

Borough Council of  
**King's Lynn &  
West Norfolk**



# **Audit Committee**

## **Agenda**

**Monday, 26th July, 2021**  
at 4.30 pm

in the

**Assembly Room**  
**Town Hall**  
**Saturday Market Place**  
**King's Lynn**

Borough Council of  
**King's Lynn &  
West Norfolk**



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Friday 16<sup>th</sup> July 2021

Dear Member

**Audit Committee**

You are invited to attend a meeting of the above-mentioned Panel which will be held on **Monday, 26th July, 2021 at 4.30 pm** in the **Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ** to discuss the business shown below.

Yours sincerely

Chief Executive

**AGENDA**

1. **Apologies**

2. **Minutes** (Pages 5 - 12)

To approve the minutes from the previous meeting.

3. **Declarations of Interest**

Please indicate if there are any interests which should be declared. A declaration of an interest should indicate the nature of the interest (if not already declared on the Register of Interests) and the agenda item to which it relates. If a disclosable pecuniary interest is declared, the Member should withdraw from the room whilst the matter is discussed.

These declarations apply to all Members present, whether the Member is part of the meeting, attending to speak as a local Member on any item or simply observing the meeting from the public seating area.

**4. Urgent Business Under Standing Order 7**

To consider any business which, by reason of special circumstances, the Chairman proposed to accept as urgent under Section 100(b)(4)(b) of the Local Government Act 1972.

**5. Members Present Pursuant to Standing Order 34**

Members wishing to speak pursuant to Standing Order 34 should inform the Chair of their intention to do so and on what items they wish to be heard before a decision on that item is taken.

**6. Chair's Correspondence (if any)**

**7. Annual Governance Statement covering the previous financial year 2019/2020 (Pages 13 - 68)**

**8. Draft Statement of Accounts 2019/2020 (Pages 69 - 216)**

**9. Quarterly Budget Monitoring (Pages 217 - 229)**

**10. Meeting Arrangements - Cabinet Report (Pages 230 - 237)**

To consider the report and make any appropriate recommendations to Cabinet.

**11. Cabinet Forward Decisions List (Pages 238 - 240)**

**12. Committee Work Programme (Pages 241 - 246)**

To note the Committee's Work Programme.

**13. Date of Next Meeting**

To note that the date of the next meeting of the Audit Committee will take place on 6<sup>th</sup> September 2021.

**14. Exclusion of Press and Public**

To consider passing the following resolution:

"That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act".

**15. EXEMPT REPORT: Risk Based Verification - Changes to Policy (Pages 247 - 250)**

To:

**Audit Committee:** Mrs J Collingham, J Collop, P Gidney, J Lowe (Chair),  
C Manning, C Morley, J Rust, A Ryves and M Storey

**Portfolio Holders:**

Councillor Dickinson – Portfolio Holder for Finance

Councillor Dark – Leader of the Council

Councillor Sandell – Portfolio Holder for People and Communities

**Officers:**

Michelle Drewery – Assistant Director

Ged Greaves – Senior Policy and Performance Officer

Joanne Stanton – Revenues and Benefits Manager

Honor Howell – Assistant to the Chief Executive

**BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK****AUDIT COMMITTEE**

**Minutes from the Meeting of the Audit Committee held on Wednesday, 16th June, 2021 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ**

**PRESENT:** J Lowe (Chair)

Councillors J Collop, P Gidney, C Manning, C Morley, J Rust and A Ryves

**Portfolio Holders**

Councillor A Dickinson, Gaywood North Bank Ward

**Officers:**

Ged Greaves, Senior Policy and Performance Officer  
Joanne Stanton, Revenues and Benefits Manager

A1 **APPOINTMENT OF VICE CHAIR FOR THE FORTHCOMING YEAR**

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**RESOLVED:** Councillor C Morley be appointed Vice-Chair for the forthcoming year.

A2 **APOLOGIES**

Apologies for absence were received from Councillors Mrs J Collingham and M Storey.

A3 **MINUTES**

**RESOLVED:** The minutes of the Audit Committee held on 15 March 2021 were agreed as a correct record and signed by the Chair.

A4 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A5 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A6 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

A7 **CHAIR'S CORRESPONDENCE**

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The Chair commented that he wished to ensure a balanced and open discussion and asked Members to wait their turn to speak and not speak over the Chair.

A8 **CORPORATE RISK REGISTER - HALF YEARLY UPDATE**

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The Senior Policy and Performance Officer commented that he was aware that there were a number of new Members appointed to the Audit Committee and provide context and background information prior to presenting the report.

The Senior Policy and Performance Officer presented the report which set out the changes to the Corporate Risk Register since the last monitoring report to the 27 July 2020 committee meeting. It was explained that the report gave details of the risk falling into the 'Very High' category and the associated work being progressed to mitigate the effects.

The Senior Policy and Performance Officer outlined the key changes as detailed in section 2 of the report.

Members' attention was drawn to the following risks:

- 3.1 Flood Management and coastal erosion. It was explained that a key number of plans and policies had progressed over recent months and a high level review of both Shoreline Management Plans had been completed and were awaiting publication. The Wash Trends Report had been completed and was awaiting publication. Full Council July 2021 will consider the Local Plan Review which will include an important element of planning policy relating to coastal change.
- 5.3 Improvements to Heritage Buildings. It was explained that the Town Deal funding included scope for repurposing activities in the town centre.

The Committee was invited to comment/ask questions, a summary of which is set out below.

In response to questions from Councillor Rust on targets and risk scores, the Senior Policy and Performance Officer explained that the target risk was the judgement of Management Team and Assistant Directors and added that it was difficult to compare each individual risk to another risk on the Risk Register as there were different factors

In response to a comment from Councillor Rust regarding aiming for the best targets, the Senior Policy and Performance Officer explained that there were challenges around where the tolerance/risk appetite was set as an organisation. It was noted that some organisations were very risk adverse and therefore anticipated that scores were a lot lower. Other more risk minded organisations might have a greater tolerance/appetite and the level of risk could be higher. The level of risk of the Borough Council was set out in policy and was open to a certain level or risk, subject to the correct safeguarding and due diligence procedures in place.

Councillor Ryves commented that it appeared that there were certain items which were not on the list, as set out below:

#### Queen Elizabeth Hospital (QEH)

How did the current situation QEH affect the workings of the Council and had it been considered.

In response the Senior Policy and Performance Officer explained that there was an emerging risk that the Borough Council would be looking at namely, the NHS and Integrated Care Systems and how they may impact on the Borough Council and if identified as a risk would be added to the Risk Register.

#### Planning

How the changes to the planning environment would impact upon the council.

The Senior Policy and Performance Officer referred to his introduction in that there were a number of emerging risks the council was relating to new legislation. It was highlighted that in the Queen Speech that there was a Planning Bill which the authority would assess when further details were received.

#### Parkway

How does the council account for monies spent as it stands, given a fundamental change as council agreed.

The Senior Policy and Performance Officer many risks were dynamic and when risk register was published it was almost out of date. This report was the judgement at April, following Cabinet's decision on the Parkway development there will be a need to review particular entries on the Risk Register including the risks related to the major housing programme as Parkway formed part of that programme of work.

Councillor Morley asked if the document being produced just to meeting statutory obligations or a management tool for continuous

improvement or to ensure that high risk areas were given the full attention and leave lower risk areas to a lesser attention and could not understand the purpose/last column and did not make sense. Councillor Morley commented the whole document should be recast to demonstrate risk areas addressed in accordance with matrix.

The Senior Policy and Performance Officer added information and explained that Appendix 1 of the report included red risks which zoomed in on activities taking place to try and mitigate where we can those particular highly scored risk. It was used as a management tool not just a paper exercise to satisfy any particular statutory regulations or best practice from org such as CIPHA it was a live management tool and also tested by Internal Audit processes. The Risk Register itself was only one component of the council's overall approach to tackling risk. These risks were the most significant risks facing the council, there were also risks at project level and all key projects had individual risk registers. It was noted that there were also a series of risks at occupational level in relation to risk management processes about particular processes regarding the work officers undertook when using machinery or equipment. With regard to target risk, the Senior Policy and Performance Officer advised that he would need to through the issues raised by Councillor Morley on and one to one basis with the policy and strategy and explain how target risks were calculated and how they affected by borough council risk appetite and what scores meant.

Councillor Morley referred to 1.10 - Financial Plan, the council knew what the projections were for 3 to 4 years ahead and added that he thought that this would be set out in performance column to address it and added that this did not dovetail and would discuss in the one to one session with the Senior Policy and Performance Officer.

Councillor Bambridge referred to on the major projects programme, Accelerated Construction Sites or West Winch Strategic Growth Area and that she did not see anything with resources, unskilled workers in the media. and associated issues which had talked about in in the media. In response, the Senior and Policy and Performance Officer explained that he had previously alluded to some of those concerns in his introduction, but it was not something currently flagged with the housing development programme at the moment and that projects were all progressing according to their schedules. On the strategic sites, for example, West Winch, the development was planned over a long term, and the Borough Council's involvement was very much focussed on investigatory reports and feasibility work drawing upon consultants. The project risk register for West Winch does include rising prices.

Councillor Devereux commented that it was assist Members if the timescale of interest on particular risks was clarified, for example, risk 3.1 flood and coast erosion could include the ease of mitigation work and the technical ability and resource required. In conclusion,

Councillor Devereux commented that it would be useful if he could join the one to one session with Councillor Morley. In response, the Senior Policy and Performance Officer explained that he welcomed the opportunity for dialogue to inform the review of the council's policy and strategy around risk management.

