Annual Governance Statement 2021-22

1. Statement by Leader of the Council and Chief Executive

Strong internal assurance and corporate governance is at the heart of every high performing organisation. During the year, we have continued our focus on developing our systems of corporate governance despite the challenges the Council has faced, including the continuing Covid-19 situation driving our need to work in partnership to deliver a co-ordinated response to support the people and businesses of Norwich, and the ongoing uncertainty of government funding streams limiting the ability of the sector to be able to undertake stringent longer term financial planning.

In the Annual Governance Statement for 2020-21, we identified that a range of improvements were being made to embed effective governance procedures within the Council. Enhancing our procedures and critically examining operations from a new perspective has enabled us to identify areas for improvement and respond to changes, as follows:

- During the year, an internal review was undertaken of the Council's compliance with health and safety standards in its Council Housing. This identified a number of areas where inspections were not being undertaken as required. Through robust analysis of the situation, the Council has developed and resourced action plans to improve the levels of compliance.
- The Council concluded its work to transfer services from its former joint venture companies. This has enabled the Council to have a more direct relationship in the way that the grounds maintenance service has operated during 2021-22, and move towards setting the relationship for the repairs and maintenance service that transfers on 1 April 2022.
- The introduction of a new management structure across the Council, with the creation of a Senior Leadership Team of Executive Directors and Heads of Service to support collaboration on cross-cutting issues.
- The continued development of the internal board structure to support effective oversight and robust decision-making processes
- The development of the combined quarterly assurance reporting processes to effectively integrate the reporting of financial and non-financial performance data
- The creation of a new Corporate Plan, to demonstrate how the Council will deliver its services to the people of Norwich, with a specific aim to ensure Norwich City Council is in a good shape to serve the City
- Development of the Council's internal transformation programme, Future Shape Norwich, supported by the establishment of a dedicated transformation team to drive forward major changes in service delivery to more effectively deliver for the people of Norwich
- The development of an employee-led staff wellbeing strategy and associated action plan
- Revisions to the Council's risk management strategy and business continuity framework to support effective management of the Council's risks
- The commencement of work to review the Council's culture, which will conclude in 2022/23
- The delivery of a balanced budget for 2022/23 and updated Medium Term Financial Strategy
- Effective working across a range of partnerships to support delivery of corporate priorities including the establishment of the Norwich Climate Change Commission;

the ongoing work of the Good Economy Commission, and the work of the Norwich Towns Fund deal

These improvements will continue to embed during 2022/23 and we 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

Stephen Evans
Chief Executive

Date:

Date:

2. Scope of responsibility

2.1. 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.

2.2. 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. This is supported by statutory officers, including the Chief Executive, who is responsible for delivering the policy framework, and the s.151 Officer, who is responsible for ensuring decisions made are in line with the budgetary framework.

2.3. 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.

2.4. 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.

3. The purpose of the governance framework

3.1 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.

3.2 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.

3.3 The governance framework has been in place at Norwich City Council for the year ended 31 March 2022 and up to the date of the approval of this statement.

4. The governance framework

4.1 The council's governance framework 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.

5. 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:**

- The Localism Act 2011 requires the Council to have in place appropriate arrangements to govern the conduct of Councillors. In July 2021, the Council adopted a revised Code of Conduct for Councillors along with procedures for handling concerns raised about Councillor conduct. Training is provided to new members on the Code of Conduct and all members are required to confirm they will comply with the Code during their term of office.
- The Standards Committee is appointed to promote and maintain high standards of conduct, and may also determine matters of conduct referred to it.
- 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:**

- The chief finance officer is responsible for advising whether decisions of the cabinet and council are in accordance with the policy and budget framework.

- Budget managers have responsibility for ensuring that all proposals, decisions and actions incurring expenditure were lawful.
- Corporate policies and strategies, 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.

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

- Quarterly assurance reports provide insight into how the Council is committing its resources to meet its aims and priorities. In order to demonstrate its openness the authority also publishes:
  - Constitution, setting out how the Council operates
  - Council, Cabinet and Committee Reports, available on the Council's website
  - A range of information to comply with the Local Government Transparency Code 2015
  - The Council's pay policy statement, adopted by Council annually, and its gender pay gap
- The Council has an adopted equality and diversity strategy, which is supplemented by an annual equality report which provides key data on fairness within the Council and within the wider City.
- Through its information governance group, the Council has developed its approach to monitor information governance and transparency requirements. This has included the redevelopment of the Council's data protection training programme for all staff and enhancement of monitoring information presented to the corporate leadership team.

