

Annual Governance Statement 2022/23 (Appendix B)

1. RESPONSIBILITY

- 1.1. North Norfolk District Council (NNDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and equitably. NNDC 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 requirement, NNDC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. NNDC has approved and adopted a Local Code of Corporate Governance, and this has been updated for the 2022/23 financial year based on the *'Delivering Good Governance in Local Government: Framework'* (CIPFA/Solace, 2016) ('the Framework') which was introduced in 2016/17. A copy of the Council's current Local Code can be accessed on our website. This statement demonstrates how NNDC has complied with the Framework and supports the requirement of the Accounts and Audit (England) Regulations 2015 in relation to the approval (Part 2 regulation 6) and publication (Part 3 regulation 10) of an Annual Governance Statement (AGS). The statement is prepared in accordance with proper practices in relation to internal control and is reviewed annually or more frequently as required. In addition, NNDC's framework for delivering good corporate governance is embedded within its Constitution, policies and procedures.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1. The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to appropriate, cost-effective service delivery.
- 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 the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3. The governance framework has been in place at NNDC for the year ended 31 March 2023 and up to the date of approval of the statement of accounts.

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3. THE GOVERNANCE FRAMEWORK – THE SEVEN CORE PRINCIPLES

3.1. The Council's governance framework is derived from the following core principles as per the CIPFA/SOLACE 2016 Framework which is based upon the 7 core principles of the International Framework for Corporate Governance in the Public Sector as follows;

A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the 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 optimise 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 and;

G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2. The Local Code of Corporate Governance highlights how good governance supports the Council and demonstrates what we aim to achieve by following the seven core principles, along with the tools we use to support our compliance. It goes further to identify the behaviours and actions that can demonstrate our compliance with the code, how we put this into practice and the source documents, policies, procedures and frameworks that enable us to evidence compliance.

3.3. ***Vision and Priorities*** - Our Vision is '**Making North Norfolk an even better place to live, work, do business and visit**'.

Our Mission statement facilitates this through '**Engaging with our communities to create a fair and welcoming inclusive North Norfolk where everyone can thrive and secure quality homes, good jobs whilst protecting and conserving our environment and delivering a sustainable future**'.

To help us deliver this vision we have produced our Corporate Plan 2023-2027 that reflects the priorities and high-level outcomes for the North Norfolk area over a four-year period.

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3.4. **Quality of Services** - The Council has an established Performance Management Framework, which sets out how it monitors both performance and the delivery of objectives, with quarterly performance reviews being considered by Cabinet and the Overview and Scrutiny Committee. We publish information about our performance and carry out satisfaction surveys so that everyone can see the progress we are making. The Council's [Performance Management Framework](#) sets out how the Council will manage performance. This includes agreeing a [Delivery Plan](#) and assessing regular performance reports of the progress in delivering the plan.

3.5. **Constitution and Responsibilities** - A comprehensive document setting out the [Council's Constitution](#) exists which sets out the clearly defined structure for the Council's organisational and decision-making arrangements based upon a Cabinet/Executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax;
- Cabinet is allocated authority by Council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions;
- Cabinet follows a [Work Programme](#) which is updated on a monthly basis and provides details of forthcoming decisions for up to three months ahead;
- All executive decisions are recorded in a [Decision List](#), with formal minutes being available for public inspection;
- The work of the Cabinet and the Council as a whole is supported by the Overview and Scrutiny Committee and its task and finish groups
- The Scrutiny Committee has developed its own work programme for the review of Council services in addition to scrutinising the work of the Cabinet. It can 'call-in' a decision which has been made by the Executive but not yet implemented;
- The Governance, Risk and Audit Committee is well established, and is responsible for the review of the work of the Internal and External Audit functions and provides independent assurance of the effectiveness of governance arrangements, risk management and financial management processes. It also has the responsibility for the approval of the Statements of Accounts.
- Separate committees exist for Planning, Standards and Licensing;
- Delegation arrangements to committees, the Executive and officers are set out in detail within the Constitution; and
- Regular meetings take place between relevant senior officers and Members of the Council to discuss and propose policy.

The Constitution also includes sections on Standing Orders, financial regulations and conduct of meetings. The Constitution as a whole is reviewed periodically with interim updates made as and when appropriate. There is presently a significant review of the Constitution, involving external providers with expertise in this area.