Councillor Morley read out the statement of purpose of the Audit Committee set out in the Borough Council's Constitution. Councillor Morley added that the Senior Policy and Performance Manager and Management Team needed to formulate a way of providing and assisting the Audit Committee to provide independent assurance. Councillor Morley believed at the present time he could not sign off what was being presented and that he would think about it and discuss in the one to one session on how address risk register in a more holistic arrangements, including immediate and long term risks and come up hopefully with an improved register if required. The Chair commented that a training session on the corporate risk register could be scheduled for the Audit Committee if all Members wished to participate.

Councillor Ryves commented that it would be useful if it could be distinguished between risks where the council could do something and those where the council could not realistically, which was not clear from the report.

Following questions from the Chair regarding the Financial Plan and the investment in major capital projects providing a future income stream, the Assistant Director – Resources explained that with regard to the Financial Plan, Members had seen the revised estimates presented to Cabinet and Council in September 2020, which set out the medium term financial plan and estimated a budget gap of around £3.4m in 2024/25. At that the time, the view was taken as a result of the impact of Covid. Since then continuous monitoring had been undertaken and in the February 2021 Monitoring Report the position was that there was a reduction on the drawn down of the General Fund to support budget 2021, taking revised estimates gap to just under 0.9m, so already the forecast was more positive. However, it was noted that it would still be necessary to take into account the lockdown period/restrictions and the extension of a further month and what this indicated for 21/22. It was explained that there was still work to be done including the cost reduction target savings plan and workshops would be scheduled to address the budget gap which would also take into account the detailed review of capital programme and affordability which would all need fit in with the Corporate Business Plan and with change in leadership and Cabinet it would be necessary to have a dialogue to understand how this was to progress.

The Chair thanked the Senior Policy and Performance Officer for presenting the report.

The Committee voted on the recommendation set out in the report.

**RESOLVED:** Members considered the contents of the Corporate Risk Register and confirmed agreement with Management Team's assessment of the risks to the corporate business plan/Covid-19 recovery strategy.

A9 **INTERNAL AUDIT FULL YEAR PROGRESS REPORT COVERING THE PREVIOUS FINANCIAL YEAR**

[Click here to view a recording of this item on You Tube](#)

The Internal Audit Manager presented the report which provided Members with an update on progress against the revised Internal Audit Strategic Plan 2020-21 that was endorsed by the Audit Committee at the meeting on 27 July 2020. It was highlighted that the report also provided an update on the fraud work for the year.

The Committee's attention was drawn to the key issues/sections set out in the report:

- 2.7 – completed audits during 2020-21.
- 2.8 – current audits ongoing.
- 2.10 – audits transferred to 2020/21.
- 2.11 – CIPFA guidance and additional work to undertake work for the annual audit opinion.
- 3 - Fraud protection and Investigations work April 2020 and March 2021

In response to questions from Councillor Morley on 100% owned subsidiary companies, Housing and Alive and the linkages to the Financial Plan, the Audit Manager explained that the audits would be picked in 2021/22 Audit Plan. It was noted that throughout last year no specific work in those two areas was undertaken due to the Pandemic and that predominantly the Alive facilities were closed for most of year, so operational audits would have been a challenge to undertake during that period

Following further questions from Councillor Morley on the Eastern Internal Audit Service and the handover arrangements, the Assistant Director – Resources provided an update and advised that the council was currently completing the final elements of the Agreement. The officer from the Eastern Internal Audit Service, together with the Internal Audit team would be introduced to the Committee prior to the next meeting.

The Chair thanked the Internal Audit Manager for presenting the half-yearly progress report.

**RESOLVED:** The Committee reviewed the progress against the audit plan and noted the update of the fraud work.

A10

**INTERNAL AUDIT ANNUAL REPORT AND OPINION COVERING THE PREVIOUS FINANCIAL YEAR**

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The Internal Audit Manager presented the report which provided the Committee with an overview of the work undertaken by Internal Audit during 2020-21 and provided the Audit Manager's annual opinion on the system of internal control.

The Committee's attention was drawn to the following sections of the report:

- 2.5 - Annual Audit Opinion.
- 3 - Effectiveness of Internal Audit Team.
- 4 – Basis of Assurance.
- 5 – Anti-Fraud and Anti-Corruption Procedures.

The Committee was reminded that the report was available to view on the Audit Committee area on InSite.

In response to questions from Councillor Rust on adequate assurance, the Internal Audit Manager explained that adequate was an Auditor's favourite word, adequate was good enough and the council was where it needed to be . The Internal Audit Manager advised that she had never issued a substantial assurance . It was highlighted that the council would aim to be adequate.

The Chair thanked the Internal Audit Manager for presenting the annual report and opinion.

**RESOLVED:** The Committee received the annual audit opinion and noted the work of Internal Audit for 2020-2021.

A11

**UPDATE ON AUDIT PROGRESS AND TIMETABLE**

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The Assistant Director, Resources presented the report which updated Members on various audit workstreams, timetable and progress which impacted on timescales for the Audit Committee workplan.

The Assistant Director, Resources responded to questions and comments in relation to:

- Amended Regulations - Publication of draft Statement of Accounts 2020/2021 by 1st working day in August 2021.
- Adequate resources in the Finance Team to undertake required work within the timescales set out in the report.
- Reduction of 313 hours in negotiation with Ernst Young.
- The Corporate Risk Register would be updated to reflect any changes in risk due to staff levels.

The Chair thanked the Assistant Director for presenting the report.

**RESOLVED:** The Audit Committee noted the contents of the report.

A12 **COMMITTEE WORK PROGRAMME AND FORWARD DECISION LIST**

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**RESOLVED:** The Committee noted work programme and forward decision list.

A13 **DATE OF NEXT MEETING**

The next meeting of the Audit Committee will take place on 26 July 2021 at 4.30 pm in the Assembly Room at the Town Hall.

A14 **EXCLUSION OF PRESS AND PUBLIC**

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**RESOLVED:** That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act.

A15 **EXEMPT REPORT: HOUSING BENEFIT SUBSIDY CLAIM - ANNUAL CERTIFICATION REPORT FOR 2019/2020**

The Revenues and Benefit Manager presented the report and responded to comments and questions from the Committee.

**RESOLVED:** The Committee noted the content of the Ernst and Young report.

**The meeting closed at 6.01 pm**

**POLICY REVIEW AND DEVELOPMENT PANEL REPORT**

REPORT TO:	Audit Committee		
DATE:	26 July 2021		
TITLE:	Draft Annual Governance Statement 2020 – covering the 2019/20 financial year		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Leader/Finance		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

**REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
<p>The Terms of Reference of the Audit Committee<sup>1</sup> state:</p> <p><i>“The main areas of responsibility for the Audit Committee will be to:</i></p> <p><i>a. Monitor the Council’s responsibilities under the Accounts and Audit Regulations 2015, and approve the Statement of Accounts.</i></p> <p><i>b. Review the Council’s assurance statements, including the Annual Governance Statement (AGS), to check that it properly reflects the risk environment and any actions required to improve it.”</i></p> <p>This report brings the council’s draft Annual Governance Statement (AGS) 2020 to the committee for review, challenge and an opportunity to input prior to the document being finalised and considered at a future committee meeting alongside the financial accounts.</p> <p>The preparation and publication of the AGS is a statutory requirement<sup>2</sup>. The document is a public statement that describes and evaluates the council’s overall governance arrangements, in particular how it has complied with its Code of Corporate Governance during a particular financial year. The draft AGS has previously been considered at the Committee’s meeting on 17 December 2020 and an updated version is attached at Appendix A.</p>
<b>KEY ISSUES:</b>
<ol style="list-style-type: none"> <li>1. CIPFA<sup>3</sup> issue guidance and a template to aid authorities in their work on their AGS; this is used as a framework, but the document is written with fresh content each year.</li> <li>2. Appendix C of the draft AGS is the draft Action Plan devised for the 2020/21 year.</li> <li>3. Input has been collated from executive directors, assistant directors, service managers and Internal Audit.</li> <li>4. External Audit will review the final version prior to the final version coming to the Audit Committee.</li> </ol>
<b>OPTIONS CONSIDERED:</b>
Options do not apply; the council must prepare, approve and publish a statement.
<b>RECOMMENDATIONS:</b>

<sup>1</sup> As agreed by Full Council in June 2016

<sup>2</sup> Accounts and Audit Regulations 2015, regulation 6(1)

<sup>3</sup> Chartered Institute of Public Finance and Accountancy

The committee is invited to:

1. Review the draft Annual Governance Statement 2020 (as attached) and determine whether the work undertaken to review the governance arrangements in place during the 2019/20 year is appropriate and whether there are any gaps
2. Determine any additional actions the committee would like to be taken to inform the final version of the document which will be brought to a future meeting of the committee.

**REASONS FOR RECOMMENDATIONS:**

In order to ensure that the Audit Committee can review, challenge and provide input prior to the AGS being finalised and brought to the committee for approval.

**REPORT DETAIL**

**1. Introduction**

1.1 The council's Code of Corporate Governance sets out seven core principles of good governance. These focus on the systems and processes for the direction and control of the council and its activities through which it accounts to, engages with and leads the community. These core principles are:

Principle 1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Principle 2 Ensuring openness and comprehensive stakeholder engagement.

Principle 3 Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Principle 4 Determining the interventions necessary to optimise the achievement of the intended outcomes.

Principle 5 Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Principle 6 Managing risks and performance through robust internal control and strong public financial management.