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

- 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.
- The Council has been developing its community blueprint, evaluating the thoughts of residents as part of community conversations to better understand the views of residents and use this insight to deliver new or improved services in the local area.
- This has been supplemented by Get Talking Norwich, a place for residents to provide their thoughts on services. The Council maintains databases of residents who wish to be engaged in consultations on particular services.
- 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. Both of these publications are available on the council's website.

- 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.
- The statement of community involvement, as adopted, sets out how the Council will engage and consult in the development of local plan policies and on specific planning applications
- 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:

- The Council has reconfirmed its vision through the development of the Corporate Plan, 2022-26, adopted by Council in February 2022.
- The corporate plan sets out the city council's strategic direction including its vision, mission and priorities. Within the plan, there are clear actions that will demonstrate delivery against each established aim.
- This has been developed in the light of the wider city vision work, which has been undertaken under the 'Norwich 2040' banner. This started with a significant piece of resident and stakeholder engagement to identify consensus about what the strengths and challenges of Norwich are. It then continued with analysis of the findings to shape a vision for Norwich in 2040 which provides a shared set of aspirations for Norwich
- The city vision is therefore the starting point for the corporate plan. This has been combined with information and analysis including:
    - Analysing information on levels of need in the city such as looking at demographics, economic, environmental and equalities data
    - Assessing the current environment the council operates in, including the national and local economic climate and policy and legislation for local government.
    - Understanding how other local authorities are responding to similar challenges
    - Looking at the potential future factors that may impact on Norwich and the council
    - Discussions with councillors and officers

- Reflecting the Medium Term Financial Strategy and transformation programme which helps plan resource allocation

- The corporate plan was developed alongside the emerging medium term financial plan for the general fund and Housing Revenue Account along with capital, investment and treasury management strategies. The plans set out the level of general fund savings that need to be achieved in the coming and each of the following four years. An annual consultation on the budget is also undertaken. The delivery of the corporate priorities is embedded into directorate plans for each Council directorate.

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

- The council's vision is established within the Corporate Plan.
- The corporate plan is underpinned by a range of strategic and operational plans and strategies, such as the Economic Strategy, 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.
- The Norwich Good Economy Commission was established as a forum for the community to come together to address inequality within the City. With support from the UEA and a range of businesses, the Commission has used an evidence based approach to drive forward a range of projects to support digital inclusion, social enterprise and skills development.
- The Norwich Climate Commission was established in 2021. It involves a range of partners coming together to lead work within Norwich to support the drive towards net carbon zero across the City.
- The Towns Deal Board oversees the delivery of the £25m awarded by the Department of Housing, Communities and Local Government to support development of key projects within the City.

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

- The council's decision-making framework is set out in the council's constitution including an effective scheme of delegation. An updated constitution was approved by Council in March 2021 and supplemented by a review of the Councillor Code of Conduct in July 2021. The Monitoring Officer has delegated authority to make changes to factual references or changes required by law to the constitution or appendices.
- Throughout the year the constitution is kept under review, and proposed areas of development considered by the Constitution Working Party prior to Council adoption.
- The Council undertakes its activities through or in consultation with a range of partnerships, as demonstrated above. For each partnership or organisation, the Council nominates lead members and officers who undertake an ongoing review of the effectiveness of its operations.

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:

- 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. Following the senior management restructure of the council in April 2021, directorate plans will be developed to reflect the council's priorities and manage resources.
- On a quarterly basis, performance information is reported to the Cabinet as part of quarterly assurance reports. These include data on the achievement of performance targets; evaluation of corporate risks; financial performance and internal audit recommendations, giving a holistic and integrated view of performance. At an officer level, the reports also evaluate key HR information.
- A summary of the overall performance of the council in 2020-21 is included in the narrative report to the statement of accounts for the year ending 31 March 2021.
- A key component of the council's performance framework and its drive for quality improvement is the work of internal audit. Their work assists management in an advisory and proactive capacity in addition to providing traditional assurance on systems and the control environment. During the year, management of the internal audit function transferred to Eastern Internal Audit Services, introducing a risk-based approach for the audit function aligned to the corporate risk register and corporate priorities. Internal Audit representation was included as part of key corporate programmes.
- Change and transformation within the council was delivered through the Future Shape Norwich programme of activity. The transformation programme was developed during the 2021/22 year to drive forward savings and service improvements embedded into the 2022/23 budget. During the year, new processes were introduced to support the prioritisation of IT programmes and corporate projects.
- During the year the council has continued to strengthen its internal board structure to provide a concise route for feeding recommendations and proposals through to CLT, allowing for a clear and transparent decision-making process.
- This has included the introduction of the Health and Safety Board, an internal board to support the development of health and safety initiatives and improvements; the Customer, IT and Digital Board to oversee the development and prioritisation of programmes that support improvements in customer delivery, and the Health and Safety Compliance Board, to support the delivery of the Council's compliance improvement programme (see below).
- A key area of activity has been to support the development of staff wellbeing within the Council. Critical to this was the formation of a staff wellbeing group, incorporating volunteers from across a range of service areas who developed a staff wellbeing strategy to shape future action to support wellbeing.
- 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 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.