3.6. **Codes of Conduct** - The Council has various Codes of Conduct applying to both Members and officers as well as a protocol for councillor/officer relationships that can be found [here](#). These have enabled the authority to develop an inclusive culture over the years, whereby Members and

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officers work together to deliver the Council's vision and quality services to its residents. The Codes include reference to the need to declare any interests that may conflict with the individual's role at the Council and such registers for Councillors and officers are maintained by the Council.

- 3.7. **Complaints** - The Council has in place a [Whistle-blowing Policy](#) (which was revised during the year) as well as a [compliments and complaints procedure](#), that ensures that any referrals are fully investigated, properly resolved and learning applied to service delivery. Systems and procedures have been enhanced to ensure that complaints/service requests are the cornerstone of the Council's management approach.
- 3.8. **Policies, Procedures, Laws and Regulations** - The Council's statutory officers are the Chief Executive (Head of Paid Service), the Monitoring Officer (Assistant Director Finance Assets Legal) and the Section 151 Officer (Director for Resources). They are responsible for ensuring the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources. There is also a requirement to ensure the authority's financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy statement on the Role of the Chief Financial Officer (2010). Service Managers are responsible for ensuring legislation and policy relating to service delivery and health and safety are implemented in practice.
- 3.9. **Development and training needs** – North Norfolk is a learning organisation, both in terms of Members and officers. The training budget for staff is centralised under Human Resources, and continues to deliver a programme to develop the skills of its workforce. North Norfolk is committed to investing in the staff and maintains the Investors in People standard. This recognises the investment in staff development and ensures that staff are valued and given the opportunities to develop and achieve their full potential. Training and Development is at the core of the 'Check In' appraisal system and this work is informed and underpinned by the Council's revised appraisal system. North Norfolk continues to deliver a training and development programme to provide Members with the support and skills necessary to assist them in carrying out their duties.
- 3.10. **Risk Management** – The Council's [Risk Management Framework](#) shows how the Council manages risk in an active way in terms of service delivery. The Council uses the risk module within the performance system (InPhase), reporting the Corporate Risk Register to every GRAC meeting. The Register is also reviewed by the Corporate Leadership Team and Management Team ahead of each of these Committee updates and the InPhase system allows dynamic reporting where any manager updates are updated and reflected immediately within the live system. Lower level operational risks are also monitored through the InPhase system and the Council's project management framework, as managed by the CDU, also has reporting requirements in relation to risk and risk logs. Business Continuity Plans (BCPs) are regularly reviewed and updated to address key operational risks. All committee reports contain a mandatory risk section to ensure that Members can consider the risks and opportunities of any recommendations or options, so that the consideration of risk forms an integral part of all decision making. Training has been provided to Members on risk and risk appetite which is included as part of the Policy.
- 3.11. **Communication** – The Council believes public understanding of its work, achievements and services, coupled with consultation with resident is key to maintaining high satisfaction levels. This is achieved through continuous communications and consultation activity and upholding the

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Council's values of transparency and openness. North Norfolk regularly publishes information on its website and via a variety of social media channels. The Communications Team also continuously works with the local media to provide information to ensure residents are kept informed. Funding has also been included within the 2022/23 budget to support the production of a twice yearly residents' newsletter, which will help improve communications with residents.

- 3.12. **Partnerships** – The Council is involved with a variety of partnerships that have developed over the years, supported by a Partnership Governance Framework and Partnership Register, which help to ensure that we maintain a consistent approach when entering into any new partnerships.
- 3.13. **Transparency** – As a Council we want to be publicly accountable and present our work with openness and transparency, we present a range of information on our '[Transparency Data](#)' pages on the website, ranging from contract and purchasing information to car park data.
- 3.14. If there are any areas outlined above which require strengthening, these are highlighted within the Annual Governance Statement as part of the Action Plan within Section 5.