Principle 7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

1.2 The extent to which the council adheres to these principles is described in the Annual Governance Statement (AGS).

1.3 The preparation and publication of the AGS is a statutory requirement. The AGS is a public statement that describes and evaluates the council's overall governance arrangements during a particular financial year. It includes a self-assessment of the effectiveness of the governance arrangements, across all areas of activity, together with a statement of the actions being taken or required to address any areas of concern.

## **2. The draft Annual Governance Statement 2020**

- 2.1 The draft AGS has been produced in accordance with relevant guidance and notable practice and a comprehensive review has taken place to ensure that the suggested areas are included in the council's AGS for 2019/20.
- 2.2 As the document is being brought to the Audit Committee in a draft form, a minor amount of information remains to be clarified and is highlighted in yellow. As in previous year's this will be completed during the preparation of the final version.
- 2.3 Sections 1 and 2 are broadly the same as previous editions of the AGS, these are 'introductory sections'.
- 2.4 Section 3 sets out the seven key principles of our Code of Corporate Governance.
- 2.5 Sections 4 through to 10 are the main body of the document and use the seven key principles as headings with detailed content to reflect practices during the year under review.
- 2.6 Section 11 describes how the council has discharged its responsibility to review the effectiveness of its governance framework including the system of internal control.
- 2.7 Section 12 draws attention to the 'Areas of special interest in terms of governance' that the council has in place. These are significant changes such as changes to the council owned companies e.g. Alive West Norfolk or new aspects of the governance framework e.g. the Town Deal Board.
- 2.8 Section 13 covers 'Known Changes in the 2020/21 year'.
- 2.9 Section 14 covers the council's response to Covid 19 which occurred in the final few months of the financial year 2019/20 but had a significant impact upon its operations.
- 2.10 Section 15 refers to the Action Plans devised for the 2019/20 year (see Appendix B of the draft AGS) and for the year 2020/21 (see Appendix C of the draft AGS).
- 2.11 The development of the draft AGS, and the consultation process, has engaged service managers, assistant directors and executive directors. In particular, input has been obtained at this stage from the Monitoring Officer, Internal Audit Manager and the S151 Officer. Some content remains to be clarified and has been delayed due to the council's Covid 19 response and redeployment.

## **3. Issues for the committee to consider**

- 3.1 The following areas have been identified as aspects the committee may wish to consider:
  - i. Does the AGS cover all areas of our operations?
  - ii. Is it meaningful, easy to read and underpinned by robust evidence?
  - iii. Does it accurately reflect our control structure and a sense of its risks, vulnerabilities and resilience to challenges?

- iv. Has compliance with the Code of Corporate Governance been assessed and have any departures from it been disclosed and explained?

#### **4.0 Corporate Priorities**

Not applicable, the AGS is a statutory requirement.

#### **5.0 Policy Implications**

None.

#### **6.0 Financial Implications**

None.

#### **7.0 Personnel Implications**

None.

#### **8.0 Statutory Considerations**

- 8.1 The adoption of the Annual Governance Statement will be required to comply with the Accounts and Audit Regulations.

#### **9.0 Equality Opportunity Considerations**

None.

#### **10.0 Risk Management Implications**

- 10.1 The Annual Governance Statement forms part of the council's overall control framework and will provide reasonable assurance once adopted that the council is complying with the adopted Code of Corporate Governance.

- 10.2 The Audit Committee is inputting at a draft stage to help maintain an effective approach to producing the AGS. If this approach is not taken, it may lead to the council being:

- unable to meet its statutory duty
- unable to demonstrate it has effective corporate governance arrangements in place
- open to criticism from external audit.

#### **11.0 Recommendations**

The committee is invited to:

1. Review the draft Annual Governance Statement 2020 (as attached) and determine whether the work undertaken to review the governance arrangements in place during the 2019/20 year is appropriate and whether there are any gaps
2. Determine any additional actions the Committee would like to be taken to inform the final version of the document which will be brought to a future meeting of the Committee.

## **12.0 Declarations of Interest / Dispensations Granted**

None

### **Background Papers**

CIPFA/SOLACE Framework including Guidance Notes and Addendum

Cabinet / Panel agendas

Code of Corporate Governance

Various policies, strategies, procedures, media releases

Council Constitution

Borough Council of  
**King's Lynn &  
West Norfolk**



**DRAFT**

# Annual Governance Statement

For the 2019/20 financial year

## **1. Scope of responsibility**

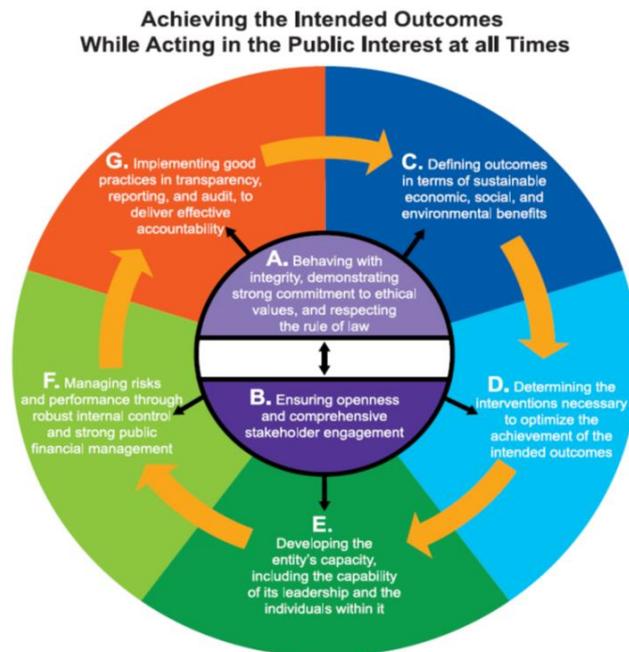
- 1.1 The [Borough Council of King's Lynn and West Norfolk](#) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The council also has a statutory 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 the above.
- 1.2 The council has a [Code of Corporate Governance](#) in place which sets out how the council intend to apply the principles of corporate governance, in accordance with '[Delivering Good Governance' within the Local Government CIPFA/ SOLACE Framework](#). The code is on our [website](#) at [www.west-norfolk.gov.uk](http://www.west-norfolk.gov.uk). The code was reviewed by Audit Committee during 2018/19.
- 1.3 This [Annual Governance Statement](#) explains how the council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1) which requires all relevant bodies to conduct a review of the effectiveness of the system of internal control and prepare a statement.

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

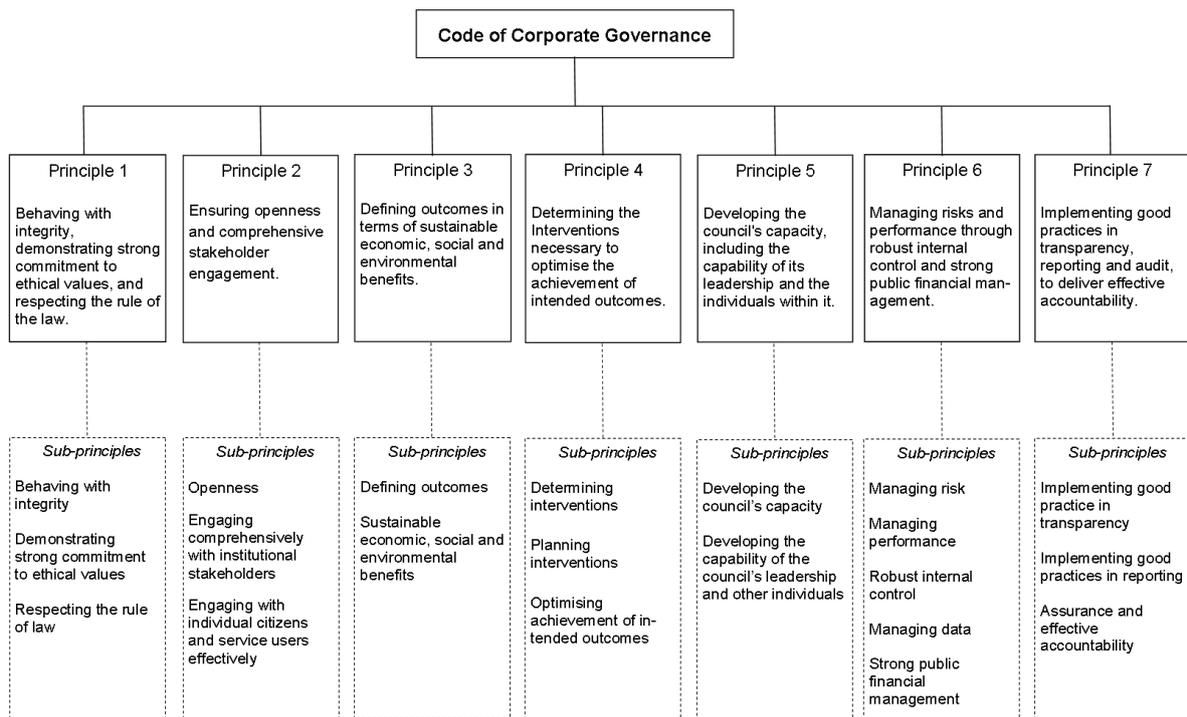
- 2.1 The governance framework comprises the systems, policies, procedures and operations by which the authority is directed and controlled, and its activities through which it accounts to, engages with and, where appropriate, leads its communities. It enables the authority to monitor the achievement of its strategic objectives and outcomes and to consider whether those objectives have led to delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:
  - identify and prioritise the principal risks to the achievement of the council's policies, agreed priorities and objectives
  - evaluate the likelihood and potential impact of those risks being realised
  - manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the council for the year ended 31 March 2020 and remains in place to date.

