

**Report to** Audit Committee  
20 June 2017  
**Report of** Chief Internal Auditor, LGSS  
**Subject** Draft Annual Governance Statement 2016-17

**Item**

**6**

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**Purpose**

This report presents the Annual Governance Statement (AGS) for 2016/17 for consideration by the Audit Committee prior to sign off by the Chief Executive and Leader of the Council.

The report also presents an update to the Council's Code of Governance, in line with the 2016 update to the CIPFA/ SOLACE guidance and the Local Government Framework for Delivering Good Governance.

**Recommendation**

The Committee is asked to consider if the AGS is consistent with their own perspective on internal control within the Council, plus the governance issues and actions.

The Committee is asked to review and approve the revised draft Code of Corporate Governance.

**Corporate and service priorities**

The report helps to meet the corporate priority Value for money services

**Ward/s:** All wards

**Cabinet member:** Councillor Kendrick – Resources

**Contact officers**

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**Background documents**

None.

# Report

## Background

1. The Audit and Account Regulations 2015 requires the Council to produce an Annual Governance Statement (AGS) to accompany the Statement of Accounts. The AGS summarises the extent to which the Council is complying with its Code of Corporate Governance and details, as appropriate, any significant actions needed to improve the governance arrangements in the year ahead. The final statement will be signed by the Chief Executive and the Leader of the Council.
2. The AGS is an important statutory requirement which enhances public reporting of governance matters. It should therefore be honest and open, favouring disclosure.
3. The draft AGS is presented to the Committee in order to ensure that it reasonably reflects the Committee's knowledge and experience of the Council's governance and controls.

## The Annual Governance Statement

4. The draft AGS has been compiled using sources of evidence, including:
  - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
  - A review and re-drafting of the Council's Code of Corporate Governance itself, based on the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.
  - Self-assurance statements prepared by Heads of Service;
  - The Chief Internal Auditor's opinion on the Council's internal control environment, which will be formally reported to the Audit Committee on 20th June 2017.
5. The Statement is prepared in accordance with guidance from the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). The guidance states that the AGS should include:
  - The Council's responsibilities for ensuring a sound system of governance;
  - An assessment of the effectiveness of key elements of the governance framework, and the role of those responsible for the development and maintenance of the governance environment;
  - An opinion on the level of assurance that the governance arrangements can provide and whether these continue to be regarded as fit for purpose;
  - The identification of any significant governance issues, and an agreed action plan showing actions taken, or proposed, to deal with significant governance issues;
  - Reference to how issues raised in the previous year's Statement have been resolved;
  - A conclusion demonstrating a commitment to monitoring implementation through the next annual review.
6. 'Significant governance issues' are those that:

- seriously prejudice or prevent achievement of a principal objective of the authority;
- have resulted in the need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business;
- have led to a material impact on the accounts;
- the Audit Committee advises should be considered significant for this purpose;
- the Chief Internal Auditor reports on as significant in the annual opinion on the internal control environment;
- have attracted significant public interest or have seriously damaged the reputation of the organisation; or
- have resulted in formal action being undertaken by the Chief Financial Officer and / or the Monitoring Officer.

## **The Code of Governance**

7. The Council's governance arrangements are documented in its Local Code of Governance. This includes references to the relevant local codes, policies and procedures. CIPFA / SOLACE provide guidance which is intended to be used as best practice for developing and maintaining a locally adopted code of governance.
8. The guidance provides seven principles of good governance, to categorise examples within the code. The guidance was reviewed to reflect that Councils may be operating differently due to austerity measures, and legislative changes such as the Localism Act 2011 and the Cities and Local Government Devolution Act 2016.
9. Consequently the principles and terminology in the guidance have been updated to reflect these changes, and it is good practice to update the Councils Local Code of Governance as well.
10. The Code of Governance is Appendix 19 of the Constitution.
11. Article 17 of the Constitution (Audit Committee) states that the Audit Committee should "*Review, consider and agree the AGS including the adequacy of the corporate governance framework and improvement action plan contained within it*". The Code of Governance is part of the corporate governance framework.
12. Article 15 of the Constitution (Review and revision of the Constitution<sup>i</sup>) states that "*Changes to the appendices of this constitution will be made by the director of business services, to reflect decisions taken in accordance with the constitution of the council, the cabinet, a committee or the chief executive as the case may be*". The Director of Business Services has recommended that the Code of Governance is also reviewed by the Constitution working party.

## **Conclusions**

13. The draft AGS has been prepared, in accordance with professional guidance, and accompanies the Statement of Accounts. The process demonstrates good governance, it has been based on various sources of assurance, and the Committee is asked to consider the AGS. It will also be reviewed by the external auditors, and the final version will be signed by the Chief Executive and the Leader of the Council.

14. The Code of Corporate Governance has been updated to reflect the latest professional guidance, and should be considered by the Committee.

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<sup>i</sup> [https://www.norwich.gov.uk/downloads/file/2024/15\\_review\\_and\\_revision\\_of\\_the\\_constitution](https://www.norwich.gov.uk/downloads/file/2024/15_review_and_revision_of_the_constitution)



# Annual Governance Statement 2016-17

## 1. Scope of responsibility

- 1.1. Norwich City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Norwich City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, Norwich City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3. Norwich City Council has approved and adopted a code of governance which is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government*. The code forms appendix 19 of the council's constitution which is on the council website at [www.norwich.gov.uk](http://www.norwich.gov.uk).
- 1.4. This statement explains how Norwich City Council has complied with the principles of the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an annual governance statement.
- 1.5. In April 2012 the council transferred the ICT and finance functions to LGSS, a public sector partnership between Northamptonshire and Cambridgeshire county councils. The arrangement is covered by a service level agreement.
- 1.6. Under the arrangement, some of the roles which the annual governance statement refers to are now carried out by officers from LGSS, as follows:
  - An appropriately qualified and experienced finance officer at LGSS is the council's chief finance officer and s151 officer.
  - The LGSS chief internal auditor is responsible for internal audit and reports to audit committee. The fraud team that was based at City Hall, dealing primarily with benefits fraud, transferred to the Department for Work and Pensions' Single Fraud Investigation Service (SFIS) on 1 April 2015. Counter fraud work required by the council is referred to the LGSS counter fraud team working to the LGSS chief internal auditor.



## **2. The purpose of the governance framework**

- 2.1. The governance framework comprises the systems and processes, and culture and values, by which the council is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Norwich City Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at Norwich City Council for the year ended 31 March 2017 and up to the date of the approval of this statement.

## **3. The governance framework**

The council's Code of Governance recognises that effective governance is achieved through the following core principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability



## **4. Key elements of the Governance Framework**

The following is a brief description of the key elements of the systems and processes that comprise the council's governance arrangements:

### **1. Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively:**

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- Under the Localism Act 2011 the new standards regime, including the members' code of conduct, was adopted by council on 19 June 2012.
- There is a separate code of conduct for employees, which is supported by HR policies and procedures. New employees are given a copy of the code of conduct and other key policies, and there are regular reminders regarding compliance with the policies. Employees are required to confirm that they have read the code of conduct and other key policies.

### **2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:**

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- The monitoring officer is responsible for advising whether decisions of the cabinet are in accordance with the policy and budget framework.
- In relation to an executive function, the monitoring officer and chief finance officer has responsibility for ensuring that all proposals, decisions and actions incurring expenditure were lawful.
- Corporate policies and strategies, which are subject to regular review, are available on the council intranet. Employees are required to confirm that they have read key policies relating to conduct, security and certain personnel matters.
- Managers within the council are responsible for putting in place systems of control to ensure compliance with policies, procedures, laws and regulations. This is a key control and as such each year heads of service are asked to conduct a self-assessment of the systems of internal control within their services and highlight actions intended to address any areas for improvement.
- In addition key partners of the council, who manage council budgets, are also asked to complete external assurance statements. LGSS have provided assurance, across a range of governance areas, to support the AGS.