4. REVIEW OF EFFECTIVENESS

- 4.1. NNDC annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and from comments made by the external auditors and other inspection agencies.
- 4.2. Reviews have taken place both during the year and at year end, and cover the following:
 - 4.2.1. The Cabinet is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action where appropriate while the Governance, Risk and Audit Committee (GRAC) consider corporate risk and internal control issues.
 - 4.2.2. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. In addition, the Constitution Working Party is in place to review the constitution and make recommendations to Full Council as appropriate. A significant review of the Constitution is currently being undertaken.
 - 4.2.3. The Council has an Overview and Scrutiny Committee that can establish 'task and finish' groups, to look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to the Cabinet. Scrutiny can "call-in" decisions of the Cabinet, which are yet to be implemented, to enable it to consider whether the decision is appropriate. In addition, the Overview and

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Scrutiny Committee can exercise its scrutiny role in respect of any Cabinet function, regardless of service area or functional responsibility, and will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.

- 4.2.4. The Local Government and Public Involvement in Health Act 2007 include powers to enable Councillors to champion local issues where problems have arisen in their ward. North Norfolk has embedded the “Councillor Call for Action” which allows Councillors to ask for discussion at Overview and Scrutiny Committee on issues where other methods of resolution by the District Member have been exhausted.
- 4.2.5. The development of the procurement function across the public sector has led to the establishment of a number of framework agreements for purchasing where the detailed work on price and quantity with suppliers has already been carried out. Contracts for supply are only established when goods, works or services are called off under the agreement.
- 4.2.6. The updated Procurement Strategy 2021 - 2025 was approved by Cabinet at the September 2021 meeting. Following a number of previous audit recommendations regarding procurement Full Council also approved a number of updates and improvements to the Constitution following at their meeting on 21 July 2021.
- 4.2.7. The Standards and Conduct provisions of the Localism Act 2011 came into force on 1st July 2012. The authority has appointed two Independent Persons pursuant to the Act and has decided to have a Standards Committee (which is now not mandatory).
- 4.2.8. The Model Code of Conduct for Members has been adopted by the Council.
- 4.2.9. The Council also has in place the '[Counter Fraud, Corruption and Bribery Policy](#)', which provides a key source of assurance and was updated in April 2022. The recent review of our counter fraud provision referred to the Fighting Fraud Locally Checklist to measure its adequacy, and an Action Plan has been put in place to protect the Council from fraudulent activity. This has included mandatory training for all staff to undertake. This was delivered in 2023/24 over the summer.
- 4.2.10. The GRAC met four times during the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee received regular reports on, internal control and governance matters in accordance with its agreed work programme.
- 4.2.11. The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The conclusions of the internal audit enable an opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control to be provided. In addition, Internal Audit can undertake fraud investigation and proactive

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fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. All significant weaknesses in the control environment identified by Internal Audit are reported to senior management and the GRAC.

- 4.2.12. The Annual Internal Audit Plan for 2022/23 was considered and approved by the GRAC at its meeting on 8 March 2022 ahead of the forthcoming financial year. It included a total of 174 days, encompassing 16 internal audit reviews including 2 which would cover a review of IT processes. The range of reviews planned would provide adequate coverage over the Governance, Risk Management and Control framework informing the annual audit opinion.
- 4.2.13. During the 2022/23 financial year it was agreed that 3 of the planned audits would be deferred to 2023/24 to accommodate management requests and respond to resourcing changes and challenges.. These were Risk Management; Accounts Payable; and Finance System Implementation. In total, 14 audits (14 in 2021/22) have been carried out throughout 2022/23. This consisted of 11 assurance audits, two position statements and one piece of advisory work on the Councils project management framework. These were completed and delivered over 158 days (150 days in 2021/22) of the original 174 agreed, and a reasonable audit opinion was given for the year overall. Of the 14 completed 9 resulted in a positive grading, two audits received a limited assurance opinion i.e. the Pier audit and the Key Financial Controls.
- 4.2.14. For the two audits with limited assurance the Head of Internal Audit raised the following recommendations which were still outstanding at the year end. These recommendations represent unresolved risks and have therefore been included within the Council's Annual Governance Statement.

Pier Pavilion

The Pier Pavilion audit resulted in a limited assurance grading overall with four urgent, three important and one needs attention recommendations raised. One urgent recommendation remains outstanding and relates to ensuring that the Deed of Variation is signed between the Council and the Pier Pavilion Management Service Contractor.