## **3. Key principles of our governance framework**

- 3.1 The council's governance framework is made up of the many systems, policies, procedures and operations we have in place to help realise the following principles and sub-principles summarised in the following diagrams:



Borough Council of King's Lynn and West Norfolk Code of Corporate Governance framework



3.2 The table at Appendix A lists the types of evidence that will demonstrate how the principles of corporate governance have been upheld during the 2019/20 year.

3.3 Sections 4 to 10 summarise how we have sought to comply with the seven principles.

## **4 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law (Principle 1).**

### **4.1 *Behaving with integrity.***

- 4.1.1 The council has adopted a [constitution](#) which sets out how the council operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable. 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. The council reviews the Constitution to incorporate any necessary changes. The constitution was amended in January 2019 following minor amendments to the scheme of delegation to take account of an additional area of responsibility, and to provide the [Chief Executive](#) with a formal Deputy Returning Officer and Electoral Registration Officer.
- 4.1.2 Roles and responsibilities of members and officers are set out clearly in the constitution. The council has adopted a number of codes and protocols that govern both member and officer activities. These are:
- [Members Code of Conduct and guidance](#)
  - Officers Code of conduct
  - [Member / officer protocol](#)
  - [Members' declarations of interest](#)
  - Register of gifts and hospitality
  - [Contract Standing Orders](#)
  - [Code of Corporate Governance](#)
- 4.1.3 Additionally, the council appoints a number of committees and panels to discharge the council's regulatory and scrutiny responsibilities. These leadership roles, and the delegated responsibilities of officers, are set out in the Constitution.
- 4.1.4 The council's Scheme of Delegation designates the Chief Executive as the council's Head of Paid Service. The Scheme of Delegation sets out the remit of elected member Portfolio Holders and the extent of delegations made to committees and officers under the principle that decisions should be made at the lowest or most local level consistent with the nature of the issues involved. The council also has [Financial Regulations](#), Contract Standing Orders relating to contracts in place and all of these procedural documents are regularly reviewed.
- 4.1.5 It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting the Chief Executive and Assistant Director - Resources (S151 officer), she will report to the full council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
- 4.1.6 The Monitoring Officer is provided through the council's arrangements with [Eastlaw](#) for the provision of legal services and provides advice on legal compliance. All decisions made by [Cabinet](#) and [Council](#) are on the basis of reports, including assessments of the legal and financial implications, and consideration of the risks involved and how these will be managed. The financial and legal assessments are considered by the S151 Officer and the Monitoring Officer respectively.

- 4.1.7 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. The council reviews the Constitution to incorporate any necessary changes.
- 4.1.8 The Code of Corporate Governance was reviewed in 2018/19 and, in March 2019, the Audit Committee recommended it for approval by Cabinet. This updated version reflects the Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016).
- 4.1.9 The [Members' Code of Conduct](#) sets out requirements for all councillors and co-opted members. Every member and co-opted member of the Borough Council of King's Lynn and West Norfolk must sign an undertaking to observe the Code.
- 4.1.10 Further measures include:
- Principles and values are covered in the induction programmes for elected members and officers and outline the standard of behaviour expected.
  - Each member of staff has an annual appraisal which considers performance and objectives, areas of development and competencies.
  - Values are reinforced via content within the regular staff briefing Internal Affairs and Members Bulletin. These are supplemented with media releases on matters such as long service awards.
  - Contract Standing Orders identify roles and responsibilities for officers and promote the highest standards of integrity, fairness, openness and transparency.
  - The members and officers code of conduct refers to a requirement to declare interests. Declarations of interest are made at each committee meeting and recorded in minutes.
  - The committee meetings are conducted in an appropriate manner with training provided for committee chairmen and vice-chairmen and other members where relevant.
- 4.1.11 The council's [Standards Committee](#) did not meet during 2019/20.
- 4.1.12 Several registers are in place covering interests and gifts/hospitality.
- 4.1.13 A [whistleblowing policy](#) is in place and provides protection for individuals raising concerns. This policy has also been provided to the public, staff, partners and contractors.
- 4.1.14 A [complaints policy](#) is in place and 23 complaints regarding behaviour/conduct were recorded in 2019/20 compared with 52 complaints in 2017/18 and 46 complaints in 2018/19.
- 4.1.15 The council has in place key documents which communicate the standards of behaviour required of members and all council staff (officers). All relevant policies are published on the council's intranet or on the personnel system CIPHR and where required published on the council's website. These include the:
- Anti-Fraud and Anti-Corruption Strategy
  - [Data Protection Policy](#)
  - [Data Quality Policy & Strategy](#)
  - Disciplinary / Grievance procedures
  - ICT Security Policy
  - ICT Service Desk Policy
  - Information Risk Policy
  - Members Code of Conduct
  - Members Code of Good Practice for

- Employee Handbook (includes employee code of conduct)
- Fraud Response Plan
- Health, Safety & Welfare General Policy
- ICT Asset Disposal Policy
- ICT Asset Management Policy
- ICT Computer Usage Policy
- ICT Corporate Email Policy
- ICT Corporate Internet Policy
- Planning
- [Procurement Strategy](#)
- Protocol for Member/Officer Relations
- [Record Retention and Disposal Policy](#)
- Register of Disclosable Pecuniary Interests
- [Risk Management Policy](#)
- [Safeguarding Policy](#)
- Whistleblowing Policy

4.1.16 ICT related policies are reviewed annually but require updating after the PC rollout, once everyone is on the same platform of Windows 10 / Office 365 (mid 2021). Keeping information securely is vital for public confidence and the efficient conduct of business.

4.1.17 The [Baseline Personnel Security Standard](#) (BPSS) continues as standard practice within the Council's recruitment and appointment processes, to ensure that employees who access information held on the [Public Services Network](#) (PSN) meet a minimum baseline standard of security checks. It is a pre-appointment check which aims to ensure the council employs people who are entitled to work in the UK and who have the honesty, integrity and values needed.

4.1.18 The [Performance Management Framework](#) also describes how staff performance, including conduct, is managed. All employees have detailed job descriptions and person specifications.

4.1.19 The council also has a Harassment Procedure in place for staff, which demonstrates the belief that all employees have a right to be treated with dignity and respect, and that the council will take steps to ensure this right is protected. All policies are available to all staff and councillors via the council's intranet InSite.

4.1.20 Following the approval of a revised [Equalities Policy](#) a training programme was in development during 2019 but delayed by Covid 19.

4.1.21 In June 2019, a [non proportional task group of six members was established to review and examine alternative governance models](#) to the current "Strong Leader and Cabinet" model. External support was commissioned via East of England LGA to support the review. This review was delayed due to the Covid 19 response and anticipated Government white paper on devolution.

## **4.2 Demonstrating strong commitment to ethical values.**

4.2.1 An Internal Audit review of "Ethical culture" in 2018/19 received a full assurance rating demonstrating the council's strong commitment to ethical values.

4.2.2 The council has a Code of Conduct for elected and co-opted members, a Code of Conduct for employees and a local [Code of Corporate Governance](#) that provides guidance for officers and members on expected standards of behaviours to ensure integrity.

- 4.2.3 Members receive training on standards arrangements, declarations of interests and the Code of Conduct as part of the authority's discharge of its statutory duty to promote and maintain high standards of conduct by its members.
- 4.2.4 The Code of Conduct focuses upon the Nolan principles of conduct in public life of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. It sets an objective, non-political and high standard whose purpose is to remind members of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct is measured.
- 4.2.5 The Monitoring Officer works closely with the Standards Committee and Independent Person on any complaints regarding the potential breach of the Code of Conduct by members. Complaints are handled in accordance with the authority's arrangements for dealing with standards allegations under the [Localism Act 2011](#) and the outcome of such investigations are published on the council's website.
- 4.2.6 There were no identified cases of corruption or misuse of power in 2019/20.
- 4.2.7 There are a range of personnel policies which foster a commitment to strong, ethical behaviour. For example, the annual appraisal process provides a means of considering values and ethical behaviour. A key aim of the process is to provide employees with a clear understanding of what is expected of them in their job and how this links to corporate and service objectives. The process drives learning and development activities across the organisation.
- 4.2.8 Other related policies include the Disciplinary and Dismissal Procedure, Anti-Fraud and Anti-Corruption Strategy.
- 4.2.9 The terms of reference for the West Norfolk Partnership set out that the borough council provides policy and coordination support to West Norfolk Partnership via the partnership's strategy and governance groups. Robust governance is ensured as the council's input is subject to its internal controls and financial regulations and therefore the processes through which decisions are taken and implemented are in accordance with good practice.
- 4.2.10 The council has a number of service level agreements with external organisations to deliver services that help to improve the quality of life and provide support for communities. The recipient of the grant must comply with the council's Equality Policy, Health and Safety Policy and Safeguarding Policy. With regards to safeguarding, the council will apply its safeguarding risk assessment in circumstances where it is considering providing funding or a grant to an organisation whose work involves children, young people or adults at risk of harm.
- 4.2.11 Officers involved in the procurement process must attend the "Introduction to Effective Procurement" training. Other mandatory courses relate to particular roles in the procurement process including "Specification Writing and Selection of the Successful Contractor" and "Effective Contract Management".