### **3. Documenting a commitment to openness and acting in the public interest:**

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- Progress on delivering the Corporate Plan is communicated through a performance management framework. The Scrutiny Committee receives regular reports on performance against the Corporate Plan in addition to matters referred to it by Cabinet. In order to demonstrate its openness the Authority also publishes:
  - Constitution
  - Council, Cabinet and Committee Reports
  - Scheme of delegation reports



- Various transparency reports, such as Pay Policy Statement and Payments over £500

#### **4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:**

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- The council is part of Your Voice, a partnership of local organisations which enables anyone to sign up and have their say on services through consultations, surveys, focus groups and workshops, to name a few.
- The council's Customer first guidance for staff is intended to ensure that everything the council produces and sends out is easy for everyone to understand. It is supported by the Communications strategy and Communications handbook which helps staff to deal with communications issues.
- Residents are informed about the council's activities at all times. This is done through Citizen, the quarterly magazine for residents; work with the local media; the council website; social media and other channels. Council tenants also receive their own magazine, TLC, focusing on issues affecting them.
- Tenants have a range of ways to be involved and these are detailed on the tenant involvement page of the council website. There is a clear framework with formal group structures for tenants and leaseholders, including seven active tenant and resident associations.
- In addition, a range of other options allows tenants to be involved at a level that suits them. These consist of the 1,200 tenant and leaseholder TalkBack panel used for surveys and focus groups, tenant inspectors, involvement in estate walkabouts and mystery shoppers. Proactive work by the tenant involvement team means that events and road shows are regularly held to encourage more tenants to be involved or simply give their views on services they receive.
- Any public consultations that are planned for the year are included in service plans. All consultations are co-ordinated by the council's business management group and reviewed on a quarterly basis.
- Information on current and closed consultations, including reports and minutes, is available on the council website.

#### **5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning:**

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- The council has a clear vision of what it is trying to achieve, as set out in its corporate plan 2015-2020, which forms the council's overarching policy framework.
- The changing pace council blueprint (operating model) has been developed as a guide for how Norwich City Council designs services and structures to deliver the vision and priorities within its corporate plan in a way that proactively addresses the financial pressures and changing policy and legislative environment it faces.
- Details of all the above, together with any committee reports referred to in this statement, can be found on the council website at [www.norwich.gov.uk](http://www.norwich.gov.uk)
- The corporate plan sets out the city council's strategic direction including its vision, mission and priorities. A new corporate plan 2015-2020 was approved by





council on 17 February 2015. The plan is reviewed regularly and an updated version was approved by Council on 21<sup>st</sup> Feb 2017.

- The corporate plan was developed through a number of methods including:
  - Analysing information on levels of need in the city such as looking at demographics, strengths, opportunities, inequalities and challenges.
  - Assessing the current environment the council operates in, including the national and local economic climate and policy and legislation for local government.
  - Looking at the potential future factors that may impact on Norwich and the council e.g. economic, social, environmental etc.
  - Discussions with councillors including an all councillor workshop.
  - Specific discussions with partner organisations
  - Assessing the future resourcing likely to be available to deliver a new corporate plan.
  - Formal review by scrutiny and cabinet.
- In line with the approach used previously a consultation was carried out on the draft corporate plan framework for 2015-2020 with citizens and organisations.
- The medium term financial strategy (MTFS) is presented to council on an annual basis to support the budget papers and the corporate plan. The MTFS sets out the level of savings that need to be achieved in the coming and each of the following four years. Savings plans and income generation targets are developed to achieve the budget requirement set out in the MTFS. An annual consultation on the budget is also undertaken. The delivery of the corporate priorities is managed through service plans for each service area and monitored through the council's performance management and reporting system.

## **6. Translating the vision into courses of action for the authority, its partnerships and collaborations:**

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- The council's five priorities are to make Norwich a safe, clean and low carbon city; a prosperous and vibrant city; a fair city; a healthy city with good housing; and to provide value for money services.
- The corporate plan is underpinned by a range of strategic and operational plans, which set out in more detail how the council's vision and priorities will be delivered. These plans contain more specific targets, which are allocated to teams, contractors, partners and employees to deliver.
- Service plans are reviewed every year in line with the changes to the corporate plan priorities and in accordance with the development of the budget to ensure the necessary resources are in place for their delivery.
- The corporate plan 2015-2020 also links closely to the council's risk management strategy and corporate risk register. The council has a comprehensive approach to risk management which ensures all strategic risks are appropriately identified, managed and mitigated against.



**7. Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality:**

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- The council's decision making framework is set out in the council's constitution including an effective scheme of delegation. The council's constitution is kept under continuous review in line with best practice, with a clear review plan, supported by a corporate governance group consisting of the executive head of business relationship management and democracy, monitoring officer, chief finance officer (section 151 officer), head of HR and learning and local LGSS audit manager. There is also a cross-party constitution working party - where major changes are proposed by the corporate governance group these are considered by the constitution working party before being recommended to council for approval.
- Decision making arrangements in partnerships are guided by the council's comprehensive corporate governance framework and toolkit for partnership working which ensures that effective governance and risk management arrangements are in place. In line with this, all key partnerships have been identified and are included in the council's partnership register. The governance arrangements for key partnerships are kept under regular review and the results are reported to cabinet annually, together with an assessment of the effectiveness of the council's involvement in partnerships.

**8. Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money:**

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- Performance management in the council is based on corporate plan priorities supported by a strategic management framework. The plan has a number of priorities and key performance measures and the service and team planning process is designed to explicitly reflect these priorities. The corporate plan is underpinned by service plans which set out how the top priorities will be delivered, and by operational delivery plans which set out practical steps and performance measures for all teams. Portfolio holders have been brought into the service planning process, and are required to sign off service plans with the relevant service managers.
- The council uses an electronic performance management system which supports the performance management regime by holding high level indicators, risks and actions used to deliver the 2015-2020 corporate plan and supporting plans (service plans). Each service has a high level dashboard charting progress against their service plan priorities. Dashboards showing performance for each cabinet portfolio are also produced for portfolio holders. This approach is used to strengthen performance reporting processes to the cabinet, scrutiny, corporate leadership team and all managers. Performance is reported monthly to portfolio holders, quarterly to cabinet and twice-yearly to scrutiny.
- The council is a member of HouseMark, which is the main benchmarking organisation for social housing. Norwich is a major subscriber and also a member of HouseMark clubs dealing with welfare reform and ASB issues comparing and shaping good practice. The council is also a founder / board member of ARCH (Association of Retained Council Housing) which promotes council housing and shares good practice through the exchange of ideas and seminars. The council



also has active tenancy scrutiny and involvement panels which enable tenants to be involved with contract monitoring and procurement.

- A summary of the overall performance of the council in 2016-17 is included in the narrative report to the statement of accounts for the year ending 31 March 2017.
- Change and transformation within the council is managed through the council's transformation programme guided by its changing pace blueprint (operating model) to ensure the council meets its savings targets while continuing to improve services wherever possible. This approach is supported by a range of tools such as the council's organisational change toolkit to ensure staffing changes are carried out effectively, and its project management toolkit to ensure the effective delivery of projects.
- The transformation programme is kept under regular review by the corporate leadership team and business management group (involving all the heads of service) with regular briefings for the leader and portfolio holders and major change proposals being formally approved by Cabinet and Council as appropriate. There is also a cross party working group which discusses and informs change options on a cross-party basis prior to them reaching the formal proposal stage.
- The council has received significant external recognition for its approach to managing change, transformation and organisational improvement.
- The council won the Gold Award for 'Council of the Year' in the Improvement and Efficiency Awards 2014 and the 'Most Improved Council Award' in the Local Government Chronicle (LGC) awards 2014. It was also a finalist in the Municipal Journal's 'Best Achieving Council' award 2015 and in the LGC 'Council of the Year' award 2016.