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:

- The council's constitution sets out how the council operates, and includes the council's procedure rules, details of member responsibilities, executive and non-executive functions, officers with statutory functions, employee and members codes of conduct, protocol for member / officer working arrangements, financial regulations, contract procedure rules, officer scheme of delegation and various joint arrangements.
- Regular briefings are undertaken with portfolio holders, the cabinet collectively, and separately with shadow portfolio holders. This enables officers and members to work effectively to develop policy and practice; ensure there is opportunity for input and to address potential concerns.
- The Council has established protocols for handling councillor enquires and concerns. The Chief Executive has regular scheduled meetings with group leaders to discuss potential areas of concern. During the year, the officer management forum received briefings on working effectively with members.
- For the two companies, which are wholly owned by the council, Norwich Regeneration Limited (NRL) and NCSL, decision-making boards are in place, as detailed below.
- The Council is also a stakeholder in a range of other formal partnerships or arrangements. During the year, the governance arrangements for the NEWS partnership, which delivers material recycling facilities across the County was subject to review as part of their contract assessment. The Council's contracts with its joint venture companies formally ended on 31 March 2022.

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.):

- The governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) are regularly monitored to ensure compliance. The council continually seeks to improve financial management practices and processes to deliver sound financial governance.
- The CIPFA Financial Management (FM) Code is intended to provide guidance about good and sustainable financial management, along with assurance that resources are being managed effectively. As such, the code requires authorities to demonstrate that processes are in place which satisfy the principles of good financial management. An initial self-assessment against the principles of the code has been conducted. Many of the requirements of the FM Code represent good practice and are already reflected in the council's planning, policies and

systems, however there are areas for continuous improvement and an action plan will be developed to monitor and track the planned improvements.

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

- The monitoring officer is a statutory appointment under section 5 of the Local Government and Housing Act 1989.The Monitoring Officer undertakes 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 therefore it is vital that members and officers work with the monitoring officer to discharge the statutory responsibilities and other duties (as set out in the 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.
- The Monitoring Officer has appointed the Head of Legal Services, nplaw and Executive Director of Development and City Services as their nominated deputy.

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

- 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 the constitution and all necessary powers are delegated to him/her to fulfil the statutory role. The constitution requires the head of paid service to determine and publicise a description of the overall service structure of the Council showing the management structure and deployment of officers.
- 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 his functions in relation to the role. There are also informal opportunities throughout the year for the adequacy of the chief

executive's 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:

- The Covid-19 pandemic made the development of a full Councillor induction programme challenging during the 2021-22 year. However, a number of briefing and development events were scheduled during the year, with work programmed to support the induction of new Councillors for the 2022 elections.

- Councillors are also encouraged to participate in national briefing and training events, including those provided by the LGA. Councillors have access to e-councillor, an online information portal, and the Council's learning room e-learning package which has a specific councillor development area.

- 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 programme is developed based on identified needs.

- During the year, the Council has undertaken a range of organisational development work. A senior leadership development programme commenced, supporting the collective development of the corporate and senior leadership teams. New development programmes have been delivered in areas such as information governance and equalities, and the Council has commenced work to review and develop its organisational culture.

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

- The council adopted a new risk management strategy and policy during 2021, which was subject to approval by cabinet. This provides a framework for the assessment of individual risks which are incorporated into corporate and directorate risk registers, which are subject to a formal quarterly review alongside the assurance reports. The corporate risk register is reported to the audit committee on a twice-yearly basis.
- Individual projects and partnerships are also subject to risk assessments.
- 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.

- During the year, the Council's business continuity framework has been subject to formal re-assessment, which has then been embedded into service level business continuity plans.

- The Council has introduced revised arrangements for responding to emergency events, with a formal on-call rota established across the corporate and senior leadership teams and emergency planning teams. A business continuity group has been established, with representation across service areas, to support the embedding of effective practices across the organisation.

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):

- Anti-fraud and corruption, whistleblowing and anti-money laundering policies are published on the website and intranet.
- The policies are promoted to employees, who 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.
- The council participates in the Cabinet Office's national fraud initiatives (NFI) and regularly reports the results to audit committee.
- The Anglia Revenues Partnership Fraud Team investigate Housing Benefit and Council Tax discounts and exemptions where cases of potential fraud or error exist
- As part of the Covid-19 response, the council has paid out grants to businesses in line with the government schemes. During the year the council has complied with the reporting, risk assessment and payment assurance process requirements.