### **4.3 *Respecting the rule of law.***

- 4.3.1 The council's constitution provides a comprehensive framework for the management of the authority's business and ensures compliance with relevant laws, regulations, internal policies, codes of practice and procedures. The council is the statutory body for many laws and the range of policies and codes of practice we have in place help

to ensure compliance. Policy review and development panels assist cabinet and council to ensure that compliance is considered where appropriate; report templates for those panels and for cabinet ensure all elements are given consideration at the time the report is presented. The statutory officers – Head of Paid Service, Monitoring Officer and Section 151 officer – are in post to monitor and ensure adherence.

- 4.3.2 Following the phased retirement of the previous postholder, [a new chief executive commenced on 1 September 2019](#). Lorraine Gore was previously the council's Deputy Chief Executive and Executive Director of Finance.
- 4.3.3 A [management restructuring and succession planning programme](#) was approved by Cabinet in June 2019 that would ultimately lead to a reduction in executive director posts from 4 to 2 and introduction of 8 Assistant Directors and 1 Assistant to the Chief Executive senior management posts to be recruited from the existing assistant directors and service managers or filled externally.
- 4.2.4 [The council appointed a new Section 151 officer](#) who commenced on 2 March 2020. The external appointment is also the Assistant Director Resources and has responsibility for financial services, ICT, internal audit and revenues and benefits.
- 4.3.5 All initiatives undertaken, including those with financial elements, are either progressed due to being a statutory requirement or because it will contribute to a key aim of the council. All initiatives are reviewed by regular meetings of the [Management Team](#) and senior managers in order to ensure compliance and that spend is legal.
- 4.3.6 Statutory guidance is followed and tested through the [work programme](#) of [Internal Audit](#). The work programme is agreed by Management Team and reported to [Audit Committee](#).
- 4.3.7 Widespread training for staff continued in 2019/20 to inform and support the council's response to the [General Data Protection Regulation 2016](#) (GDPR).
- 4.3.8 Eastlaw and the Deputy Senior Information Risk Officer have worked with service managers to review the implications for their areas of responsibility to inform planning for any changes that may be required, helped identify data and records management issues and with completion of statutory registers including the Article 30 records of processing activities. An officer Information Governance Group was established in 2018/19 and continued in 2019/20 to support this corporate work.
- 4.3.9 The [Record Retention and Disposal Policy](#) was reviewed in 2018/19 and approved by cabinet in March 2019 to ensure conformity with the GDPR, working practices and new UK legislation. An Information Risk Framework has also been embedded.
- 4.3.10 Job descriptions and person specifications refer to specific requirements to discharge duties regarding specific legislation.
- 4.3.11 The council is also compliant with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2015).
- 4.3.12 The terms of reference for committees include relevant legislation and the support provided to committees helps to create the conditions whereby the council is able to fulfil its responsibilities in accordance with legislative and regulatory requirements.

- 4.3.13 Committee reports provide a record of advice provided by officers and are supplemented by specialist external reports where required.
- 4.3.14 Policies and procedures relating to anti-fraud and corruption are in place to ensure that these issues are identified and dealt with. Internal Audit include this within their assurance work and there have been no identified cases in 2019/20.
- 4.3.15 The following policies, strategies and governance documents were approved in 2019/20:

Document	Approval	Date
<a href="#">Contract Standing Orders</a>	Cabinet	7 January 2020
<a href="#">Corporate Business Plan</a>	Cabinet	7 January 2020
<a href="#">Homelessness Strategy</a>	Cabinet	7 January 2020
<a href="#">Council Tax Support Scheme</a>	Cabinet	7 January 2020
<a href="#">Corporate Complaints Policy</a>	Cabinet	12 November 2019
<a href="#">Unreasonable Complaints Policy</a>	Cabinet	12 November 2019
<a href="#">Mid-Year Treasury Management Review</a>	Cabinet	12 November 2019
<a href="#">Norfolk Strategic Planning Framework</a>	Cabinet	24 September 2019
<a href="#">Code of Corporate Governance</a>	Cabinet	6 August 2019
<a href="#">Strategic Partnership Agreement – Cambridgeshire and Peterborough Combined Authority</a>	Cabinet	6 August 2019
<a href="#">King's Lynn Area Consultative Committee</a>	Cabinet	18 June 2019
<a href="#">Scheme of Delegation</a>	Cabinet	18 June 2019

- 4.3.16 The council remained 'Payment Card Industry (PCI) Compliant' in 2019/20; this is an increasingly important regulation in light of the council's move towards more digital services and the public's reduced use of cheques. Compliance is judged in two ways: via an on-site audit; and through quarterly scans on behalf of the banks to try to find any vulnerability.

- 4.3.17 Other arrangements are in place to ensure compliance with relevant policies and to ensure that expenditure is legal. One example is the ICT Development Group; a group which for the 2019/20 year consisted of the portfolio holder, a second cabinet member, the Executive Director and the ICT Manager. The group manages the ICT capital budgets, reviews all new proposed ICT developments and keeps up to date with pertinent legislation. Officers write a report to the group outlining their business case and decisions are taken on spend to ensure that it complies with the council's priorities. The group monitors project delivery and items are recorded via agendas and minutes.
- 4.3.18 There were 6 data breaches in 2019/20 (4 in 2018/19); all minor and therefore not reported to the [Information Commissioner's Office](#) (ICO). These were dealt with in accordance with the council's Data Protection Policy. The Information Commissioner has taken no action against the council.
- 4.3.19 Each service manager is required to submit an annual data quality sign off sheet.
- 4.3.20 An annual programme of internal audit is agreed with Management Team and approved by Audit Committee.

## **5. Ensuring openness and comprehensive stakeholder engagement (Principle 2).**

### **5.1 Openness.**

- 5.1.1 The council has an open culture demonstrated by its work on transparency, the leadership style of officers and members, the use of regular team briefings and supervision meetings, staff and member bulletins, an annual briefing on the budget and publication of information on the intranet and website.
- 5.1.2 Meetings are open to the public except where personal or confidential matters are being discussed. In addition, senior officers of the council can make decisions under delegated authority – the extent of these delegations is set out in the Constitution.
- 5.1.3 Key decisions are generally taken in an open environment and supported by concise officer reports supported by additional documents such as business cases, equality impact and risk assessments, prior scrutiny by policy review and development panels. A number of officer project boards have embraced programme and project management principles to structure decision making and project review. Examples include the Officer Major Projects Board and Leisure Project Board.
- 5.1.4 The Annual Governance Statement and Statement of Financial Accounts provide a form of annual report and these are considered in an open meeting of the [Audit Committee](#).
- 5.1.5 A wide range of information is available via the council's website. This includes a [Freedom of Information Act publication scheme](#). A wide variety of datasets are published within a "[transparency](#)" section and include data such as salaries, spending, grants, parking, assets and management information.

- 5.1.6 The “[MyAccount](#)” and “[MyRevenues](#)” online accounts enable customers to access their information and service requests via the council’s website.
- 5.1.7 [Committee meetings](#) are timetabled a year ahead and have published agendas, minutes and reports which are available prior to the date of the meeting. These reports document the professional advice provided in reaching decisions.
- 5.1.8 Decision making protocols are set out in the Constitution.
- 5.1.9 A report pro-forma is used for reports to committees and to the internal Management Team.
- 5.1.10 Regular discussions between members and officers clarify the information needs of members to support decision making. The list of key decisions and committee work programmes provide further information on timescales.
- 5.1.11 The flow of information for committees is supported by a calendar of dates for submitting, publishing and distributing timely reports.

**5.2 Engaging comprehensively with institutional stakeholders.**

- 5.2.1 The council works in partnership with a wide range of organisations to deliver its aims, policies and objectives. These include council owned companies, commercial partners, contractors, grant funded community groups, statutory consultees, regulators, commercial services, other public services, commercial tenants and so on.
- 5.2.2 The council has an active communications programme engaging with local media, residents and other stakeholders over a range of traditional and digital channels.
- 5.2.3 Work to develop a new internal communication strategy is ongoing. An internal review in 2018/19 recommended a number of enhancements to the council’s communications activities and are leading to changes in staffing and roles.
- 5.2.4 A [Statement of Community Involvement](#) outlines how the council will involve the community on planning decisions. A stakeholder management plan is being developed for a strategic housing growth area in West Winch/North Runcton. A large number of organisations are involved in this strategic site via a new housing access road and the infrastructure development plan.
- 5.2.5 Engagement approaches are bespoke to their purpose rather than rigidly adhering to a standardised approach. A number of consultation activities engaged a wide variety of stakeholders in 2019/20 including:

Consultation	Date	Purpose
<a href="#">Vision King’s Lynn</a>	29 November 2019 to 9 December 2019	To gain people’s suggestions to inform the Heritage Action Zone funding submission. The consultation complemented the Vision King’s Lynn town centre use and satisfaction consultation. which preceded it.

<a href="#">King's Lynn town centre satisfaction survey</a>	November 2019	To gain people's views on satisfaction and usage of the town centre.
<a href="#">Hunstanton developments</a>	November 2019	To gain the public's view on a number of projects within Hunstanton.