**9. Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements:**

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- The council's constitution sets out how the council operates, and contains separate articles and appendices covering executive, non-executive, scrutiny and officer functions. In addition, there are separate appendices covering the scheme of delegations to officers, the protocol for member/officer working arrangements, and protocols for the chief finance officer and monitoring officer.
- There is also an agreed protocol between the leader and chief executive officer covering their working arrangements.
- The council has a corporate governance framework for working in partnerships, with significant partnerships and joint ventures such as those with LGSS and NPS Norwich being covered by service level agreements.



**10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact.):**

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- The role of the chief finance officer (CFO) and the finance function are sourced through a partnership and delegation agreement with LGSS, a public sector shared services organisation.
- The governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) are embedded within the agreement and performance against these requirements is regularly monitored to ensure compliance. The council and LGSS work together to continually improve financial management practices and processes to deliver sound financial governance.

**11. Ensuring effective arrangements are in place for the discharge of the monitoring officer function.:**

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- The monitoring officer is a statutory appointment under section 5 of the Local Government and Housing Act 1989. The current responsibilities of the monitoring officer's and the deputy monitoring officer's roles rest with nominated officers at nplaw, the council's shared legal service. They undertake to discharge their statutory responsibilities with a positive determination and in a manner that enhances the overall reputation of the council. In doing so they will also safeguard, so far as is possible, members and officers whilst acting in their official capacities, from legal difficulties and/or criminal sanctions.
- It is important that members and officers work together to promote good governance within the council. The monitoring officer plays a key role in this and it is vital therefore, that members and officers work with the monitoring officer to enable them to discharge their statutory responsibilities and other duties (as set out in article 12 of the council's constitution).
- There are working arrangements and understandings in place between the monitoring officer, members and the corporate leadership team which are designed to ensure the effective discharge of the council's business and functions. These arrangements are detailed in the monitoring officer protocol, which currently forms appendix 9B of the council's constitution.

**12. Ensuring effective arrangements are in place for the discharge of the head of paid service function:**

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- The role of head of paid service is defined in the Local Government and Housing Act 1989. In Norwich City Council it is assigned to the chief executive as set out in appendix 8 of the constitution and all necessary powers are delegated to her to fulfil the statutory role. Article 12 of the constitution requires the head of paid service to determine and publicise a description of the overall departmental structure of the Council showing the management structure and deployment of officers.
- The head of paid service, despite having all the necessary authority to take delegated staffing decisions, has chosen to exercise her discretion on a number of occasions and has reported to cabinet on changes to the senior management structure or on significant changes to the organisation's structure as an aid to



transparency. These proposals are discussed at the corporate leadership team and proposed to cabinet. All cabinet papers are circulated to all members. The council's senior management structure is set out in appendix 17 of the constitution and publicised on the council's web site.

- The council is also required to provide the head of paid service with staff, accommodation and other resources sufficient to enable the performance of the function. In Norwich City Council, the annual budget proposed to council by cabinet, prepared by officers, seeks to align the provision of council resources with the delivery of the corporate plan. In this manner, the head of paid service is ensuring that the council is fulfilling its duty. During the year, any proposals that are made to significantly alter the manner of service delivery, to reduce or enhance a service, sets out the staffing and resource implications for that proposal. This is standardised in committee report formats to ensure that all relevant matters are considered when proposals are made. All cabinet papers are subject to scrutiny.
- A review (or appraisal) of the chief executive's performance is undertaken each year. The process is managed by an independent individual and takes account of the views of the Leader, cabinet and each opposition leader about how the chief executive has discharged all of her functions in relation to the role. There are also informal opportunities throughout the year for the adequacy of the chief executives performance to be discussed e.g. at weekly leader meetings and monthly meetings of group leaders.

### **13. Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.**

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- The cross-party councillors' development group sets the strategic and policy direction for all aspects of councillor development which includes:
  - promoting the development of members
  - developing, monitoring and evaluating the councillors training and development programme
  - supporting and encouraging councillors in maintaining the charter for member development, including personal development planning.
- A full programme of training and development has been agreed by the group including a monthly schedule of both training sessions and briefings.
- Managers have a portfolio of learning and development available to them which is designed to develop their skills and to support achievement of the organisation's priorities. The Changing PACE values provide the overarching framework for development and include behaviours expected from all employees. There is an employee performance review which provides individual and team objectives and through which learning and development needs for all employees and managers are identified. A corporate learning and development plan is created to support employees in line with current and future needs.



#### **14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability:**

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- The council has a risk management policy and a risk management strategy, which have been approved by cabinet and are published to the council website.
- The council's corporate risk register is the result of continued review by managers, corporate leadership team and audit committee of the key risks that may have an impact on achieving the council's objectives. Each risk shows the owner and the key controls in place to minimise any impact on the council and its provision of services to stakeholders. Individual projects and partnerships are also subject to risk assessments.
- The council's risk management policy was updated, approved by Cabinet in January 2017 and is available via the website.
- Service risks are included in service plans and are reviewed by departmental management teams. Any risks that are considered to be of a corporate nature are escalated to the corporate leadership team for possible inclusion in the corporate risk register.
- The council has implemented a performance management system which includes risk management, which enables corporate and service risks to be recorded and monitored by management.
- The council has a corporate business continuity plan for the effective management of business continuity issues, in order to ensure the continued delivery of services. Both business continuity and the management of major contracts are included in the corporate risk register. An updated business continuity policy and framework was approved by Cabinet on 25 June 2014.

#### **15. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).**

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- The council has recently reviewed its counter fraud arrangements, reflecting professional guidance and good practice, and has published revised anti-fraud and corruption, whistleblowing and anti-money laundering policies.
- The policies are promoted to employees, and are available on both the intranet and website. Employees are required to confirm that they have read these.
- For the public there is also a complaints procedure which can be accessed via the council website, plus an online form for reporting all types of suspected fraud.
- Under the partnership and delegation agreement, in 2016-17 LGSS provided a dedicated fraud team to investigate all alleged frauds perpetrated against the council. The team includes a qualified financial investigator who has the power to initiate recovery proceedings under the Proceeds of Crime Act.
- The council fully participates in the Cabinet Office's regular national fraud initiatives (NFI) and regularly reports the results to audit committee.

#### **16. Ensuring an effective scrutiny function is in place.**

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- The council's scrutiny committee through its work programme regularly carries out work that involves reviewing the performance and effectiveness of other public service providers as well as the council. A member of the council's



scrutiny committee is a member of the Norfolk health scrutiny committee and provides regular updates on their work to the council's scrutiny committee.

- The council's Deputy Leader is also a member of the Norfolk Health and Wellbeing Board and inputs into the progression of the Norfolk Health and Wellbeing Strategy.
- The council's portfolio holder with responsibility for community safety is a member of the police and crime panel, and a member of the council's scrutiny committee is a member of the Norfolk community safety scrutiny committee and provides regular updates on their work to the council's scrutiny committee. The council's chief executive also chairs the Norfolk Community Safety Partnership.

**17. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact.:**

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- In line with the partnership and delegation agreement, the internal audit for 2016-17 was provided by LGSS internal audit and is led by a professionally qualified head of internal audit in accordance with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations, Public Sector Internal Audit Standards and the Local Government Application Note.

**18. Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013):**

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- The council has an audit committee with terms of reference and supporting procedure rules covering internal and external audit, risk management, annual statement of accounts, corporate governance and internal control arrangements, and anti-fraud and corruption arrangements. The terms of reference were reviewed in March 2014 in line with the latest CIPFA guidance and can be found in article 17 of the council's constitution.

**19. Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.**

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- The council provides support and information to the externally appointed auditors (Ernst & Young). Audit findings and recommendations are reported through the Audit Committee.