Key Controls and Assurance

This audit resulted in a limited assurance opinion overall. Urgent priority recommendations relate to Creditor control, debtor control, bank and Council Tax general ledger reconciliations not having been completed in the new financial system. Internal Audit also identified that five short-term financial investments that had not been independently authorised. Important recommendations relate to clarifications within the annual governance statement, the monitoring of aged debt action, purchase orders being raised and authorised by the same officer, no evidence of supplier bank detail change verification and inability to reconcile car parking income. The new finance system implementation and finance staff resource challenges have been identified as a root cause of the weaknesses identified.

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One urgent priority recommendation also remains outstanding from 2021/22, which needs to be reported here and that is for Counter Fraud and Corruption an annual action plan to carry out all required counter fraud work needs to be put in place and agreed by GRAC. This was presented to GRAC at its meeting in June in line with the agreed scheduled completion date.

- 4.2.15. The External Auditor's Annual Audit Letter for 2020/21 has been received (on Monday 4 September 2023) and now requires a management response in respect of the recommendations made. It is being presented to GRAC at its meeting on Tuesday 12 September 2023. as the audit of accounts has not yet been finalised.
- 4.2.16. The Council's Corporate Delivery Unit (CDU) has continued its good work and has taken on board the two recommendations that came out of the assurance review of the Project Management Framework was completed by Internal Audit in January 2022 to review the progress of the relatively newly formed CDU. The review provided a 'reasonable' assurance level with only the two recommendations, firstly to undertake a post-implementation review of the Project Management Guide and secondly for senior management to reinforce utilisation of the process by ensuring that projects considered by the Corporate Leadership Team (CLT) are compliant with the process to date. The project management framework has been reviewed during 2022/23 and streamlined and simplified so that it is less onerous for officer to complete. The profile of the project management process continues to be promoted across the organisation but there are still some areas that need to adopt it fully.
- 4.2.17. As part of the continuous process of improving the transparency, decision-making and governance, a Cabinet Working Panel for Projects meets every other month to consider all corporate projects designated as 'large'. All projects designated as 'medium' are discussed monthly at departmental management team meetings with relevant officers with any issues raised and escalated as required.
- 4.2.18. Internal Audit also carry out regular reviews of the status of implementation of Internal Audit recommendations. There are 10 historical recommendations overstanding at the year-end (26 in 2021/22).
- 4.2.19. It should also be noted that the internal audit contract consortium exceeded all of its key performance indicators for the year.
- 4.2.20. The GRAC and CLT monitor and also continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.
- 4.2.21. The Council continues to review its treasury management arrangements in line with best practice and in response to regular updates and advice from the Council's Treasury Management Advisors. During 2022/23 the existing contract with the Treasury Management Advisors came to an end, and through a tendering process the new contract was awarded to the Link Group (previously Arlingclose). It should be noted that there are only the two suppliers in the market that offer this service and both provide an excellent service. The Treasury

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Management Advisors provide training to both officers and Members on treasury management related issues during the year so that they have the knowledge to review reports and make informed decisions.

- 4.2.22. Key officers complete an annual Self-Assessment Assurance Statement which identifies if there has been any non-compliance in several areas including procedures, risk and control, financial management and procurement. Any significant areas of non-compliance will either be taken account of in Service Plans, or if corporate related, included in the AGS action plan.
- 4.3. The year-end review of the governance and the control environment arrangements by CLT included:
 - 4.3.1. Obtaining assurances from the Chief Executive and Assistant Directors that key elements of the control framework were in place during the year in their departments.
 - 4.3.2. The statement itself was considered and signed off by CLT and is supported by them as an accurate reflection of the governance arrangements in place for the year.
 - 4.3.3. Obtaining assurances from other senior management, including the Monitoring Officer, that internal control and corporate governance arrangements were operating effectively within their areas of responsibility throughout the year.
 - 4.3.4. Reviewing any high-level audit recommendations that remained outstanding at the year end and taking appropriate action if necessary.
 - 4.3.5. Reviewing external inspection reports received by the Council during the year, reviewing the opinion of the Head of Internal Audit in her annual report to management and reviewing an evaluation of management information in key areas to identify any indications that the control environment may not be sound.
 - 4.3.6. Reviewing the updated Local Code of Corporate Governance.
- 4.4. The GRAC received assurances from the Head of Internal Audit that standards of internal control, corporate governance arrangements and systems of risk management were all operating to an adequate standard, with a reasonable assurance being concluded.
- 4.5. The GRAC review the effectiveness of the governance framework as part of an annual review of the Local Code of Corporate Governance, and an improvement plan to address weaknesses and ensure continuous improvement of the system is in place.

