, better reflecting the diversity of the community the Council serves. The Council maintained its position of having no gender pay gap during the year.

During the summer, the Council commenced work on a review of its existing culture and values. This started with an employee survey, which was used to inform an Organisational Culture Inventory – a tool which helps organisations understand what their current culture is, and where employees believe it should be.

All staff were invited to a series of workshops to understand the outcomes of the work and help identify steps the Council could take to move towards its desired culture. Two webinars were also held which provided the opportunity for senior officers to discuss their thoughts with staff in an interactive way.

The Council has recently recruited additional organisational development resources to take forwards this work into formal action planning, alongside a review of the Council's workforce strategy.

### ***Managing risks and performance through robust internal control and strong public financial management***

The Council has continued to produce quarterly assurance reports, to provide senior management and cabinet with oversight of the financial and non-financial performance of the organisation. For the quarter 1 report, the Council introduced a new reporting structure for risk management, requiring a more detailed appraisal of each corporate risk. Alongside the quarterly assurance report, the Council's Corporate Leadership Team now receives quarterly reports on information security standards compliance.

A thorough re-assessment of the Council's approach to Health and Safety has been undertaken during the year. In the autumn, following the outcomes of an internal audit review, the Corporate Leadership Team commissioned an independent review of the Council's health and safety arrangements, which has been used as the basis for agreeing an interim health and safety policy and detailed action plan. The action plan will now be taken forward by a newly appointed Corporate Health and Safety Manager, supported by the Corporate Health and Safety Board.

The Council has continued its positive journey to strengthen its arrangements for contract management. In April, the Council joined the Department for Housing, Levelling Up and Communities Contract Management Pioneer Programme. This has provided access to an accredited e-learning programme, as well as a more comprehensive advanced programme which 7 officers have been undertaking together with a forum for sharing good practice with other authorities. Due to its active engagement in the programme, the Council was selected as one of 20

authorities to participate in the Local Partnerships' review of good practice in contract management in authorities, with emerging guidance and formal recommendations due in April 2023. The Council has also provided in-person training sessions for staff, and has now established a contract managers forum which meets monthly to discuss key contract management issues, as well as a contract manager teams group.

In recognition of the deteriorating economic situation, in September the Council strengthened its arrangements for managing risks of supplier failure. Financial checks are undertaken on key suppliers on a quarterly basis, with the results fed back to contract managers. A contract managers forum session was focused on supplier failure risk, and we continue to feed back quarterly to the forum on the results.

In the Audit Committee self-assessment exercise for 2021/22, the Committee recognised that the Council had limited routes for scrutiny of treasury management, despite the importance and complexity of this aspect of financial management. With that in mind, in September 2022 the Council established a specific treasury management committee including members of the Council's Cabinet and the Chairs of the Scrutiny and Audit Committees. Members of the Committee have been provided training and undertaken a self-assessment to understand its strengths and areas for improvement, and this committee has supported the development of the treasury management strategy for 2023/24.

### ***Implementing good practice in transparency, reporting and audit to deliver effective accountability***

In July 2022, the Audit Committee agreed a revised Code of Corporate Governance for the Council, more closely aligned to the CIPFA Code of Corporate Governance Framework. This framework has been reviewed and updated in order to inform preparation of this new-style Annual Governance Statement.

In April 2022, the council fully transferred its internal audit service to Eastern Internal Audit Services. This transfer provides a more stable and resilient future for the internal audit team, ensuring ongoing access to highly qualified staff, including those with specific audit skillsets. The outcome of internal audit's annual review is outlined below.

In January, the Council hosted a peer review by the Local Government Association. The outcomes of this work are set out in the case study below.

## **Case Study – how we can use external reporting to improve: Local Government Association (LGA) Corporate Peer Review**

In January 2023, the LGA undertook a peer review of the Council's corporate governance arrangements. Peer reviews operate through a group of councillors and officers reviewing evidence and meeting with people both from the Council, but also from its key stakeholders, to understand more about how the Council is operating and where it can develop.