**20. Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.**

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- The council demonstrates a strong commitment to working in partnership with other agencies to deliver priority outcomes and ensure that this partnership activity provides value for money and added value.
- All key partnerships have been identified and are included in the partnership register. A corporate governance framework and toolkit has been developed for use by all key partnerships, to ensure that effective governance and risk management arrangements are in place.



- The governance arrangements for key partnerships are kept under review and the results are reported to cabinet annually, together with an assessment of the effectiveness of the council's involvement in partnerships

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## 5. Review of effectiveness

- 5.1. Norwich City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the directors within the council who have responsibility for the development and maintenance of the governance environment, the LGSS Chief Internal Auditors annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.2. The following is a brief description of the roles and processes that have been applied in evaluating the effectiveness of the governance framework:

### 1. The council and cabinet

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- In February 2015 the council approved the new corporate plan 2015-2020, which is reviewed each year in line with the medium term financial strategy and in parallel to the development of the budget for the following year to ensure the necessary resources are in place for its delivery. This was updated in 2017, with changes to the key performance measures, which had been agreed by cabinet and the scrutiny committee. The council will continue to engage with stakeholders to inform the setting of corporate priorities beyond 2017-18, reflecting the changing landscape of local government finance and emerging opportunities and challenges for Norwich.
- The cabinet approves the medium term financial strategy which provides the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.
- During 2016-17 the cabinet continued with its approach to developing the future priorities and shape of the organisation to meet the council's savings requirements.
- Council approved financial documents including the Four Year Sustainability Plan, the Council Tax Resolution Scheme, the General Fund Revenue budget, the Housing Rents and Budgets, and the Treasury Management Strategy.
- Section 151 of the Local Government Act 1972 requires that every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. Council considered and delegated the decision to appoint a S151 & Chief Finance Officer to the Chief Executive and the Leader.
- Council considered the appointment of Independent Persons for the Council as per the standards framework to be compliant with the Localism act 2011.
- Following the decision made at full council, the Cabinet resolved to not participate in the Norfolk and Suffolk devolution agreement, with the process to establish an elected mayor and combined authority for the East Anglia region.
- Cabinet approved key strategies and policies such as the Procurement Strategy 2016-2020, and the Risk Management Policy. Cabinet approved that all appropriate mitigation had been taken for risks which exceeded the Council's risk appetite.



- Cabinet approved business plans, including joint ventures for NPS Norwich Limited, Norwich Norse Building Limited and Norwich Norse Environmental Limited, plus Norwich Regeneration Ltd and the Norwich and Homes and Communities Agency (HCA) strategic partnership.
- Quarterly performance monitoring reports are presented to scrutiny committee and cabinet – cabinet also receives budget monitoring reports.
- Performance monitoring reports during 2016-17 covered achievement against the council's detailed priority actions and performance measures detailed in the corporate plan 2015-20.
- The council's constitution working party recommends to cabinet and council any changes to the constitution.

## **2. The scrutiny committee**

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- The overview and scrutiny function is exercised by the scrutiny committee. Procedure rules and terms of reference include the general remit to maintain an overview of the discharge of the council's executive functions and the right to review council policies. Reviews also include delivery of the corporate plan, through performance reports.
- The statutory annual report on the work of scrutiny committee in 2016-17 was presented to scrutiny committee on 6 April 2017 and will be presented to Council.

## **3. The audit committee**

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- The council has an audit committee with terms of reference which cover internal and external audit matters, risk management arrangements, corporate governance including internal control arrangements and the annual governance statement, anti-fraud and corruption arrangements, and the statement of accounts.
- The committee receives reports on corporate risks, the work of internal audit, including the LGSS head of internal audit's annual report, and external audit reports, letters and briefings. It also reviews and approves the annual governance statement.
- The Local Audit and Accountability Act 2014 introduced changes to the appointment process for external auditors. The committee reviewed options for appointing external auditors, and endorsed a recommendation to use PSAA Ltd, who was specified as the sector-led appointing body under the Local Audit (Appointing Person) Regulations 2015. This was recommended to cabinet and approved by full council.
- The committee reviewed counter fraud policies including anti-fraud and corruption, anti-money laundering, and whistleblowing. These were recommended and approved by cabinet.
- In line with good practice, the annual report on the work of the audit committee in 2016-17 will be discussed by the audit committee on 20 June 2017 and will be presented to a future council. The report for 2015-16 was presented to Council on 19 July 2016.



#### **4. The standards committee and monitoring officer**

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- The council has a standards committee with terms of reference to promote and maintain high standards of conduct by members and co-opted members of the council and to assist members and co-opted members to observe the council's code of conduct.
- The standards committee is supported by the monitoring officer, whose duties include the promotion of ethics and standards across the council, maintaining the constitution, and ensuring compliance with relevant laws, regulations and policies. The monitoring officer is a statutory appointment, and the current responsibilities of this role rest with the nominated officer from npLaw.
- The monitoring officer's annual report supports the assurance statements included in the annual governance statement. It provides a review of the monitoring officer's work as part of the council's governance arrangements and system of internal control. The report covered the period April 2015 to June 2016 April 2013 and was presented to the Standards Committee on 8 July 2016. This concluded 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 the period covered by this report for the purposes of the latest regulations.

#### **5. Chief finance officer**

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- The chief finance officer is a statutory appointment, and during 2016-17 the responsibilities of this role were sourced through the agreement with LGSS. Duties include the proper administration of the financial affairs of the council, contributing to the effective leadership of the council as member of the corporate leadership team, ensuring that expenditure is lawful and within resources, advising on systems of internal control, and supporting the audit committee.
- Under the partnership and delegation agreement the council and LGSS work together to continually improve financial management practices and processes to deliver sound financial governance. This is evidenced by the fact that the external auditors issued unqualified audit opinions on the financial statements and value for money conclusion each year from 2012-13 to 2015-16.

#### **6. Internal audit**

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- The Council takes assurance about the effectiveness of the governance environment from the work of Internal Audit, which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Chief Internal Auditor to give an opinion on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- The Chief Internal Auditor's annual report will be presented to the Audit Committee in June 2017. This report will outline the key findings of the audit work undertaken during 2016/17, including areas of significant weakness in the internal control environment.
- From the audit reviews undertaken during 2016/17, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough, or was not



complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Resources and Finance Committee.

- It is the opinion of the Chief Internal Auditor that, taking into account all available evidence, good assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2016/17, and this remains at a similar level from 2015/16. The detail to support this assessment will be provided in the Annual Internal Audit Report

## **7. Corporate governance group**

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- This is an internal officer group meeting every four months, which is chaired by the director of business services, and is responsible for reviewing all aspects of the council's governance arrangements. Other members of the group are the chief finance officer, monitoring officer, head of HR and Learning and local LGSS principal audit manager.

## **8. Other explicit review / assurance mechanisms**

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### External audit

- Under the government's local public audit regime the Audit Commission awarded contracts for work previously carried out by the Commission's own audit practice. As a result Ernst & Young (now EY) became the appointed external auditor from 1 September 2012.
- EY's audit results report (ISA260) for 2015-16 was presented to audit committee on 20 September 2016. The annual audit letter 2015-16 was presented to audit committee on 22 November 2016. The annual report on the certification of claims and returns 2015-16 was presented to audit committee on 24 January 2017.
- For 2015-16 EY issued unqualified audit opinions on the financial statements, value for money conclusion and whole of government accounts. There were no significant risks identified other than the ongoing control weaknesses (e.g. regarding property, plant and equipment accounting records on the fixed assets register) which have previously been reported to audit committee.

### Improvement and efficiency.

- The council has been on a significant journey of improvement over recent years which has been recognised by a number of awards including:
  - The Gold award for "Delivering through efficiency" in the iESE improvement and efficiency awards 2013.
  - Highly commended in the Local Government Chronicle awards 2013 where we came second in the Most Improved Council of the Year category.
  - Gold award for overall "Council of the Year" in the iESE improvement and efficiency awards 2014.
  - Local Government Chronicle Award for "Most Improved Council" 2014.