- 5.2.6 The West Norfolk Wins Lottery has been running for a little over 2 years with 62 local good causes and over 500 players participating every week. So far, since the first draw, £59,008 has been raised for good causes, and £25,176 for the Borough Council to utilise through its Financial Assistance Scheme, which is wholly used for local groups and organisations.
- 5.2.7 The Borough Council is a member of the Lotteries Council, the Gambling Commission and Gamble Aware. Gamble Aware funds research, prevention and treatment services to help reduce gambling harm. Gatherwell are the administrator for West Norfolk Wins. Gatherwell has extensive experience in administering council lotteries, with over 80 councils as clients.
- 5.2.8 The Borough Council's Environment and Community Panel receives an annual update on the progress of the lottery, highlighting Council responsibilities as well as key data surrounding West Norfolk Wins.
- 5.2.9 The West Norfolk Partnership has continued to promote the borough via its "[Love West Norfolk](#)" campaign. This has engaged a wide range of local organisations across different sectors within the borough and a number of local key influencers.
- 5.2.10 [Norfolk Resilience Forum](#) (a group of public services, emergency services, utility companies, armed forces and key voluntary groups) has undertaken preparatory work for a no deal Brexit scenario and the Council has been an active contributor to the core group and sub-groups concerning fuel and food related issues.
- 5.2.11 The council participates in a range of joint working arrangements with other bodies. Some arrangements are formal, and are a way to deliver the council's duties and obligations or generate income, such as the shared audit management with Fenland District Council, strategic housing services with Breckland District Council, parking control in Great Yarmouth and the management of disabled facilities grants in Breckland and Fenland. These arrangements are subject to formal governance arrangements and include processes for reviewing the delivery of benefits, and, where performance is unsatisfactory, arrangements for termination.
- 5.2.12 The council, as a responsible authority<sup>1</sup>, is a member of [Norfolk Community Safety Partnership](#) with a district based multi-agency Operational Partnership Team and [Norfolk Community Safety Scrutiny Sub Panel](#).
- 5.2.13 District councils not only affect public health through their direct roles and functions but also through their power to influence other bodies such as county councils, the local NHS, and health and wellbeing boards. The council is a member of [Norfolk Health and Wellbeing Board](#) and the related [Norfolk Health Overview Scrutiny](#)

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<sup>1</sup> Crime and Disorder Act 1998

[Committee](#). At a more local level, the council coordinates a multi-agency group focused on increasing activity levels.

- 5.2.14 There are a range of county-wide collaborative partnerships that the council engages with. Examples include Norfolk Business Rates Pool, [Norfolk Arts Forum Executive](#), [Norfolk Coast Partnership Core Management Group](#), [Norfolk Joint Museums Committee](#), Norfolk Local Authority Tourism Group, [Norfolk Parking Partnership Joint Committee](#), [Norfolk Police and Crime Panel](#), [Norfolk Rail Policy Group](#), [Norfolk Records Committee](#), Norfolk Counter Fraud Hub, [Norfolk Waste Partnership](#) and the Norfolk Resilience Forum.
- 5.2.15 Focusing on financial matters, the Norfolk Business Rates Pool successfully bid for a 75% business rate pilot over the financial year 2019/20. The local authority members actively contribute joint submissions to government consultations such as the fair funding settlement in order to represent the interests of the county and its constituent districts.
- 5.2.16 Turning to waste management issues, the council was actively involved in a joint procurement for waste collection services with neighbouring councils in North Norfolk District Council and Breckland District Council. The Executive Director for Commercial Services was authorised to progress a joint procurement for the council's refuse and recycling contract. An internal officer group has been established to support the transition process from the current to the new provider with the new arrangements operating from 1 April 2021.
- 5.2.17 On spatial matters, the council contributed to the development of the [Norfolk Strategic Framework](#) which documents areas of agreement that the Norfolk local planning authorities had reached and which they would follow when they prepared their individual local plans. It had been prepared by an officer team drawn from all of the Norfolk authorities supported by others from organisations such as the Environment Agency, Anglian Water and the New Anglia Local Enterprise Partnership (NALEP) (the Greater Cambridge Greater Peterborough Enterprise Partnership had also endorsed it). The framework will help ensure that the council discharges its legal duty to co-operate with neighbouring authorities in relation to strategically important land use issues which cross administrative boundaries. The result of such co-operation is expected to be better planning outcomes.
- 5.2.18 Regeneration is a corporate priority and, given the Enterprise Zone and other regeneration interests, the council actively engages with the NALEP Steering Group.
- 5.2.19 In September 2019, the Ministry of Housing, Communities and Local Government announced that 100 towns in England will benefit from the £3.6 billion Towns Fund. King's Lynn was one of the towns that will benefit from investment.
- 5.2.20 The establishment of a [Town Deal Board](#) is a requirement of the funding and is responsible for:
- developing and agree an evidence based Town Investment Plan
  - developing a clear programme of interventions
  - Coordinating resources and influencing stakeholders

- 5.2.23 There are also a number of partnerships and outside bodies at or within borough level which are independent from the council but have an impact on its service areas. In order that the council can maintain effective partnerships with a number of these organisations, representatives of the council, usually elected councillors, sit on the various committees and forums that are responsible for them. Examples include [West Norfolk and King's Lynn Girls School Trust](#), [West Norfolk Chamber of Commerce Council](#), [West Norfolk Community Transport Project](#) and [West Norfolk Tourism Forum Executive Forum](#). Oversight of these is a responsibility of the appropriate scrutiny panel.
- 5.2.24 Other partnerships are of a contractual nature, such as the delivery of leisure services via Alive Leisure Trust and a new provider, [Alive West Norfolk](#), from July 2019, procurement support to Boston Borough Council, delivery of the council's payroll processing or the Housing Strategy and Enabling Service that the council delivers for neighbouring Breckland District Council. Following Cabinet's agreement in February 2018, arrangements were embedded for the delivery of the notice processing for on and off street parking for Great Yarmouth and South Norfolk councils in addition to North Norfolk, Breckland and Broadland. These partnerships are also subject to formal governance arrangements, are reviewed regularly, deliver benefits to the council such as additional income, provide good value for money for the receiving organisation as the council maximises its own existing infrastructure, but are not delivering our own statutory obligations.
- 5.2.25 The council also continues to participate in an informal, collaborative partnership with local partners via the West Norfolk Partnership Strategy Group. The strategy group agrees priority issues which will benefit from a combined and coordinated response from partners. New terms of reference were implemented in April 2017 and have been adhered to during 2019/20.
- 5.2.26 The council has established 3 wholly owned companies which are detailed in section 12 of the Annual Governance Statement. Research has been undertaken in 2019/20 to identify approaches to enhance the governance of these companies including the concept of a shareholder committee, risk management and company director development. Following delays due to Covid 19, these will be progressed in 2020/21.
- 5.2.27 The council also had a partnership with Norfolk and Waveney Enterprise Services (NWES) following the award of the contract to build and operate KLIC. This partnership allowed for the loan of funds to support the development of the centre. The KLIC building came into council ownership following NWES default on the first loan repayment in 2018 which led to the council including an impairment on this asset in the financial statements. However, as income will be receivable over the lifetime of the asset, the impairment is negligible. NWES continued to manage the building until June 2020 at which time the council assumed responsibility.

### **5.3 *Engaging with individual citizens and service users effectively.***

- 5.3.1 The [Corporate Business Plan](#) 2015/16-2019/20 sets out the council's vision and provides the basis for investment, service planning and other decisions. Following the elections in May 2019, a [new business plan](#) was developed in consultation with members and approved by Cabinet in January 2020.

- 5.3.2 The plan refers to a range of intended outcomes and these are underpinned by strategies, service plans and the performance management framework and reported to overview and scrutiny panels.
- 5.3.3 The coronavirus pandemic began to impact upon the council from February 2020 and interrupted the business planning process. The council moved into a response mode for the remainder of the financial year and the corporate business plan was in stasis. As the council moved out of response mode in summer 2020, [a Covid 19 recovery strategy](#) was developed with a focus for 12 months subject to a resurgence of the virus and emergency planning efforts.
- 5.3.4 During 2019/20 we consulted upon a range of significant issues such as town centre regeneration and these are summarised in section 5.2.5.
- 5.3.5 The findings from these exercises are being used to inform future planning and strategy development.
- 5.3.6 Impacts on equality are required for all reports and equality impact assessments are considered where required by the Equality Policy.
- 5.3.7 The council aims to ensure that it is open, honest and transparent, and to enhance inclusion by building on our understanding of customer needs and perceptions, through improved customer service and community engagement. This has informed our approach to digital transformation and thinking regarding digital exclusion and isolation evident in services such as [Care and Repair](#) and [Lily](#).
- 5.3.8 The council engages with local people and stakeholders in the following ways on a range of issues: surveys; roadshows; community events; on line feedback; interviews; public meetings / consultation; compliments / complaints procedure.
- 5.3.9 Members of the public are also able to [ask questions](#) on a topic or service within the council's control at full council meetings.
- 5.3.10 A [King's Lynn Area Consultative Committee](#) is in place, which is made up of the councillors for the un-parished area of King's Lynn and West Lynn. The committee's terms of reference state that the committee is to act as a consultative forum and to encourage community engagement. The committee meets 5-6 times a year to discuss and make recommendations on issues relating to the un-parished area of King's Lynn and West Lynn.
- 5.3.11 There is an expectation from the majority of parish councils in the borough for the relevant borough councillor(s) to attend most, if not all, of their meetings; this assists with maintaining effective communication with parish councils and therefore the communities that they serve.
- 5.3.12 The council uses a variety of corporate communication tools including a website, intranet site, a newsroom, newsletters, media releases and social media to communicate and engage with the community and staff. [Facebook](#) and [Twitter](#) are used effectively to update on service provision. Social media is used for specific events, such as the [Hanse Festival](#), and the Town Hall has its own [Twitter](#) and [Facebook](#) accounts to help engage with potential customers and promote the venue. Results of all methods of communication are fed back into service delivery, ensuring accountability. The council also monitors feedback from residents and service users through compliments and complaints received.