A corporate peer review has 5 core themes:

- Local priorities and outcomes
- Organisational and place leadership
- Governance and culture
- Financial planning and management
- Capacity for improvement

The findings of the review are available from the Council's website here. Key findings from the review will be delivered through the corporate plan refresh and are captured in the action plan to this annual governance statement. They are summarised as:

1. The Council needs to plan for the forthcoming changes in leadership and ensure momentum is maintained during this time of change
2. Accelerate and prioritise plans to strengthen tenant and community engagement, putting residents at the 'heart of everything we do'
3. Strengthen place leadership by involving partners more formally in delivering Norwich 2040 and identify strategic leads for key partnerships
4. Having improved governance, the Council should now focus on cultural change with an emphasis on engagement, equality and inclusivity
5. Further consideration of the governance arrangements for the Council's companies
6. Identify further growth and invest to seize opportunities aligned to council priorities
7. Set clear priorities and identify opportunities to develop a 5 year capital programme

## **2. How we obtain assurance our systems and controls are operating effectively**

### ***Internal Audit***

*The Head of Internal Audit's Annual Opinion will be prepared for presentation to the Audit Committee in July 2023. In order to prepare their opinion, the Head of Internal Audit will be taking into account the outcomes of audit work which is currently in conclusion. This section will be updated with the Head of Internal Audit's Annual Opinion once received.*

### ***External Audit***

The Council's external auditors are responsible for reviewing the Council's statement of accounts and providing a value for money opinion on the Council and the Council's Housing Benefit Subsidy Claim. The external auditors operate to an agreed work programme that is reviewed by the Council's Audit Committee.

In May 2022, the external auditors provided their opinion on the 2020/21 statement of accounts and did not report any significant matters related to the Council's internal controls. Due to challenges in the audit sector, the external auditors are yet to commence work on the audit of the 2021/22 statement of accounts.

### ***Audit Committee***

The Audit Committee is tasked by the Council to scrutinise the Council's arrangements for governance and audit matters. Examples of the work undertaken by the Committee during the year to support delivery of its role include:

- a) It undertook a review of its own self-effectiveness, putting into effect recommendations raised during the year
- b) Recruited an independent person with specific expertise in audit, supporting the committee's effectiveness in undertaking its role
- c) Undertook a range of training and briefing / workshops events such as training on the role of the committee and performing their role effectively and the statement of accounts
- d) Undertaken specific work to support strengthening corporate governance at the council including agreement to a new Code of Corporate Governance and a review of the Council's work to reduce the risk of fraud in awarding grants
- e) Supporting the creation of a new Treasury Management Committee
- f) Agreeing the Council's accounting policies
- g) Reviewing the work undertaken by internal and external audit and reviewing their respective plans

Ahead of preparing this Annual Governance Statement, the Committee undertook a workshop examining the Council's arrangements against the CIPFA core principles of corporate governance.

### ***Other sources of assurance***

As a statutory body, the Council may be subject to external reviews. As above, the Council has welcomed a corporate peer review by the Local Government Association during the year but there have been no other formal inspections during the year.

The Local Government and Social Care Ombudsman considers complaints made against the Council, and where it has significant concerns, may issue a public interest report against the Council. The Ombudsman will publish its annual report for 2022-23 during the summer. In respect of 2021-22, the Ombudsman did not issue a report against the Council. Of the 27 complaints it received in relation to Norwich City Council during 2021-22, 4 were subject to investigation and 2 were then upheld. The proportion of complaints upheld was the same as at other similar authorities.

The Housing Ombudsman considers complaints in relation to the Council's role as social landlord. As set out above, the Council is currently subject to an improvement notice in relation to compliance with housing standards. The Housing Ombudsman has not upheld any complaints about the Council during the year.



### **Statutory Officers**

The Council has statutory officers who have specific personal duties to raise concerns about activities within the Council or report failings in governance. This includes:

<b>Officer</b>	<b>Responsibility area</b>
Head of Paid Service	The Council's staff
Chief Finance Officer (s.151 Officer)	Financial governance and lawfulness of expenditure
Monitoring Officer	Lawfulness of Council decision making
Senior Information Risk Owner	Information and data security
Data Protection Officer	Compliance with data protection regulations
Senior Responsible Officer for Investigatory powers	Compliance with regulatory investigation powers

There have been no adverse concerns raised by statutory officers during the year. During this time, the Council has had changes in staffing in some of the statutory roles however it has ensured that on each occasion there has been continuity in appointment.

### **Oversight of the Council's companies**

The Council wholly owns two companies, Norwich Regeneration Limited (now Lion Homes) and Norwich City Services Limited (NCS)

Each year, the companies are asked to prepare business plans which are subject to approval by Cabinet, following review by the Council's scrutiny committee. A shareholder panel then meets on a quarterly basis to evaluate how the company is performing in delivering its business plan objectives.