- Selected as a finalist in the MJ Local Government Achievement Awards 2015, for 'Best Achieving Council'.
- The council was also selected as a finalist in the Local Government Chronicle 'Council of the Year' award 2016.
- In addition, during 2015, iESE undertook a corporate health check of the council, and a review of efficiency was undertaken by Newton Europe, both with positive results.

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## **6. Governance issues and actions**

- 6.1. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the audit committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 6.2. The following is an outline of the significant issues arising from the review of effectiveness and the actions taken or proposed to deal with them (committee reports where mentioned, and minutes, can be found at [www.norwich.gov.uk](http://www.norwich.gov.uk)):

### **External auditors annual letter 2015-16**

- EY's annual audit letter was presented to audit committee on 22 November 2016. EY issued an unqualified audit opinion on the council's financial statements, and an unqualified value for money conclusion, which is a positive report for the Council.
- Some significant risks were highlighted in the financial statements audit: weaknesses in the spreadsheets used as a fixed asset register, which could lead to material misstatements; pension valuation and disclosures; the risk of fraud in revenue and expenditure recognition; and the risk of management override to perpetrate fraud. In these cases, following review and testing, EY did not identify any material misstatements.
- The value for money conclusion was unqualified, but EY highlighted the significant financial challenges facing the council in the next three to four years. The main areas of uncertainty are future levels of business rates income, new homes bonus and government funding. EY acknowledged that the council has a good track record of achieving savings, that the Council had secured greater certainty by opting into a four year funding settlement, and the level of general fund reserves reduce the risk of not achieving its budgets over the medium term. The Council needs to continue to review the delivery of identified savings plans and the MTFs should be updated to take account of this delivery. These matters were reported to the budget meeting of the Council on 21 February 2017.

### **Internal audit assurance reviews**

- Internal Audit completed a review of Capital Contracts which resulted in a "limited assurance" opinion, due to concerns with the governance arrangements between NPS and the Council. The Council was prompt to respond to this, has delivered partnership workshops, and is reviewing their financial procedures to improve financial and performance monitoring in this area.
- The following audits resulted in "moderate assurance", further details of which are included in the head of internal audit's annual audit report:
  - Agency Staff
  - Travel & Subsistence



## **Emerging legislation**

- The Information Commissioner has confirmed that the United Kingdom will be adopting the EU General Data Protection Regulations which will apply from 25<sup>th</sup> May 2018. This will replace the existing Data Protection Act. It is anticipated that there will be new requirements for the Council to consider and adopt to maintain compliant with the law. The Council already has a positive track record in information governance and will monitor and respond to developments in the legislation as the guidance is published by the Information Commissioner and the European Article 29 Working Party.

## **Progress on the action plan from the previous governance statement**

Actions taken to address the significant issues from the 2015-16 governance statement are as follows:

- EY's annual audit letter 2015-16. The issue relating to the accuracy of the fixed asset register is still ongoing. The Council has commenced procurement to replace the current financial and HR IT systems. For the time being spreadsheets continue to be used as a fixed asset register, which increases the risk that asset valuations will contain material misstatements (although none were found by EY in 2015-16). The new IT systems are scheduled for implementation throughout 2017-19.

## **7. 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.

Norwich City Council is committed to ensuring the implementation of all actions that are planned to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.



## **8. Statement by Leader of the Council and Chief Executive**

The Council has in place strong governance arrangements which we are confident protect its interests and provide necessary assurances to our citizens and stakeholders.

We propose over the coming year to continually address any issues arising that need addressing in order to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation not only as part of our next annual review, but also continuously throughout the year.

Signed:

.....  
Alan Waters  
Leader of the Council

.....  
Laura McGillivray  
Chief Executive

Date:

Date:



# Code of Corporate Governance

## INTRODUCTION

### **Good governance**

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the communities it serves, in a timely, inclusive, open, honest and accountable manner.

### **Our commitment**

Norwich City Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the Council and ultimately good outcomes.

Good governance flows from shared values, culture and behaviour and from systems and structures. This Code of Corporate Governance is a public statement that sets out the framework through which the Council meets its commitment to good corporate governance.

The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services.

This local code of governance has been developed in accordance with and is consistent with the *Delivering Good Governance in Local Government* framework, which builds on the seven Principles for the Conduct of Individuals in Public Life (Appendix A).

### **Core principles of good governance**

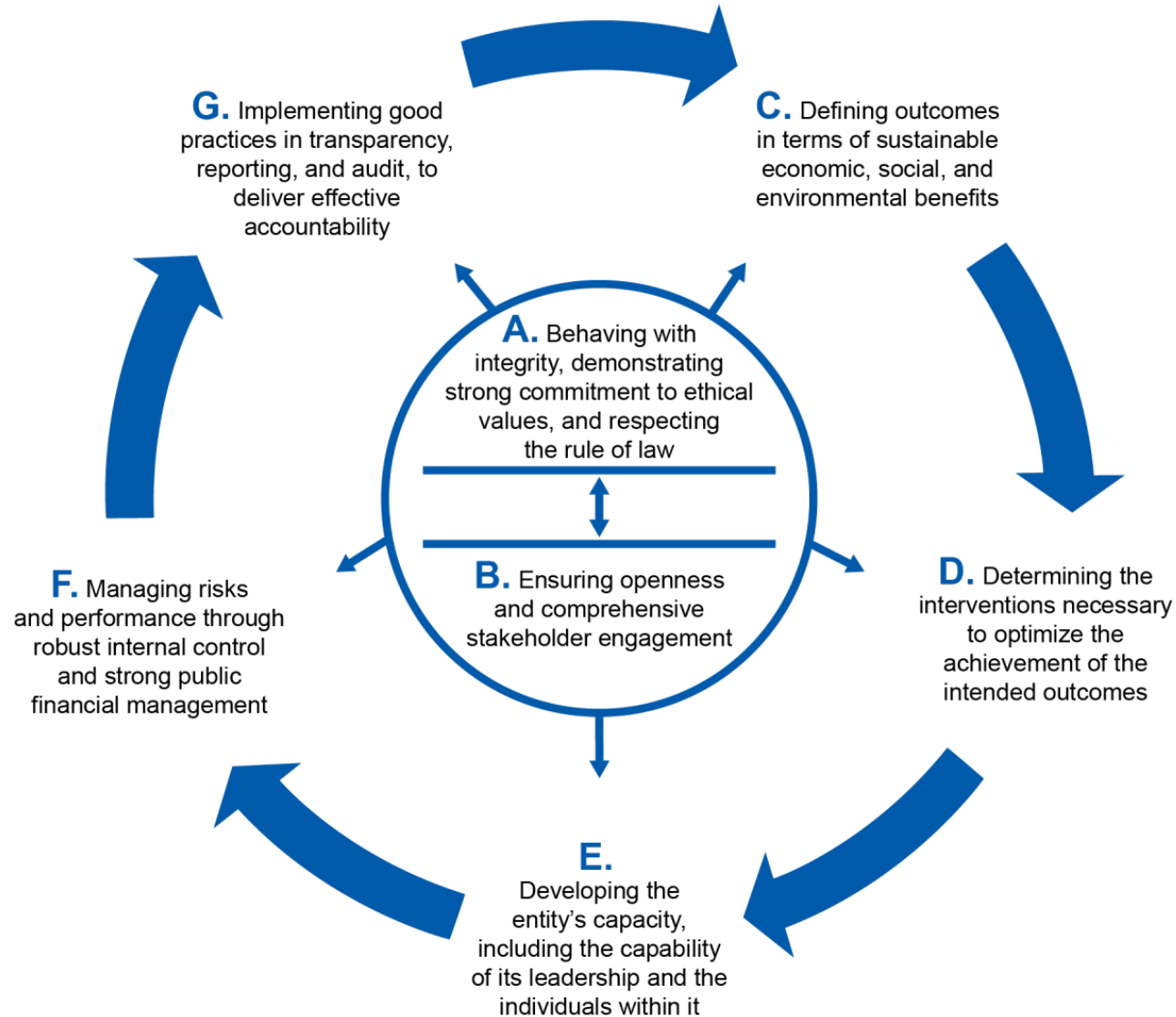
The core governance principles of the council are:-

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

## Applying the core principles of good governance

This document describes how the Council achieves the seven principles of good governance and describes how the Council's corporate governance arrangements will be monitored and reviewed.