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- 4.6. In terms of gaining assurance on risks associated with delivering services through third parties, there is one formal partnership that needs to be scrutinised. This is known as Coastal Partnership East between NNDC, Great Yarmouth Borough Council and East Suffolk which has now been in place for five years. This partnership approach is considered the best way for these Councils to address the challenges that are common to the whole coastline of Norfolk and Suffolk and is seen to be an appropriate way of capitalising on our strengths and building resilience for the future. By collaborating, rather than competing with one another for resources, the Council is far better able to:
- Retain and recruit staff;
 - Broaden the scope of works that can be undertaken;
 - Share experiences, lessons and new techniques;
 - Prepare joint schemes and projects (achieving economies of scale) and;
 - Explore new and innovative approaches to adaptation as well as coast protection.
- 4.7 The Coastal Partnership East was formed by bringing together the coastal management resources and expertise from North Norfolk District Council, Great Yarmouth Borough Council and East Councils. The Partnership works along the 220km of coastline across Norfolk and Suffolk.
- 4.8 A Section 113 Agreement made by the three authorities means that staff remain employed through their respective authorities and the management of each frontage remains with each Council, however, the shared resources of the Partnership are able to flex across local authority boundaries to enable all to benefit from a more resilient resource and skills base. The partnership is overseen by a Board comprising of relevant Member Portfolio holders/Committee Chairs that are supported by an Operational (senior) Officer Group, both of which meet on a quarterly basis.
- 4.9 The manager for Coastal Partnership East is included as part of the Council's annual Self Assurance process.

5. GOVERNANCE ISSUES

- 5.1. **Managers' Self-Assessment Assurance Statements** – these are produced on an annual basis by the Chief Executive, Directors and Assistant Directors (ADs) across the Council relating to their particular service areas. There are also further specific requirements for the Monitoring Officer and Section 151 Officer. The Statements cover key areas of responsibility as follows;
- Procedures
 - Effectiveness of key controls
 - Alignment of Services with Corporate Objectives, Service Planning, Performance Management and Customer Satisfaction
 - Human Resources
 - Finance

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- Risks and Control
- Health and Safety
- Procurement
- Insurance
- Information Technology
- Data Protection
- Freedom of Information
- Business Continuity
- Partnerships
- Equalities
- Driver safety

- 5.2. Following a review of the Statements supplied, the AGS is drafted in consultation with Management Team (MT) before being considered by the CLT. Once approved by CLT the statement is signed off by the Chief Executive and the Leader of the Council before being approved by GRAC.
- 5.3. **Self-Assessment Assurance Statements for 2022/23** - A yes/partial/no response is required, with evidence and action required recorded where appropriate. Each AD is also required to note any issues they feel represent a significant control risk or governance issue. For the two years, 2020/21 and 2021/22 the statements have included a section specifically in relation to the impact of COVID on processes and controls, and how these are now managed in the new environment. This has been left in for 2022/23 but the impact has largely disappeared. There are some comments e.g. the Revenues team have had final returns to complete and that the working from home arrangements adopted quickly for Covid have remained as it works well and is the accepted new way of working.
- 5.4. Following the review of the Statements and the draft Annual Governance Statement for 2022/23, there were no strongly emerging areas of concern. The responses have highlighted that there are no significant governance issues and governance arrangements are mainly consistent across the Council. For the few responses where managers felt they could only partially agree with the statement, managers have already identified actions that are being progressed to address these areas and the Head of Internal Audit will review progress during 2022/23, with updates sought from ADs through the Council's performance management system InPhase.
- 5.5. There have not been any alleged or proven frauds for note during the 2022/23 financial year.

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6. CERTIFICATION

- 6.1. To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified above. We propose over the coming year to take steps to address the above matters to enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Leader of the Council

Cllr Tim Adams

Date

Chief Executive

Mr Steve Blatch

Date