On 1 April 2022, the repairs and maintenance service for the Council's housing and general fund properties transferred to NCS. A comprehensive transfer plan was developed ahead of the implementation. Over the past year, as has been reflected in performance reports, NCS have experienced challenges in delivering service improvement, which has been, and will continue to be closely monitored by the Council's shareholder panel. In May 2023, the Chair of the NCS Board resigned, and the Council will be supporting the company in recruiting to replace this key role and improve performance.

In May 2023, NCS and the council received notification from the Health and Safety Executive that they are exploring concerns raised about NCS in relation to staff handling of asbestos containing materials."

The Council also owns a smaller company, Threescore OpenSpace Management, which has specific responsibilities relating to open spaces at sites developed by Norwich Regeneration Limited. As a micro company, the Council operates lighter touch governance arrangements proportionate to the scale of the company.

### **3. Key governance matters**

#### ***Changes in legislation***

The Council is required to ensure it is compliant with legislation in a broad range of fields. Key known changes the Council will need to respond to include:

- Social Housing (Regeneration) Bill – this bill will strengthen the powers of the housing ombudsman where there are concerns relating to the provision of social housing. Councils will be required to report against a range of tenant satisfaction measures and appoint specific officers to lead on ensuring compliance with housing standards. The Council has sought to pre-empt elements of the Bill through its revised housing related strategies agreed in March 2023.
- Whilst not a direct legislative requirement, it is clear that the government is also concerned about the general condition of social housing, particularly following the tragic death of Awaab Ishak in Rochdale being attributed to damp and mould in the family's property. Whilst the Council has taken action to review its approach to damp and mould, it is clear that this will be an area of close regulation for the future.
- Building Safety Act 2022 – this Act primarily comes into effect during the 2023/24 year. This creates mandatory standards for management of high rise buildings, which must be registered with a nominated regulator
- Levelling Up Bill – this bill includes a wide range of changes across a range of Council activities. Particular changes are identified in respect of planning, whereby the current community infrastructure levy is likely to be replaced. This will require significant consideration by the Greater Norwich Growth Board, in which the Council is a partner, to assess how to jointly respond to the new requirements. Other elements of the Bill include specific restrictions on Council investment activity.
- Procurement Bill – this bill is likely to see significant shifts in current procurement legislation. For example, the Council will be required to publish information in supplier performance. The Council is actively engaged with the Department for Levelling Up, Housing and Communities deployment team and as part of their superuser group.
- Environment Act – the Environment Act was passed in November 2021, which has the potential to significantly change Council environmental service operations. However, much of the secondary legislation and guidance which will clarify what changes are required, and the timing of these changes, is yet to be passed.
- The government has been consulting on proposed changes to MEES legislation over the past 2 years. Formal changes are yet to be made however it is anticipated that non-residential buildings will be required to meet an Energy Performance Certificate (EPC) rating of D by 2025, C by 2027 and B by 2030. Given no legislation has been passed yet it is difficult to plan, however this is being factored in when undertaking asset reviews and considering future investment requirements in the Council's non-residential property assets.

### ***Economic Outlook and global instability challenges***

In last year's AGS, we highlighted the impact that the economic downturn was having on the Council's operations. Whilst HM treasury and the Office for Budget Responsibility forecasts appear to be improving, there are still significant pressures on the Council as a result of the wider macroeconomic environment. These include:

- a) The Government has continued to issue one-year funding settlements for local government. This makes it more challenging for Councils to undertake longer term financial planning
- b) The Government has increasingly sought to fund Councils through one-off funding rounds such as the Levelling Up Fund and Towns Deal. This requires Councils to invest resources in developing proposals that may, or may not be successful. Funding bids awarded are based on fixed costs and do not account for inflation or other cost pressures.
- c) Whilst inflation is forecast to reduce, it is still a significant pressure on Council budgets both in terms of staff costs and other services the Council needs to buy.
- d) Households and businesses are finding it challenging to pay bills at the same time that the costs of delivering services is increasing. This increases the risk of debt for the Councils budget, and also places a demand on services such as the revenues and benefits and housing teams
- e) Changing interest rates, which can have a positive effect on the Council (in terms of increased interest income) and a negative effect (cost of borrowing rises), however do also present uncertainty.

### ***Changes in Leadership***

The Council has gone through a significant period of leadership change, with interim officers operating in a number of key posts and the recent appointment of a new leader, deputy leader and chief executive.

The Council has worked to ensure continuity during this process and will be ensuring that appropriate training and onboarding programmes are in place for both recent and future appointments.