16. Ensuring an effective scrutiny function is in place:

- The scrutiny committee undertakes three fundamental roles; to hold the cabinet to account; to support the development of key corporate plans, and to respond to issues raised by councillors and the public through its work programme.
- Scrutiny Committee members are able to "call in" cabinet decisions where they are concerned that due process has not been followed in the making of decisions. One such call-in was undertaken in 2021/22.
- The Committee considers a range of corporate documentation during the year to ensure it is subject to robust challenge in development. In 2021/22, this included the annual equality report; the corporate plan; the budget and the annual plans for the two Council companies, Norwich City Services and Norwich Regeneration Limited.
- The Council's scrutiny Committee establishes its own work programme on an annual basis, taking into account feedback from members and the public. Councillors submit TOPIC forms, outlining the rationale for inclusion of items on the agenda.
- The Scrutiny Committee appoints representatives to the Norfolk Health Overview and Scrutiny committee and the Norfolk Community Safety Partnership Scrutiny Committee, both of whom provide regular updates on their work to the council's scrutiny committee.

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:

- From July 2021, the management of the Council's internal audit function transferred to Eastern Internal Audit Services, led by South Norfolk Council. In April 2022, the full service will transfer to the partnership.
- Agreement of the Internal Audit Plan is undertaken by the Corporate Leadership Team, on recommendation of the Head of Internal Audit. The Audit Plan is communicated to the Audit Committee, who receive regular reports on progress against the Plan and the Annual Opinion of the Head of Internal Audit.
- The Head of Internal Audit monitors the service compliance with the CIPFA statement and the Public Sector Internal Audit standards.

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

- 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.
- During the year, the audit committee undertook a self-assessment exercise to evaluate its compliance with good practice as identified by CIPFA. This has led to the identification of actions that will be progressed during 2022/23 including the introduction of an independent committee member.

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

- 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:

- 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.
- Norwich Regeneration Limited (NRL) has a board consisting of two councillors, two non-executive directors, who were appointed during 2020-21, the NRL managing director and with an ongoing invitation for two directors to attend meetings. The board combines a broad range of experience including finance, business case development, procurement, risk management as well as general management. The board is able to call on additional expertise as required including officers of the council, a financial advisor, a project manager, estate agents, architects and legal.

- Norwich Commercial Services Limited (NCSL) was set up in September 2020. It has a board consisting of an independent chair and director, three non executive directors (one independent, two council members) and the managing director as executive director. The Council has a formal support service contract in place to outline the services NCS purchases from the Council.
- Both boards have put in place a scheme of delegation to allow day to day decisions to be taken without the need for a full board meeting but major decisions are reserved for the board. Risks are managed at a company level through the business plan and board meetings while project risks are managed through the project process for each project. Nplaw provide company secretarial support to both companies.
- Each year both NRL and NCS are required to present annual plans to the Cabinet for approval. Prior to doing so, the plan is considered by the relevant shareholder panel and the Council's scrutiny committee to ensure a robust consideration.
- During the year, Shareholder Panels were established to oversee the performance of both companies. Each panel is subject to formal terms of reference and includes representation from the leading political groups. During the year, the panels have supported both companies in developing finance and performance information presented to ensure a robust representation of the relevant company performance is being evaluated through the Panel.

~~6.~~ Current & Emerging Issues

Covid 19 update

The Covid 19 pandemic continued to have a profound effect on the work and operations of the Council during 2021/22.

Covid is managed at officer level by the county wide Health Protection Board and Norfolk CEOs group. The council's chief executive officer is a member of both. At a political level, the public sector leaders board, attended by the chief executive and leader of the council supports the setting of priorities and delivering covid responses.

The council developed a blueprint for recovery, which was approved by Cabinet in June 2020. This Covid Recovery Plan includes the key strategic areas for the council to focus on, including building on opportunities arising from the pandemic to modernise the organisation and increase flexibility. This continues to serve as a key document setting out the council's key themes and activities over 2021-22 as reported to Cabinet in September 2021.

Covid-19 continued to have a significant impact on the council finances, in particular areas including car parking revenue, rental income, planning application fees, and council tax and business rates. This had been anticipated in the setting of the 2021/22 budget, with prudent estimates taken as to how income levels would recover. This was closely monitored during the year to assess how changes in the rules and regulatory framework were impacting on recovery levels.

The Council developed a range of measures to support communities during the pandemic. This included the payment of business grants, including discretionary funding; this required, as set out above, a range of regular reporting and close monitoring to minimise the risk of fraud. A specific covid support team was established to assist the public and businesses in understanding the regulatory framework.