- 5.3.13 The council has continued to support the second year of a West Norfolk Partnership initiative called “[Love West Norfolk](#)” launched in January 2018. ‘Love West Norfolk’ aims to create pride and aspiration within the local area and give people a voice on what they believe makes the area so special. The campaign is being headed up by key community leaders, including the Chief Executive and Leader of the borough council, and the Chief Executives of the Queen Elizabeth Hospital, the College of West Anglia, Freebridge Community Housing, Community Action Norfolk, and the Clinical Commissioning Group. It is also supported by Norfolk County Council. People have shared their views on what they love about the borough via social media and events. Companies have been involved and have undertaken consultation and engagement activities for employees and customers to share what they think sets west Norfolk apart.
- 5.3.14 During 2019/20, the council continued to be an active partner in the [Wash East Coastal Management Strategy Stakeholder Forum](#) and was leading plans to manage risk to Hunstanton’s coastline and a [successful bid](#), in partnership with Fenland District Council, to the [Coastal Communities Fund](#). The forum includes a wide range of public, private and voluntary sector organisations and consulted upon plans for managing a beach and addressing flood and coastal erosion risks. The council has contributed officer and financial resources to this activity.
- 5.3.15 During 2019/20 the council has complied with the requirements of the [Local Government Transparency Code 2015](#). The code makes it a legal requirement for local authorities to publish specified data by prescribed deadlines and thereafter annually. [The council publishes all specified data on its website](#), in the prescribed format, by the required deadline. This makes a direct line to the requirement to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- 5.3.16 [The Statement of Community Involvement](#) was approved by Council in June 2017 and continues to inform how the authority consults with the public as part of the local plan process, on planning applications, and also on neighbourhood plans.
- 5.3.17 Cabinet has a [protocol and terms of reference for four member champions](#) who act as an advocate or spokesperson for a specific area of the council’s business. The main responsibility of each member champion is to encourage communication and positive action over the issue they represent. The council member champions are for disability, armed forces, heritage and coastal issues.
- 5.3.18 Fair access to services is informed by equality impact assessments on new policies and strategies and compliance with statutory guidance.
- 5.3.19 Our digital transformation work in 2019/20 resulted in:
- The successful launch of web chat, allowing Council Information Centre advisors to manage ‘multiple’ chats at the same time – 3,268 chats were completed by this channel in 2019/20.
  - Working closely with the Housing team to improve the digital services provided
  - Fly-tipping form integration with IDOX Uniform, Open Process and Report-it, preventing repeat reports and updating multiple systems.
- 5.3.20 Customer feedback from contact with the Council Information Centre from April 2019 to March 2020 indicated:
- 66% of customers think our digital services are excellent

- 97% were overall satisfied

## 6. Defining outcomes in terms of sustainable economic, social and environmental benefits (Principle 3).

### 6.1 Defining outcomes.

- 6.1.1 The [Corporate Business Plan](#) 2015/16-2019/20 is used as the basis for corporate and service planning. The sets out the council's vision and provides the basis for investment, service planning and other decisions. The plan currently in place was agreed by the council in January 2016. Borough elections were held in May 2019 and the corporate business plan was reviewed during 2019/20. The updated version was approved in January 2020.
- 6.1.2 The [new plan](#) outlines six priority aims, supported by 19 objectives in areas of key importance to the authority. The six priority aims within the plan are:
- Focusing on delivery
  - Delivering growth in the economy and with local housing
  - Protecting and enhancing the environment including tackling climate change
  - Improving social mobility and inclusion
  - Creating and maintaining good quality places that make a positive difference to people's lives
  - Helping to improve the health and wellbeing of our communities
- 6.1.3 The Corporate Business Plan is aligned with the council's [Financial Plan](#) and both documents are available on our website in order to be clear and transparent to local people, service users and stakeholders. Updates are also provided for members, staff and the public and available on the council's website via committee agendas and on the intranet InSite.
- 6.1.4 The plan is underpinned by directorate and service plans and the performance management framework.
- 6.1.5 The plan and related documents, such as the [Cultural Prospectus](#), set out intended impacts or changes for customers and other stakeholders. Progress against the plan was monitored quarterly by Management Team and reported to Corporate Performance Panel every 6 months.
- 6.1.6 The plan is underpinned by a performance management framework that includes key performance indicators covering all of the directorates. These indicators and targets are reviewed annually. Progress trends are established and reported quarterly to the overview and scrutiny panels and Management Team. Action plans are identified for under-performing indicators.
- 6.1.7 The council's Management Team, consisting of the Chief Executive and executive directors meet on a weekly basis to consider matters commensurate with the corporate business plan and emerging issues. It also considers internal control issues, including risk management, performance management, compliance, value for money and financial management. Management Team receive monthly reports which details movements across a range of key indicators including measures of local economic performance.

- 6.1.8 The [corporate risk register](#) is routinely updated every six months and considers risks to the achievement of the corporate business plan. Mitigation plans are included for each risk. The risk reports to Management Team and Audit Committee also detail actions relating to “high risks”.
- 6.1.9 Budget reports are provided on the intranet for staff and members to view. All budget holders are involved in the budget setting process.

## **6.2 Sustainable economic, social and environmental benefits.**

- 6.2.1 Decisions regarding capital investment consider the appropriate life spans of projects and the potential for adaptation for alternative use or that resources (such as council owned land) are used to optimise social, economic and environmental benefits. These considerations are evident in the capital programme and investment strategy and across the projects considered by the Officer Major Projects Board established in 2018/19.
- 6.2.2 Regular discussions between members and officers consider the information needs of members and senior managers to support decision making. Away days, briefings, portfolio updates, sifting meetings and meetings between the Chief Executive and council leadership are examples of this dialogue.
- 6.2.3 Reports to committees and Management Team provide a record of decision making and related background information.
- 6.2.4 Using second homes council tax funding, the council engages with partners and schools to identify and undertake initiatives that seek to improve educational attainment and skills levels within the economy. Activities in 2019/20 included:
- Shakespeare plays (Macbeth and A Christmas Carol) for year 11 students in secondary schools
  - A University challenge involving 120 students, with speakers and quizzes in a mixed school team
  - A GCSE maths booster provided by PiXL involving over 1,000 students
  - A subsidy for disadvantaged Year 11 students for Poetry Live Cambridge
  - A Midsummer Nights Dream play for year six to help with the transition to secondary schools
  - Primary schools grants to support World Book Day enabling schools to have authors in the schools and visits to the libraries
  - Mental Health First Aid (youth) for staff in 15 schools (over 100 staff trained).

## **7. Determining the interventions necessary to optimise the achievement of the intended outcomes (Principle 4).**

### **7.1 Determining interventions.**

- 7.1.1 Portfolio holder discussions and stages within the decision making process, such as the preparation of committee reports, provide opportunities to shape objectives and robustly analyse options and associated risks.
- 7.1.2 Development of the financial plan draws together feedback from a range of sources such as service demand, local priorities, efficiency needs, new legislation and staffing to prioritise competing demands within the confines of a balanced budget.

- 7.1.3 Management Team generally meet on a weekly cycle and consider a wide range of strategic and operational issues related to the delivery of the corporate business plan.
- 7.1.4 Management Team have established programme boards to enable a greater focus on significant issues including the transition to a new delivery model for leisure services, major capital projects and its wholly owned companies.
- 7.1.5 The council's risk management framework requires that consideration of risk is embedded in all key management processes. These include aspects such as policy and decision making, service delivery planning, project and change management, contracts, budget management and partnership working.
- 7.1.6 The financial management of the council is conducted in accordance with the financial rules set out in the Constitution and Financial Regulations. The council has in place a Medium Term Financial Plan, updated annually, to support the aims of the Corporate Business Plan.
- 7.1.7 [Contract Standing Orders](#) were refreshed in January 2020 to ensure that the Council's purchasing and disposal procedures continue to reflect best practice in order to obtain best value and to guard against corruption, discrimination and breaches of public procurement regulations.
- 7.1.8 All budget lines are allocated to a named budget officer who is responsible for controlling spend against that budget, and who is also responsible for assets used in the provision of their service. Containing spending within budget is a high priority in the performance management framework for individual managers.
- 7.1.9 The council's contract management strategy emphasises that operational managers are responsible for contract management. Job descriptions for senior managers contain relevant responsibilities and appropriate training and development has been provided.
- 7.1.10 Corporate contract management support is provided by the procurement team who also actively manage a number of centralised contracts. These include: fixed wire testing; lift maintenance; boiler maintenance; air con maintenance; archive storage; external printing; drains and gutter clearing; fire alarms and emergency lighting maintenance.
- 7.1.11 The general approach is to hold regular review meetings with the contractors and invite sites/managers to provide feedback and/or attend the meetings.

## **7.2 *Planning interventions.***

- 7.2.1 A number of measures help to create robust planning and control cycles. These include calendars for developing and submitting plans and reports, the performance and risk management frameworks, corporate policy guidance and equality impact assessments.
- 7.2.2 Internal and external stakeholders are involved in determining how services should be planned and delivered. This is typified by internal working groups, project teams and boards, consultation on major developments and the formulation of new strategies.

- 7.2.3 Performance measures are identified within performance appraisals, service and directorate plans and strategies. Key performance indicators are identified by service managers, directors and portfolio holders and provide the basis of quarterly reports to overview and scrutiny panels.
- 7.2.4 The quarterly reports considered by the overview and scrutiny panels provide a direction of travel, an indication of variation against target and under-performing indicators have a mitigation plan. The panels can request follow up work such as briefings and written responses on matters within their remit.
- 7.2.5 The medium term financial plan is aligned with the corporate business plan. The cost reduction plan indicates how budget reductions are identified and managed. Annual budget setting guidance is issued to service managers to inform service planning. Monthly budget monitoring reports provide an indication of progress.
- 7.2.6 Project management approaches are used by project boards demonstrated by the use of project teams, project briefs, business cases and option appraisals and post project evaluation.