### ***Scrutiny and Challenge to Local Government***

Over the past few years, there has been significant concern as to the growing number of local authorities that are experiencing major failings. The council believes it has long term resilience in place and the budget report includes the assertion by the S. 151 officer that the budget estimates are robust and reserves are adequate.

## **4. Areas of development**

Within Appendix 1, we have provided an update on those areas of development highlighted during last year's Annual Governance Statement, and new areas of development either highlighted through the work above or identified by Council officers in preparing for this statement. The Council is committed to delivering these actions during the next year and beyond, as appropriate.

## **5. Conclusion**

Based on the work that has been completed, assurance can be taken that the governance arrangements at Norwich City Council are fit for purpose

## Part A: Update on actions identified in the 2020/21 and 2021/22 Annual Governance Statement Action Plan

Issues & challenges identified	Lead officer	Target implementation date	Update
<i>Issues outstanding from 2020/21 Annual Governance Statement action plan</i>			
<b>Housing Compliance</b> Implementation of the housing compliance improvement plan to deliver improvement in the performance of compliance inspections.	Executive director, community services	<b>In progress (target was September 2022)</b> The Health and Safety Compliance Board was established to monitor this programme of work. This will continue into 2022/23	<b>In progress</b> As reported to Cabinet and set out in the Annual Governance Statement, progress has been made in delivering the improvement plan. The <a href="#">most recent report to Cabinet</a> expects completion of the primary plan by 31 May 2023.
<i>Issues outstanding from 2021/22 Annual Governance Statement action plan</i>			
<b>Organisation Culture</b> <ul style="list-style-type: none"> <li>Completion of a review of the Council's culture and implementation of identified actions, including taking forward the outcomes of the staff survey</li> <li>Embed the principles of hybrid working across the Council</li> </ul>	Senior Leadership Team	31 March 2023	<b>Council Culture – in progress</b> This work has progressed as set out in the Annual Governance Statement; the Council now anticipates that a formal action plan shall be developed by 30 September 2023. <b>Hybrid working - complete</b>
<b>Scheme of Delegation</b> <ul style="list-style-type: none"> <li>Undertake a review of the Council's scheme of delegation to ensure there is clarity on levels and authorities in decision making</li> </ul>	Monitoring Officer	31 March 2023	<b>In progress</b> This work has progressed, however been made more complex by recent temporary changes in staffing structures. In the meantime, the Council still utilises the constitution and its operational statement approach to define responsibilities . Revised date: 30 September 2023

Issues & challenges identified	Lead officer	Target implementation date	Update
<b>Citizen Engagement and Consultation</b> <ul style="list-style-type: none"> <li>Develop and implement the Citizen Participation Strategy to establish how the Council will encourage the people of Norwich to participate in the development of services</li> <li>Development of a consultation statement, outlining the methods through which the Council will communicate and engage with residents</li> <li>Development of a revised Tenant Involvement Strategy</li> </ul>	Executive Director for Communities	31 March 2023	<b>Participation Strategy and communication strategy - In progress</b> We are currently reviewing our approach to this work in light of the recent peer review and will be bringing forward proposals within the corporate plan refresh (revised date TBC in corporate plan refresh) <b>Tenant Involvement strategy - complete</b>
<b>Complaints Policy</b> <ul style="list-style-type: none"> <li>Undertake a review of the Council's policies on the handling of corporate complaints, monitoring the effectiveness of services in complying with expected standards</li> </ul>	Executive Director for Communities	31 March 2023	<b>Complete</b>
<b>Climate Change</b> To support work in understanding how the Council's activities will impact on its environmental objectives: <ul style="list-style-type: none"> <li>Development of a new biodiversity strategy and review of the existing environmental strategy</li> <li>Development of a net zero 2030 carbon management plan</li> </ul>	Executive Director for Communities	31 December 2022	<b>Biodiversity Strategy – complete</b>  <b>Environmental Strategy and net zero carbon management plan – in progress</b> As <a href="#">reported to the Climate and Environment Emergency Panel on 14 February</a> , a review was undertaken of this work and its scope widened during the year. It is expected revised dates will come forward in the corporate plan refresh