The medium term financial challenge to the council retains a degree of uncertainty, with the impact from Covid-19 set to be seen for years to come.

Nutrient Neutrality

In March 2022, Natural England wrote to the Council requiring it to take urgent action to identify how adverse impacts of nutrient pollution can be mitigated through planning development. This necessitated an immediate pause on residential planning applications until further action is taken to understand nutrient impacts.

This is likely to have a significant medium term impact on development in Norwich and the wider Greater Norwich area, reducing the potential to bring forward required housing development. This in turn will have a range of impacts on the Council including on the levels of planning income received and on the ability of Norwich Regeneration Limited to take forward housing development.

As a result, urgent action is being taken in consultation with partner authorities across the Greater Norwich area and those impacted by nutrient neutrality to ensure the situation can be addressed as soon as possible.

Housing Compliance

NCC is responsible for ensuring all statutory requirements for health, safety, and compliance in relation to its homes and its operation as a business undertaking are met. This includes making sure that regular inspections take place within required timescales and that any remedial works arising as a result of those inspections, are completed in a timescale consistent with the level of risk.

In June 2021, following an internal high-level review of health, safety and compliance management it was identified that some compliance inspections were not being carried out as required and that remedial actions arising from inspections were not always being completed in a timely manner. The decision was taken to self-refer to the Regulator of Social Housing (RSH) on 28 July 2021 setting out the position as understood at the date of writing. In October 2021 the RSH found that NCC had breached the Homes Standard and published a Regulatory Notice.

Since then steps have been taken to address the issues as agreed by Cabinet in November 2021. A Health and Safety Compliance Board has been established to oversee actions that are set out in a compliance improvement plan with performance being tracked and reported quarterly to Cabinet. The first progress report was considered by Cabinet in February 2022.

New and emerging legislation

- The Environment Act came into effect in October 2021. In anticipation of this, the Council, alongside partners, reviewed the NEWS waste recycling contract in November 2021.
- During 2022/23, we anticipate further legislation in the following areas. In each case, the Council will be required to understand the changing requirements and potential impact on the authority and its operations

- The passing of the levelling up bill, which will give new powers to the Secretary of State in relation to the devolution agenda;
- Additional legislation relating to the regulation of social housing and the introduction of a charter for social tenants
- Further regulations relating to requirements for building and housing safety, particularly in light of the Grenfell Tower inquiry
- The implementation of the Elections Act, introducing requirements in relation to Voter ID which may come into effect for 2023 elections
- Reform of the public procurement regime
- Renewed proposals for the planning regime
- Minimum energy efficiency standards, that will need to be addressed through the Council's Strategic Asset Management Framework

The Cost of Living Crisis

- Towards the end of the 2021/22 financial year, it became evident that the cost of living was beginning to rise. This has the potential to impact on the Council in a number of ways, as set out below.
  - The potential impact on residents who are unable to pay bills leading to rising demand for Council services including homelessness advice and support;
  - The potential impact on the Council of increased debt or need to increase provision for debt;
  - The impact on the delivery of Council services and ability to meet budgetary estimates as a result of inflationary pressures

7. Review of effectiveness

7.1. 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 head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

7.2. 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

- A new corporate plan was developed during 2021/22 and approved in February 2022.
- The council approves medium term financial plans for the general fund and housing revenue account along with capital, investment and treasury management strategies. These provide the financial structure for the policy and budget framework, corporate planning, annual service planning and budget setting.

- During the year, the cabinet continued with its approach to developing the future priorities and shape of the organisation to meet the council's savings requirements, alongside the Covid Recovery Plan.
- 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.
- Cabinet has considered and approved key strategies including the revised risk management policy and framework.
- Cabinet has continued to be involved with the progress of risk management, and for approving mitigations taken for risks that exceeded the councils risk appetite.
- Cabinet approves the business plan for the Council's wholly owned companies.
- Quarterly assurance reports are presented to Cabinet, providing an overview of financial and non-financial performance.
- The council's constitution working party recommends to cabinet and council any changes to the constitution.

2. The scrutiny committee

- 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 Scrutiny Committee produces an annual report which is considered by Council.

3. The audit committee

- 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 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. During the year, the Audit Committee made recommendations on the re-appointment of PSAA for appointing the Council's external auditors, which was adopted by Council.
- The committee can consider a range of governance related policies including anti-fraud and whistleblowing.

- The Audit Committee produces an annual report that is subject to consideration by the Council.

4. The standards committee and monitoring officer

- 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.

5. Chief finance officer

- The chief finance officer is a statutory appointment. 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 financial control, and supporting the audit committee.
- The council continues to strive to improve financial management practices and processes, and 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 2020-21.