### Achieving the Intended Outcomes While Acting in the Public Interest at all Times



**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

Supporting Principles	To meet the requirements of this Principle, Norwich City Council:	This is evidenced by:
<p><b>Behaving with integrity.</b></p>	<ul style="list-style-type: none"> <li>• The Council’s leadership sets a tone for the organisation by creating a climate of openness, support and respect through its Constitution, Corporate Plan and other key policies.</li> <li>• The Council’s Constitution contains Codes of Conduct for officers (appendix 14) and members (appendix 13). This communicates the expectation that members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation. The underlying principles which underpin the Codes of Conduct build upon the Seven Principles of Public Life (the Nolan Principles).</li> <li>• The Council has in place a competency framework, which ensures that the vision and organisational values are communicated to, and understood by, staff. This framework forms the basis of the staff appraisal process.</li> <li>• The Council has in place arrangements to ensure that Councillors and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders, and has in place appropriate processes to ensure that they continue to operate in practice. This includes maintaining the statutory Register of Members Interests, and requiring officers to make Declarations of Interests.</li> <li>• The Council has in place arrangements to ensure that core corporate policies and processes are designed in conformity with ethical standards, and are reviewed on a regular basis to ensure they are operating effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate plan</li> <li>• The Council’s Constitution</li> <li>• Members Code of Conduct</li> <li>• Employee Code of Conduct</li> <li>• Core values</li> <li>• Register of Members’ Interests</li> <li>• Declaration of Interest Guidance</li> <li>• Rules relating to Gifts and Hospitality</li> <li>• Members Induction/Training</li> <li>• Financial Regulations</li> <li>• Contract Procedure Rules</li> <li>• Scheme of Delegation</li> <li>• Statutory roles</li> <li>• Grievance Policy and Procedure</li> <li>• Information Governance Policies</li> </ul>

<p><b>Demonstrating strong commitment to ethical values.</b></p>	<ul style="list-style-type: none"> <li>• The Council's Constitution establishes a clear ethical framework for the Council's operation, and core corporate policies and procedures place emphasis on agreed ethical values.</li> <li>• The Council's Codes of Conduct and VALUES ensures that personal behaviour is underpinned with ethical values which permeate all aspects of the organisation's culture and operation.</li> <li>• The Council maintains an effective Constitution.</li> <li>• The Council's Partnerships Governance Guidance sets out key considerations to ensure that partnerships act with integrity and in compliance with the ethical standards expected by the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council's Constitution</li> <li>• Constitution and Ethics Committee</li> <li>• Partnerships Governance Guidance</li> <li>• Members Code of Conduct</li> <li>• Officers Code of Conduct</li> <li>• Norwich VALUES</li> </ul>
<p><b>Respecting the rule of law.</b></p>	<ul style="list-style-type: none"> <li>• The Council's policies and culture set the tone for members and employees to demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations, and ensure that statutory officers, other key post holders, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.</li> <li>• The Council maintains and implements a Whistleblowing Policy to enable employees to raise any concerns of wrongdoing in confidence and without fear of reprisal. External suppliers, members of the public and Councillors may raise any concerns about suspected illegal or illegitimate practices via the Council's formal Complaints Procedure.</li> <li>• The Council recognises the limits of lawful action and observes both the specific requirements of legislation and the general responsibilities placed on it by public law. The Council observes all specific legislative requirements placed upon it, as well as the requirements of general law, and deals with breaches of legal and regulatory provisions effectively. The Council strives to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.</li> <li>• The Council ensures corruption and misuse of power are dealt with effectively through the Anti-Fraud and Corruption Policy.</li> <li>• The council's decision making framework is set out in the council's constitution including an effective scheme of delegation. The council's</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Whistleblowing Policy</li> <li>• Formal Complaints Procedure</li> <li>• Role of the Monitoring Officer as per the Constitution</li> <li>• Scheme of Delegation</li> </ul>

	<p>constitution is kept under continuous review in line with best practice, with a clear review plan, supported by a corporate governance group consisting of the executive head of business relationship management and democracy, monitoring officer, chief finance officer (section 151 officer), head of HR and learning and local LGSS audit manager.</p>	
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## Principle B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principles	To meet the requirements of this Principle, Norwich City Council:	This is evidenced by:
<p><b>Openness.</b></p>	<ul style="list-style-type: none"> <li>• The Council's Constitution, Forward Plan and Committee system ensures that decision-making is open and there is appropriate oversight and challenge, with an organizational commitment to openness.</li> <li>• The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council's website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided.</li> <li>• The Council's Corporate Plan, Statements of Accounts, and key strategies are available through the Council Website.</li> <li>• An effective Internal Audit function is resourced and maintained, with regular reporting to the Audit Committee.</li> <li>• The Council is committed to being transparent, accountable and to increasing the amount of data it publishes for reuse by others. The Council maintains a Publication Scheme listing the information available to the public as a matter of course, and publishes responses to many Freedom of Information requests online.</li> <li>• The Council uses formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</li> </ul>	<ul style="list-style-type: none"> <li>• Forward Plan</li> <li>• The Council's Constitution</li> <li>• Committee System</li> <li>• Internal Audit</li> <li>• Audit and Accounts Committee</li> <li>• Publication Scheme</li> <li>• Freedom of Information</li> <li>• Council Website</li> <li>• Corporate Plan</li> <li>• Statement of Accounts</li> <li>• Committee agendas, reports and minutes</li> <li>• Register of Members' Interests</li> </ul>

<p><b>Engaging comprehensively with institutional stakeholders.</b></p>	<ul style="list-style-type: none"> <li>• The Council considers those institutional stakeholders to whom the authority is accountable, to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</li> <li>• The Council aims to develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. The council has a corporate governance framework for working in partnerships, with significant partnerships and joint ventures such as those with LGSS and NPS Norwich being covered by service level agreements.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance Framework for working in Partnerships</li> <li>• The Council’s Constitution</li> <li>• Consultation with unions</li> <li>• Cabinet portfolio</li> </ul>
<p><b>Engaging with individual citizens and service users effectively.</b></p>	<ul style="list-style-type: none"> <li>• The Council makes decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. Committee meetings are held in public, and minutes and papers are available to the public on the Council’s website, including regular financial and performance forecasts. If a decision needs to be kept confidential, then the justification for this is provided.</li> <li>• The Council consults on its Corporate Plan proposals and other key aspects of its vision, strategic plans and priorities, with the local community and other key stakeholders. The Council takes account of the impact of decisions on future generations of tax payers and service users.</li> <li>• The Council encourages, collects and evaluates the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. The Council maintains a customer feedback and complaints procedure to enable stakeholders to submit their views on Council performance and services.</li> <li>• Any public consultations that are planned for the year are included in service plans. All consultations are co-ordinated by the council’s business management group and reviewed on a quarterly basis. Information on current and closed consultations, including reports and minutes, is available on the council website.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan Consultation</li> <li>• Consultation Strategy</li> <li>• Public consultation, including the Norfolk Compact and Your Voice</li> <li>• Community Impact Assessments</li> <li>• Communications strategy and Communications handbook Tenant involvement web-page</li> </ul>



**Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

Supporting Principles	To meet the requirements of this Principle, Norwich City Council:	This is evidenced by:
<p><b>Defining outcomes.</b></p>	<ul style="list-style-type: none"> <li>• The Council's Corporate Plan states the organisation's purpose and intended outcomes, which provides the basis for the authority's overall strategy, planning and other decisions. It sets out the Council's Vision and defines the key outcomes for the people of Norwich. Specific Council strategies and policies link to the outcomes defined in the Corporate Plan.</li> <li>• The council's five priorities are to make Norwich a safe, clean and low carbon city; a prosperous and vibrant city; a fair city; a healthy city with good housing; and to provide value for money services.</li> <li>• The Corporate Plan sets out how the Council will deliver defined outcomes on a sustainable basis, within the resources that will be available. It also specifies the intended impact on, or changes for, stakeholders including citizens and service users, for the next five years.</li> <li>• The Corporate Plan sets out Key Performance Indicators (KPIs) to be used to assess the achievement of the Council's outcomes. The Council's corporate KPIs are reported to Cabinet as part of the regular Finance and Performance reporting.</li> <li>• The Council operates a risk management system to identify and manage risks to the achievement of outcomes. The Corporate Risk Register is reported to and reviewed by the Council's Corporate Leadership Team, Cabinet, and Audit Committee on a regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan 2015-2020</li> <li>• Corporate Management Team</li> <li>• Risk Management Policy and Procedures</li> <li>• Corporate Risk Register</li> <li>• Statement of Accounts</li> <li>• Finance &amp; Performance Reports</li> <li>• Capital Strategy</li> </ul>

<p><b>Sustainable economic, social and environmental benefits.</b></p>	<ul style="list-style-type: none"> <li>• The Council considers and balances the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. The Council seeks to take a longer-term view with regard to decision-making, which takes account of risks.</li> <li>• Community Impact Assessments are undertaken for the key proposals included in the Council's Corporate Plan, which identify the impact of decisions on different groups within the communities affected by the proposals. The Corporate Plan also incorporates the results of consultation with the local community and businesses.</li> <li>• The Council seeks to determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.</li> <li>• The Council identifies and monitors corporate performance indicators, which demonstrate performance against the Council's planned outcomes and how benefits are being delivered.</li> <li>• The Council maintains a prudential financial framework, balancing commitments with available resources and monitoring income and expenditure levels to ensure a sustainable balance is achieved.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Corporate Plan Consultation</li> <li>• Annual Statement of Accounts</li> <li>• External Auditors reports</li> <li>• Community Impact Assessments</li> <li>• Finance &amp; Performance Reporting</li> <li>• Consultation Strategy</li> </ul>
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**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.**

<b>Supporting Principles</b>	<b>To meet the requirements of this Principle, Norwich City Council:</b>	<b>This is evidenced by:</b>
<b>Determining interventions.</b>	<ul style="list-style-type: none"><li>• The Council's Corporate Planning process incorporates business cases for proposed projects and savings, ensuring decision makers receive objective and rigorous analysis of a variety of options for achieving outcomes, indicating how intended outcomes would be achieved and associated risks. This ensures best value is achieved, however services are provided.</li><li>• Feedback from citizens and service users is considered when making decisions about service improvements or where services are no longer required, in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li></ul>	<ul style="list-style-type: none"><li>• Corporate Plan</li><li>• Business Cases</li><li>• Corporate Plan Consultation</li><li>• Community Impact Assessments</li><li>• Consultation Strategy</li><li>• Transformation programme</li></ul>

<p><b>Planning interventions.</b></p>	<ul style="list-style-type: none"> <li>• The Council has an established annual Corporate Planning process which sets a five-year strategic plan for the Council that informs the development of strategic and operational plans, priorities and targets. The Corporate Plan is reviewed annually meaning that mechanisms for delivering outcomes are regularly reviewed and can be adapted to changing circumstances.</li> <li>• The Corporate Plan incorporates medium term resource planning, including estimates of revenue and capital expenditure. Budgets are prepared in accordance with the Council's objectives, strategies and the Corporate Plan.</li> <li>• The Corporate Plan establishes appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. The Council ensures that capacity exists to generate the information required to review service quality regularly.</li> <li>• As part of the Corporate Planning process, the Council engages with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Planning process</li> <li>• Corporate Plan</li> <li>• Partnerships Governance Guidance</li> <li>• Corporate Plan Consultation</li> <li>• Community Impact Assessments</li> <li>• Consultation Strategy</li> </ul>
<p><b>Optimising achievement of intended outcomes.</b></p>	<ul style="list-style-type: none"> <li>• The Council ensures the Corporate Plan integrates and balances service priorities, affordability and other resource constraints, and that the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</li> <li>• The Council's Corporate Plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period, in order for outcomes to be achieved while optimising resource usage.</li> <li>• Achievement of Corporate Plan outcomes is monitored and reported to the Council's Corporate Leadership Team through the Finance and Performance Reports, the Transformation Programme and other reporting.</li> <li>• The Council maintains a robust system of risk management which identifies risks to the achievement of the Council's intended outcomes and puts in place mitigating actions to support achievement.</li> </ul>	<p>Corporate Plan  Risk Management Policy  Corporate Risk Register  Finance and Performance Reports  Transformation programme  Corporate Leadership Team  Business Continuity Plans  Emergency Planning</p>

	<ul style="list-style-type: none"><li>• The Council maintains systems of business continuity and emergency planning to deal with failures in service delivery or emergencies which may threaten achievement of the Council's intended outcomes.</li></ul>	
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**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Supporting Principles	To meet the requirements of this Principle, Norwich City Council:	This is evidenced by:
<p><b>Developing the entity's capacity.</b></p>	<ul style="list-style-type: none"> <li>• The Council recognises the benefits of partnerships and collaborative working where added value can be achieved.</li> <li>• The Council maintains robust recruitment and selection processes to ensure that the Council is able to attract suitable candidates, ensuring a diverse workforce that will add value to the organisation.</li> <li>• The Council seeks to understand the capacity of its workforce and any gaps, and workforce development strategies are in place to develop the organisation's capacity as required to enhance the strategic allocation of resources.</li> <li>• The Council reviews its operations, performance and use of assets on a regular basis to ensure their continuing effectiveness, and seeks to improve resource use through appropriate application of techniques such as benchmarking and other options, in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently.</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership Governance</li> <li>• Recruitment and Selection Policy and Toolkit</li> <li>• Workforce Development Strategies</li> <li>• Transformation Programme</li> <li>• Corporate Plan</li> <li>• Corporate Planning Process</li> <li>• Finance and Performance Reporting</li> <li>• Corporate Risk Register</li> </ul>
<p><b>Developing the capability of the entity's leadership and other individuals.</b></p>	<ul style="list-style-type: none"> <li>• The Council's Constitution and Scheme of Delegation set out a clear statement of the respective roles and responsibilities of the Council's Executive, the Full Council and individual members. The Scheme of Delegation clarifies the type of decisions that are delegated and those reserved for collective decision making of the governing body. Committee Terms of References set out a clear statement of the respective roles and responsibilities of the Council's Committees. This ensures that a shared understanding of roles and objectives is maintained</li> </ul>	<ul style="list-style-type: none"> <li>• The Council's Constitution</li> <li>• Scheme of Delegation</li> <li>• Committee Terms of Reference</li> <li>• Members Code of Conduct</li> <li>• Officers Code of Conduct</li> <li>• Protocol on Members/Officer</li> </ul>