Issues & challenges identified	Lead officer	Target implementation date	Update
<b>Good Economy Commission</b> Understand the emerging findings from the Good Economy Commission and how the Council can implement appropriate recommendations	Executive Director for Communities	31 March 2023	<b>Complete</b> The Good Economy Commission concluded its work during the year and findings will be incorporated into the corporate plan refresh
<b>LGA Peer Review</b> Commission a peer review through the LGA, agree an action plan emerging from the review and implement emerging recommendations	Chief Executive	31 March 2023	<b>Complete</b> The Peer Review took place in January; the action plan is under consideration alongside the Corporate Plan refresh.
<b>Enforcement Policies</b> Undertake a review of the Council's policies and actions in relation to enforcement, including the corporate enforcement policy, CCTV policy and Regulatory of Investigatory Powers	Executive Director for City and Development Services	31 December 2022	<b>In progress</b> The revised corporate enforcement policy is currently subject to consultation with the aim of coming into effect on 30 June 2023. A revised RIPA policy has been agreed and action plan developed which is currently being implemented. There is a pause on RIPA activity until the necessary actions are undertaken. A CCTV co-ordinator has been appointed to oversee the Council's compliance with the CCTV code of practice. On 27 March a programme was launched with information asset owners to monitor and maintain compliance with the Code.
<b>Corporate Performance Measures</b> Following the adoption of the new Corporate Plan in February 2022, undertake a review of the Council's key performance measures to ensure these are aligned to the corporate plan	Executive Director for Communities	30 September 2022	<b>In progress</b> A review was undertaken including a series of workshops and consultation across the Council. Initial outcomes of this work will feed into the corporate plan refresh with wider changes anticipated for the 2024/25 financial year.

Issues & challenges identified	Lead officer	Target implementation date	Update
<p><b>Future Shape Norwich</b> Delivery of the Future Shape Norwich transformation programme to support the Council in its financial sustainability and improvement in customer experience. This work will include implementation of a new Enterprise Resource Management system, replacing the current HR and Finance Systems; the implementation of a new Master Data Management system, and implementation of recommendations arising from the Regulatory Services Peer Review.</p>	Senior Leadership Team	31 March 2023 (and beyond)	<p><b>Programme review complete</b> Future Shape Norwich is now firmly embedded as the Council's change programme. As new proposals and ideas arise, these are subject to change processes to evaluate their impact and resource requirements, with business cases developed and monitored through the Future Shape Norwich work programme. As a result, this programme approach is now considered part of business as usual working and the action is considered closed.</p>
<p><b>Staff Development and Wellbeing</b> The Council is undertaking a range of actions to support staff development and wellbeing:</p> <ul style="list-style-type: none"> <li>• Development of a workforce strategy to support the organisation in its longer term resource planning</li> <li>• Conclusion of the Senior Leadership Development Programme</li> <li>• Implementation of the actions emerging from the agreed wellbeing strategy</li> </ul>	Senior Leadership Team	31 March 2023	<p><b>Workforce strategy – in progress</b> The Council has recently recruited additional resources to take forward this workstream <b>Senior Leadership Development Programme – complete</b> <b>Wellbeing strategy – complete</b></p>
<p><b>Service Reviews</b> Across the Council, work has been underway to review the level of staffing resources within individual service areas, to ensure that the level of resource is robust to support the Council's aims and delivery</p>	Senior Leadership Team	31 December 2022	<p><b>Transfer of NPS – complete</b>  During the year, a number of service reviews have been complete (such as IT and Legal and Procurement) and several others are now well progressed (planning and regulatory</p>

Issues & challenges identified	Lead officer	Target implementation date	Update
<p>of the Corporate Plan. Following reviews, changing practices are embedded and staff development needs identified. This work will conclude in 2022/23.</p> <p>A particular area of focus will be supporting the team of staff who transfer from NPS Norwich to Norwich City Council on 1 April 2022, ensuring they are provided a robust induction programme and support for their ongoing development within the Council.</p>			<p>services; property services). The Council will continue to review establishment structures on an ongoing basis to ensure resources are focused where they are needed.</p>
<p><b>Implementation of actions emerging from the Audit Committee Self-Assessment</b></p> <p>The Council will be seeking to support the Audit Committee in implementing the actions emerging from the audit committee self-assessment exercise, including appointing an independent person to the Committee and reviewing its approach to monitoring treasury management</p>	<p>Executive Director for Corporate and Commercial Services</p>	<p>31 December 2022</p>	<p><b>Complete</b></p> <p>Reviewed as part of Audit Committee self-assessment exercise</p>
<p><b>Contract Management</b></p> <p>The Council has been undertaking work to strengthen its control environment in relation to contract management. This will include delivery of contract management training and embedding a new contract management framework</p>	<p>Executive Director for Corporate and Commercial Services</p>	<p>31 December 2022</p>	<p><b>Complete</b></p> <p>The specific actions here are concluded. The Council has taken a continuous improvement approach towards this area.</p>
<p><b>Health and Safety</b></p> <p>The Council needs to ensure that the 9 actions identified within the Internal Audit review of Health and Safety are implemented. The Council is planning to</p>	<p>Executive Director for City and Development Services</p>	<p>31 March 2023</p>	<p><b>In progress</b></p> <p>We have now implemented 3 of the audit recommendations with 4 ongoing as part of the health and safety management review process and will be completed by the end of</p>