6. Internal audit

- 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 head of internal audit 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 annual report of the Head of Internal Audit was presented to the Audit Committee during July 2022. This report will outline the key findings of the audit work undertaken during 2021-22, including any areas of significant weakness in the internal control environment.
- The Head of Internal Audit provided a "reasonable" opinion on the areas of governance, risk management and control that had been reviewed during the year. Within their opinion, the Head of Internal Audit highlighted that three reviews related to the 2021-22 financial year were yet to be formally issued.
- The significant governance matters highlighted within the Head of Internal Audit's opinion are raised in section 8.1 below.
- 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 the corporate leadership team and audit committee.

7. Corporate Leadership Team and Corporate Boards

- The Corporate Leadership Team acts as a key internal body to collectively consider, and where appropriate approve a range of corporate policies and plans, as well as evaluating Council performance in its quarterly assurance meetings.

- To undertake its work, the Corporate Leadership Team is supported by a range of Corporate Boards who consider matters in depth and support the development of strategy, policy and plans.

8. Other explicit review / assurance mechanisms

External audit

- The Council's External Auditors are EY.
- During the year, the External Auditor experienced considerable challenge in undertaking work in respect of local authorities in the region. As a result, EY's provisional audit results report for 2020-21 was presented to audit committee on 17 May 2022. Throughout this time, both officers and the audit committee pressed EY to ensure their work was completed on a timely basis to ensure that the robustness of the Council's accounting adjustments and judgements could be understood.
- In their work, the auditors issued an unqualified opinion and did not raise any matters of significant concern.

8. Governance issues and actions

Internal Audit Reviews

8.1. The Head of Internal Audit has highlighted the following governance matters:

8.1.1. That the Corporate Health and Safety Audit was given a limited assurance opinion, with 9 recommendations being raised. The action plan to this annual governance statement includes implementation of these recommendations;

8.1.2. That 4 medium priority recommendations related to the policy and procedure audit undertaken during 2020/21 remain outstanding. This is included within the action plan

8.1.3. That throughout the year, resource limitations were identified as a risk to delivery of the internal audit plan. Action has now been taken to address these limitations

Embedding of Improvements to Governance Arrangements

8.2. The Council has continued to maintain a clear focus on enhancing the governance arrangements and internal assurance processes. A number of key changes have been instigated during the year, including: enhancement and embedding of the internal board structure; the introduction of quarterly assurance reporting; introduction of a shareholder panel to oversee the council's wholly owned companies and review of a range of key policies.

8.3. These improvements will continue to be embedded over the next year, supplemented by a scheduled LGA peer review and the delivery of the Council's transformation programme.

Action Plans

8.4. The progress and updates on the actions identified in the 2020/21 Annual Governance Statement are included in Appendix 1.

8.5. Key actions to address the governance issues and developments have been included in Appendix 2. These will be delivered over the course of the year and monitored by the corporate leadership team and the council's audit committee, and are aligned to the Council's Code of Corporate Governance. It should be noted that this appendix includes specific actions for identified areas of development; this is alongside the continuous development that occurs such as staff training and developing plans to respond to new and emerging legislation.

9. 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 designed to strengthen the organisation's governance arrangements. Implementation of these actions will be monitored through the next annual review.

APPENDIX 1

2021/22 ACTION PLAN

Issues & actions identified	Lead officer	Progress
Risk management: Risk management needs to be embedded across directorates and service planning to support progress made on corporate risk register (see Appendix 2).	Executive Directors	**Complete** A revised risk management policy and strategy was agreed by Cabinet in October 2021. Briefings were provided on the revised approach with the principles embedded into quarterly reporting from Q3.
Information governance • Strengthening resilience and capacity in the area of information governance. • Action is in the process of being taken – Corporate Information Assurance Group (CIAG) in place and will meet monthly, reviewing of appropriate policies, procedures and practices, and the preparation of a business case for recruiting a specialist IG co-ordinator. However, as this will take some time to implement and take effect, so consideration required to mitigating the risks in this area in the meantime.	Executive director, community services	**In Progress** Work has been undertaken to strengthen the council's information governance approaches with support of the corporate group. Development work includes improvements in monitoring information and refresh of the Council's data protection training. Further work over the next year will include review of the retention schedules and compliance with the transparency code.
Review of business continuity plans Full review of the service and corporate business continuity plans, and the BCM framework, to update in line with the restructure and take into account lessons learned from using the BCPs during the Covid 19 pandemic.	Executive Director, regeneration and city services	**Complete** The Council has reviewed its corporate business continuity plan, which has then escalated into review of all service level plans.