	<ul style="list-style-type: none"><li>• The Council maintains protocols to ensure effective communication between Council Members and officers in their respective roles.</li><li>• The Chief Finance Officer is a member of the Corporate Leadership Team with direct access to the Chief Executive and other members of the leadership team.</li><li>• The Council develops the capabilities of members, senior management, and officers to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks, by:<ul style="list-style-type: none"><li>○ Ensuring Members and staff have access to appropriate induction tailored to their role, and that ongoing training and development matching individual and organisational requirements is available and encouraged;</li><li>○ Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis;</li><li>○ Holding staff to account through regular performance reviews which take account of training or development needs;</li><li>○ Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external;</li><li>○ Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, and support individuals in maintaining their own physical and mental wellbeing.</li></ul></li></ul>	<p>Relations</p> <ul style="list-style-type: none"><li>• Workforce Development Strategies</li><li>• Corporate Induction</li><li>• Members induction and development</li><li>• Performance Appraisal</li><li>• Improving Performance Policy</li><li>• Supervision Policy</li><li>• Role of Internal Audit</li><li>• CFO member of CLT</li></ul>
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**Principle F: Managing risks and performance through robust internal control and strong public financial management**

<b>Supporting Principles</b>	<b>To meet the requirements of this Principle, Norwich City Council:</b>	<b>This is evidenced by:</b>
<b>Managing risk</b>	<ul style="list-style-type: none"> <li>• The Council recognises that risk management is an integral part of all activities and must be considered in all aspects of decision making. Robust and integrated risk management arrangements are in place and regularly reviewed to ensure that they are working effectively. Risk management is embedded into the culture of the Council.</li> <li>• The Council ensures that responsibilities for managing individual risks are clearly allocated, and the Corporate Risk register is reported to and reviewed by the Council's Corporate Leadership Team, Audit Committee and Cabinet on a regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Risk Management Strategy</li> <li>• Corporate Risk Register</li> <li>• Audit Committee</li> <li>• Risk Reports to Committees</li> <li>• Project Management guidance</li> <li>• Shared risk registers with Joint Ventures and Partners</li> </ul>
<b>Managing performance</b>	<ul style="list-style-type: none"> <li>• Members and senior management are provided with regular reports on performance and progress towards achievement of outcomes.</li> <li>• The Council makes decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>• The Council encourages effective and constructive challenge and debate on policies and objectives, to support balanced and effective decision making.</li> </ul>	<ul style="list-style-type: none"> <li>• Finance and Performance Reporting</li> <li>• Committee agendas, reports and minutes</li> <li>• Transformation programme</li> <li>• Customer Feedback</li> <li>• Internal Audit Reports</li> </ul>



<p><b>Robust internal control</b></p>	<ul style="list-style-type: none"> <li>• The Council ensures effective counter fraud, anti-corruption and anti-money laundering arrangements are in place.</li> <li>• Additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by Internal Audit.</li> <li>• The Audit Committee is independent of the executive and accountable to the governing body, and: <ul style="list-style-type: none"> <li>○ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;</li> <li>○ ensures that its recommendations are listened to and acted upon.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Anti-Fraud &amp; Corruption Policy</li> <li>• Anti-Money Laundering Policy</li> <li>• Whistleblowing Policy</li> <li>• Internal Audit</li> <li>• Internal Audit Annual Report</li> <li>• Annual Governance Statement</li> <li>• Risk Management Policy</li> <li>• Risk Management Procedures</li> <li>• Corporate Risk Register</li> <li>• Audit Committee</li> </ul>
<p><b>Managing data</b></p>	<ul style="list-style-type: none"> <li>• The Council's information governance policies and procedures ensure that effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.</li> <li>• The Council's Senior Information Risk Owner (SIRO) has lead responsibility to ensure that organisational information risks are properly identified and managed.</li> <li>• The Council ensures effective arrangements are in place and operating effectively when sharing data with other bodies.</li> </ul>	<ul style="list-style-type: none"> <li>• Data Protection Policy</li> <li>• Freedom of Information/EIR Regulations</li> <li>• Information Security Incident Policy</li> <li>• Records Management</li> <li>• Senior Information Risk Owner</li> <li>• Partnership Governance</li> </ul>
<p><b>Strong public financial management</b></p>	<ul style="list-style-type: none"> <li>• The Council ensures that its financial management supports both long term achievement of outcomes and short-term financial and operational performance.</li> <li>• Ensures well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</li> <li>• The Council ensures that officers with a role in financial management are provided with the support and resources to ensure strong public financial management.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Regulations</li> <li>• Finance and Performance Reporting</li> <li>• Corporate Plan</li> <li>• Corporate Planning Process</li> </ul>

## Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles	To meet the requirements of this Principle, Norwich City Council:	This is evidenced by:
<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>• The Council seeks to write and communicate reports and other information for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</li> <li>• The Council complies with the Local Government Transparency Code and publishes information required in a timely manner.</li> <li>• The Council provides appropriate information to the public to ensure transparency, striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide and for users to understand.</li> </ul>	<ul style="list-style-type: none"> <li>• Committee agendas, papers and minutes</li> <li>• County Council website</li> <li>• Publication Scheme</li> <li>• Forward Plan</li> </ul>
<b>Implementing good practice in reporting</b>	<ul style="list-style-type: none"> <li>• The Council's Annual Governance Statement ensures robust arrangements for assessing the extent to which the principles contained in this Framework have been applied, and the results of this assessment are published.</li> <li>• The Council ensures that the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.</li> <li>• The Council maintains open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Accounts</li> <li>• Annual Governance Statement</li> <li>• Annual External Audit Report and Letter</li> <li>• Internal Audit Reports</li> <li>• Finance and Performance Reporting</li> <li>• Partnerships Governance Guidance</li> <li>• Committee agendas, reports and minutes</li> </ul>

<p><b>Assurance and effective accountability</b></p>	<ul style="list-style-type: none"> <li>• The Council maintains an effective Accounts Committee and ensures that an effective internal audit function, with direct access to Members, is resourced and maintained. The Internal Audit service provides assurance with regard to governance arrangements, and verifies that recommendations are acted upon.</li> <li>• The Council ensures that recommendations for corrective action made by external audit are acted upon.</li> <li>• Norwich City Council welcomes peer challenge, reviews and inspections from regulatory bodies, as a result of which action plans are identified to implement recommendations.</li> <li>• When working in partnership, the Council ensures that arrangements for accountability are clear and the need for wider public accountability has been recognised and met.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit &amp; Accounts Committee</li> <li>• Role of Internal Audit</li> <li>• Peer Reviews</li> <li>• Results of External Inspections</li> <li>• Partnership Governance</li> <li>• Risk Management Procedures</li> <li>• Council Meetings</li> </ul>
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## MONITORING AND REPORTING

The Council will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice to provide assurance that corporate governance arrangements are adequate and operating effectively in practice. Where reviews of the corporate governance arrangements have revealed gaps, actions will be planned to enhance the governance arrangements accordingly.

The Council will prepare an Annual Governance Statement which will be submitted to the Audit Committee for consideration and will form part of the Council's annual Statement of Accounts.

The Governance Statement will include:

- an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance;
- a reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment;
- an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework;
- a reference to how issues raised in the previous year's annual governance statement have been resolved; and
- a conclusion including a commitment to monitoring implementation as part of the next annual review.

The Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive on behalf of the Council.

In reviewing and approving the Annual Governance Statement, members will be provided with detailed information regarding the effectiveness of the governance arrangements and system of internal control and how these address the key risks faced by the Council. Those Assurances will be available from a wide range of sources, including internal and external audit, a range of external inspectorates and managers from across the Council.

The Council will continually strive to operate an assurance framework, embedded into its business processes, that maps corporate objectives to risks, controls and assurances. This framework and regular reports on its application and effectiveness will provide members with assurances to support the Annual Governance Statement and will help members to identify whether corporate objectives and significant business risks are being properly managed.

## APPENDIX A - Seven principles for the conduct of individuals in public life

The governance framework is supported by the seven **Principles of Public Life**, which set the standards of conduct and behaviour to which Councillors and employees should aspire in their day-to-day dealings.

### 1. **Selflessness**

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

### 2. **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

### 3. **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### 4. **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to whatever scrutiny is appropriate to their office

### 5. **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### 6. **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### 7. **Leadership**

Holders of public office should promote and support these principles by leadership and example.