Issues & challenges identified	Lead officer	Target implementation date	Update
review its health and safety policy, with a view to subsequent implementation of emerging actions			<p>quarter 4. The two low priority recommendations have been discussed with HR&amp;OD and are now complete.</p> <p>Our work to strengthen the Council's Health and Safety environment includes the creation of a dedicated SharePoint page AskH&amp;S for all matters relating to health and safety, implementation of risk assessment training for all managers, reviewing the provision of general health and safety training for all line managers and CLT and creation of an online reporting form for accident and incident recording.</p>
<b>Environmental Services</b> The council needs to ensure that the actions identified within the Internal Audit review of Environmental Services are implemented.	Executive Director for City and Development Services	30 September 2023	<b>In progress</b> As reported to the audit committee in March 2023, all recommendations due at that stage had been implemented
<b>Capital Programme Management and Accounting</b> The council needs to ensure that the actions identified within the Internal Audit review of capital programme management and accounting are implemented.	Senior Leadership Team	31 March 2023	<b>In progress</b> The primary focus of the recommendations was on how the Council monitors delivery of its capital programme. In the context of the successful development of the Future Shape Norwich internal reporting structure, the Council is assessing its overall internal reporting mechanisms. This work is expected to conclude ahead of the revised deadline for the recommendations of July 2023.
<b>Equality and Diversity</b> Delivery of the Equality and Diversity Action Plan to improve the diversity of the	Executive Director for Corporate and	31 March 2023 (and beyond)	<b>Complete</b> The substance of this work is now complete as reflected in the increased diversity

Issues & challenges identified	Lead officer	Target implementation date	Update
Council's workforce in line with the profile of the City's residents (3 year plan)	Commercial Services		outcome. A new Equality, Diversity and Inclusion Strategy is in development
<b>Commissioning and Partnerships</b> The Council has committed to undertaking a review of its approach to commissioning and working in partnerships	Executive Director for Communities	31 December 2022	<b>In progress</b> This work has started but is yet to be concluded; revised target date to be reflected in corporate plan refresh
<b>Internal Audit</b> On 1 April 2022, the Internal Audit Service will transfer to Eastern Internal Audit Partnership. This will mean changing roles, relationships and potential changes in delivery approach for the internal audit service, which is a critical part of the Council's assurance framework.	Executive Director for Corporate and Commercial Services	1 April 2022	<b>Complete</b>
<b>Policy and Procedure Audit</b>  The Council needs to ensure it implements the four outstanding recommendations from the 2020/21 audit of policies and procedures	Executive Director for Corporate and Commercial Services	31 August 2022	<b>Complete</b>

## Part B: New actions identified for 2022/23

Issues & challenges identified	Lead officer	Target implementation date
<b>Ethical Data Governance Policy</b>  Sitting above existing policies relating to information and data management, the Council is seeking to develop an ethical data governance policy outlining how data	Interim Director of Transformation	31 October 2023

Issues & challenges identified	Lead officer	Target implementation date
should be used in a responsible fashion, supporting transparent and fair use with appropriate authorisations		
<b>Equality, Diversity and Inclusion Strategy</b>  To develop a new Equality, Diversity and Inclusion Strategy	Interim Director of Transformation	30 November 2023
<b>Financial Procedure Review</b>  Accompanying the constitutional financial regulations, the Council has a set of detailed financial procedures outlining how transactions should be undertaken. This document has not been reviewed for a period of time.	Interim Chief Finance Officer	31 July 2023
<b>Commercial Debt Policy</b>  The Council's approach to collection of commercial debt has also not been reviewed for a period of time. It is intended to undertake this review during the year	Interim Chief Finance Officer	31 July 2023
<b>Counter-fraud, whistleblowing and money laundering policies</b>  The suite of policies the Council uses to support its approach to reducing the risk and incidence of fraud in the organisation, including whistleblowing and money laundering, will be subject to review during the year	Interim Chief Finance Officer	31 March 2024