Issues & actions identified	Lead officer	Progress
New board structures Embedding the responsibilities of the three new boards: • Resources, performance and delivery board • Customers, IT and digital board • Health & safety board	Chief Executive	**Complete** The three boards identified have been operational over the past year, with further boards identified to enhance the reporting structure.
Project Place – phase 2 Delivery of second phase of project place, including the transfer of repairs and maintenance services to NCSL and asset services to the council, is underway. Project team with relevant technical skills established, key activities and milestones mapped and progressing. Risks and issues with appropriate mitigation actions identified.	Executive director, community services	**Complete** The second phase of the project place transfer took place on 1 April 2022. This work was overseen by a specific board with dedicated resources to ensure an effective service transfer.
Housing tenancy management system implementation The implementation of Northgate Housing Tenancy and Estate Management System to provide improved housing services and support the transfer of repairs and maintenance and asset management services to NCSL and the council.	Executive director, community services	**Complete** The main implementation of the Northgate system occurred during the year. Further enhancement work and embedding of the system will continue over the 2022/23 year.
Housing Board Reviewing the terms of reference and embedding the responsibilities of the Housing Commissioning Board to drive improvements in housing services through review of the Housing Revenue Account Business Plan	Executive director, community services	**Complete** A review of the housing commissioning board has been undertaken with the establishment of a specific development group. The Housing Revenue Account business plan is scheduled to be presented to Cabinet in Autumn 2023.

Issues & actions identified	Lead officer	Progress
Housing Compliance Implementation of the housing compliance improvement plan to deliver improvement in the performance of compliance inspections.	Executive director, community services	**In progress (target was September 2022)** The Health and Safety Compliance Board was established to monitor this programme of work. This will continue into 2022/23

APPENDIX 2

2021/22 ACTION PLAN
This collates new actions identified in addition to those highlighted as "in progress" above

Issues & challenges identified	Lead officer	Target implementation date
Organisation Culture • Completion of a review of the Council's culture and implementation of identified actions, including taking forward the outcomes of the staff survey • Embed the principles of hybrid working across the Council	Corporate Leadership Team	31 March 2023
Scheme of Delegation • Undertake a review of the Council's scheme of delegation to ensure there is clarity on levels and authorities in decision making	Monitoring Officer	31 March 2023
Citizen Engagement and Consultation • Develop and implement the Citizen Participation Strategy to establish how the Council will encourage the people of Norwich to participate in the development of services • Development of a consultation statement, outlining the methods through which the Council will communicate and engage with residents • Development of a revised Tenant Involvement Strategy	Executive Director for Communities	31 March 2023

Issues & challenges identified	Lead officer	Target implementation date
Complaints Policy • Undertake a review of the Council's policies on the handling of corporate complaints, monitoring the effectiveness of services in complying with expected standards	Executive Director for Communities	31 March 2023
Climate Change To support work in understanding how the Council's activities will impact on its environmental objectives: • Development of a new biodiversity strategy and review of the existing environmental strategy • Development of a net zero 2030 carbon management plan	Executive Director for Communities	31 December 2022
Good Economy Commission Understand the emerging findings from the Good Economy Commission and how the Council can implement appropriate recommendations	Executive Director for Communities	31 March 2023
LGA Peer Review Commission a peer review through the LGA, agree an action plan emerging from the review and implement emerging recommendations	Chief Executive	31 March 2023
Enforcement Policies Undertake a review of the Council's policies and actions in relation to enforcement, including the corporate enforcement policy, CCTV policy and Regulatory of Investigatory Powers	Executive Director for City and Development Services	31 December 2022
Corporate Performance Measures Following the adoption of the new Corporate Plan in February 2022, undertake a review of the Council's key performance measures to ensure these are aligned to the corporate plan	Executive Director for Communities	30 September 2022
Future Shape Norwich Delivery of the Future Shape Norwich transformation programme to support the Council in its financial sustainability and improvement in customer experience. This work will include implementation of a new Enterprise Resource Management system, replacing the current HR and Finance Systems; the implementation of a new Master Data Management system, and implementation of recommendations arising from the Regulatory Services Peer Review.	Corporate Leadership Team	31 March 2023 (and beyond)

Issues & challenges identified	Lead officer	Target implementation date
Staff Development and Wellbeing The Council is undertaking a range of actions to support staff development and wellbeing: • Development of a workforce strategy to support the organisation in its longer term resource planning • Conclusion of the Senior Leadership Development Programme • Implementation of the actions emerging from the agreed wellbeing strategy	Corporate Leadership Team	31 March 2023
Service Reviews Across the Council, work has been underway to review the level of staffing resources within individual service areas, to ensure that the level of resource is robust to support the Council's aims and delivery of the Corporate Plan. Following reviews, changing practices are embedded and staff development needs identified. This work will conclude in 2022/23. A particular area of focus will be supporting the team of staff who transfer from NPS Norwich to Norwich City Council on 1 April 2022, ensuring they are provided a robust induction programme and support for their ongoing development within the Council.	Corporate Leadership Team	31 December 2022
Implementation of actions emerging from the Audit Committee Self-Assessment The Council will be seeking to support the Audit Committee in implementing the actions emerging from the audit committee self-assessment exercise, including appointing an independent person to the Committee and reviewing its approach to monitoring treasury management	Executive Director for Corporate and Commercial Services	31 December 2022
Contract Management The Council has been undertaking work to strengthen its control environment in relation to contract management. This will include delivery of contract management training and embedding a new contract management framework	Executive Director for Corporate and Commercial Services	31 December 2022
Health and Safety The Council needs to ensure that the 9 actions identified within the Internal Audit review of Health and Safety are implemented. The Council is planning to review its health and safety policy, with a view to subsequent implementation of emerging actions	Executive Director for City and Development Services	31 March 2023
Equality and Diversity Delivery of the Equality and Diversity Action Plan to improve the diversity of the Council's workforce in line with the profile of the City's residents (3 year plan)	Executive Director for Corporate and	31 March 2023 (and beyond)

Issues & challenges identified	Lead officer	Target implementation date
	Commercial Services	
Commissioning and Partnerships The Council has committed to undertaking a review of its approach to commissioning and working in partnerships	Executive Director for Communities	31 December 2022
Internal Audit On 1 April 2022, the Internal Audit Service will transfer to Eastern Internal Audit Partnership. This will mean changing roles, relationships and potential changes in delivery approach for the internal audit service, which is a critical part of the Council's assurance framework.	Executive Director for Corporate and Commercial Services	1 April 2022
Policy and Procedure Audit The Council needs to ensure it implements the four outstanding recommendations from the 2020/21 audit of policies and procdures	Executive Director for Corporate and Commercial Services	31 August 2022

APPENDIX 3

KEY STRATEGIES AND POLICIES RELATING TO GOVERNANCE

Strategy / policy	Owner	Last updated	Next review due	Comment
Risk management strategy and policy	Head of finance, audit and risk	October 2021	October 2024	The new policy has been agreed during the year
Whistleblowing	Head of HR	July 2021	July 2024	New policies for this area were agreed during the year. These will be subject to an internal audit review with any actions arising to be implemented.
Anti-fraud and corruption	Head of finance, audit and risk	July 2021	July 2024	
Anti-money laundering	Head of finance, audit and risk	July 2021	July 2024	
NCC complaints policy	Customer contact manager	February 2021	See above	As highlighted in the action plan, this is subject for review during the current year
Communications strategy	Communications Manager	2013	See above	As highlighted in the action plan, this is subject for review during the current year
Corporate plan	Strategy Manager	February 2022	February 2026	This has been subject to review during the year.
Equality, inclusion and diversity policy	Strategy Officer	July 2021	July 2024	See above. Following adoption of the policy the action plan will be subject to implementation
Contract procedure rules	Business relationship & procurement manager	March 2022	March 2024	Subject to formal review during the year, with formal launch in July 2022.
Procurement and contract management strategy	Business relationship & procurement manager	April 2021	April 2024	Implementation of this strategy is subject to annual review by Cabinet.
Financial regulations	Head of finance, audit & risk	March 2021	March 2024	Updated as part of constitution

Strategy / policy	Owner	Last updated	Next review due	Comment
Financial procedures	Head of finance, audit & risk	November 2013		These will be subject to review as part of the Future Shape Norwich enabling services review.
Charging policy	Head of finance, audit & risk	July 2010		This will be subject to review as part of the Future Shape Norwich transformation programme.
Commercial property investment strategy	Head of property & economic development	2018		This will be subject to consideration following the recent adoption of the Strategic Asset Management Framework
Strategic asset management framework	Head of property & economic development	March 2022	March 2025	This has been recently adopted.
IT user security policy	Data protection and systems team leader	March 2022	Oct 2023	This policy is subject to regular review to ensure it remains relevant to IT security standards.
Data protection policy	Data protection and systems team leader.	April 2021	April 2023	
Safeguarding children and vulnerable adults policy	Early intervention and community safety manager.	2020	2023	
Health and safety policy	Environmental health & public protection manager	June 2022	June 2025	This policy is currently subject to review
Business continuity management policy & framework	Emergency planning manager	December 2021	December 2024	This policy has been reviewed during the year
Environmental strategy 2020-25	Environmental strategy manager	July 2020		Adopted July 2020. Refresh currently ongoing, alongside refresh of carbon management programme.