### **7.3 *Optimising achievement of intended outcomes.***

- 7.3.1 Over recent years, the council has adopted an approach of seeking efficiencies and different ways of delivering services to produce savings. The savings achieved have been the result of considerable change and transformation. In October 2016 the council published an [efficiency plan](#) in order to fix a four-year financial settlement from the government and work continues within all directorates to produce the changes required to deliver the savings identified, before 2020/21. Executive directors and all service managers are directly involved in monitoring the work being completed and savings achieved are reported in the monthly budget monitoring reports and quarterly reports to Management Team. Where savings are achieved in advance of 2020/21 these are transferred to reserves to fund investment in major capital projects which will provide future revenue income.
- 7.3.2 One of the corporate priorities is the delivery of a 'channel-shift' programme. The key document for delivery is the 'Switched On' Transformation Plan. The plan sets out how the authority is approaching service transformation, and introducing improved digital services across the organisation and is underpinned by communications and training plans to support employees through the changes required, equipping them with the skills they will need to implement new ways of working.
- 7.3.3 The council's shift towards digital services progressed well during 2019/20 with improved take up of My Account, use of online integrated forms and the online help function. A customer portal was introduced in Revenues and Benefits allowing customers to self-serve via the council's website, accessing real time data about their council tax, business rates accounts and benefit claims. Online Revenues and Benefits forms with direct integration into the back office systems are also available for customers to complete. These are key parts of the channel shift programme and provide the foundation for much of the work planned in this area over the remaining life of the Corporate Business Plan. The website is fully responsive and works well across a wide range of devices such as tablets and mobile phones. Feedback received on the change and how the change was managed was positive from both

external customers and internal staff. During 2019/20, new/revised online forms were introduced for:

- Benefit New Claims and Changes in Circumstances
- Council Tax and Business Rates Method of Payment changes, including setting up a Direct Debit
- Council Tax and Business Rates refund requests
- Council Tax Single Person Discount application

7.3.4 There are also several new forms in development for council tax and business rates which are awaiting testing and functionality and these are anticipated in 2019/2020.

7.3.5 Take up of the new forms has been high with nearly 1,300 MyRevenues forms completed by customers since they went live. High levels of take up demonstrate the ease of use and benefit that being able to complete forms at a time convenient to the customer has enabled. Many Revenues and Benefit forms integrate directly with our back office system and further work in 2019/20 will be completed to integrate revenues and environmental health forms into the respective back office systems.

7.3.6 The council continues to encourage take up of digital services by providing assisted self-service facilities supported by staff at the King's Court offices.

7.3.7 The council's financial ledger underpinning its internal system of financial control was retendered in 2018/19 with implementation ongoing into 2019/20 and 2020/21. This is supported by a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability. Development and maintenance of the ledger software is undertaken by the council's financial services team. In particular, the system includes:

- Comprehensive budgeting systems;
- Measurement of financial and other performance against targets;
- Regular reviews of periodic and annual financial reports, which indicate financial performance against the forecasts and targets;
- Clearly defined capital expenditure guidelines;

7.3.8 Financial management processes and procedures are set out in the council's financial regulations and include:

- Financial management processes and procedures
- Financial planning including budgeting and budget monitoring
- Risk management and control, including asset management and treasury management
- Systems and procedures
- External arrangements including council owned companies, service level agreements and partnerships

7.3.9 The council seeks to provide the maximum benefit for its communities from every taxpayer pound that is spent. This is assisted by the procurement strategy and via our regeneration role through which we take responsibility for generating economic, environmental and social growth for our local communities.

7.3.10 Contract Standing Orders encourage services to consider social value particularly in respect to contracts over the EU threshold. In larger contracts, the council

includes social value issues such as 'use of local apprenticeships' and 'use of local sub-contractors' as award criteria. We will continue this practice and look for ways of increasing the social value obtained from our contracts.

- 7.3.11 The council engages with the voluntary, community, social enterprise (VCSE) sector usually through the route of grants, other financial support and through the West Norfolk Wins lottery. We have relatively few contracts that would be suitable for VCSE providers but we will continue to look for opportunities for this sector and encourage local organisations and groups to compete when appropriate. Currently, we have Information and Advice Services contracted out to two VCSEs that have been successful thus far and the contracts are being retendered in the 2019/20 financial year.
- 7.3.12 The procurement team use methods such as brief tender documentation, early identification of potential local suppliers, encouraging local businesses to sign up to online alerts for local contract opportunities and provision of briefings for SMEs on the procurement process.
- 7.3.13 Procurement monitors the proportion of business that we have with small and medium enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) via the use of spend analysis data. Considering the total number of suppliers that we used in the 2019/20 financial year, 8.33% (7.76% in 2018/19) were VCSEs and 70.87% (70.25% in 2018/19) were SMEs. Of our total spend in 2019/20, 1.76% (2.01% in 2018/19) has been with VCSEs and 26.97% (21.18% in 2018/19) with SMEs. The capital expenditure for major housing development projects has generated significant opportunities for SMEs working as subcontractors to the Council's main development contractor.

## **8. Developing the council's capacity, including the capability of its leadership and the individuals within it (Principle 5).**

### **8.1 *Developing the council's capacity.***

- 8.1.1 The council aims to ensure that its members and officers have the skills, knowledge and capacity they need to discharge their responsibilities and recognises the value of well trained and competent people in effective service delivery. The online corporate induction course is available for all new members and staff to familiarise themselves with protocols, procedures, values and aims of the council and is regularly reviewed.
- 8.1.2 An established member training and development programme, including an induction process and regular updates throughout the year. Specific training is also provided to members who sit on regulatory committees, and they are unable to take up a position on these committees without having first received the relevant training.
- 8.1.3 Regular reviews of activities, services and strategies are undertaken. These may be within the service, utilising Internal Audit or Policy and Personnel, incorporate lean management principles or external consultants. The Cost Reduction Plan is focused on identifying and realising efficiency savings across the organisation.

- 8.1.4 Reviews often draw upon benchmarking information and research into practice at other local authorities to inform option development.
- 8.1.5 The council recognises that it alone cannot necessarily impact on outcomes and collaborates with partners. West Norfolk Partnership typifies this with its work on promoting the reputation of the borough.
- 8.1.6 Other examples of benefits from partnership working are evident in waste management, parking enforcement, community safety, cultural and regeneration activities and strategic housing.
- 8.1.7 All posts have a detailed job description and person specification. Training needs are identified through team meetings, 1:1s and annual appraisals and addressed via Personnel and/or individual services as appropriate. A performance related pay system provides an incentive to perform well.

## **8.2 *Developing the capability of the council's leadership and other individuals.***

- 8.2.1 The annual appraisal process provides an opportunity to review job descriptions and the capability of employees. The absence management procedure informs capability and capacity considerations.
- 8.2.2 Regular dialogue between the chief executive and council leadership helps to maintain a shared understanding of future direction and progress. Robust governance is informed by regular meetings between the three statutory officers. The council's senior managers and portfolio holders have been with the council for many years and that harmonious relationship has helped to build a strong foundation for broader leadership of the organisation.
- 8.2.3 The scheme of delegation is periodically reviewed and typically triggered by legal and organisational changes such as restructures.
- 8.2.4 Standing orders and financial regulations are reviewed periodically.
- 8.2.5 The respective roles and responsibilities of members and senior officers provide a check and balance.
- 8.2.6 The capabilities of members and senior officers are supported by development activities to enable the organisation to respond to the changing operating environment. This is typified by induction programmes, access to briefings and training events on new legislation and government policy, personal development plans for officers and networking opportunities.
- 8.2.7 For example, for members this may include the ability to:
- scrutinise and challenge
  - recognise when outside expert advice is required
  - promote trust
  - work in partnership
  - lead the organisation
  - act as a community leader
- 8.2.8 Other examples of activities to enhance capability include:
- Using efficient systems and technology to provide effective support e.g. roll out of Office 365 and as part of the Covid 19 response - Microsoft Teams and Zoom.

- Arrangements for succession planning.
  - Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs
  - Staff development plans linked to appraisals
  - Implementing appropriate human resource policies and ensuring that they are working effectively e.g. trial of absence management approach.
- 8.2.9 The Constitution sets out how the council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people. This defines, amongst other things the roles of the Council, Cabinet, how scrutiny and overview is undertaken, the Scheme of Delegation, and the roles and responsibilities of officers and members. The different elements of the Constitution are subject to periodic change either through national legislation or local decision. For example, at Council on 14th June 2018, a review of key decision levels was approved which raised the threshold to £0.5m from £0.25m.
- 8.2.10 Within the Constitution, full council sets the overall budget and policy framework of the council, while the cabinet makes decisions within this framework, and is held to account by the overview and scrutiny arrangements. Meetings are open to the public except where exempt or confidential matters are being disclosed. In addition, senior officers of the council can make decisions under delegated authority. The council publishes a Forward Decision List which contains details of key decisions to be made by the council, its bodies and executive directors under their delegated powers.
- 8.2.11 A comprehensive programme of learning and development is provided for officers and members. Learning and development needs for staff are identified through the performance management process and in response to organisation and service level needs and these are translated into an annual training programme. Examples would include performance management training for managers, training on the Regulation of Investigatory Powers Act 2000 for senior officers, event management training and briefings on the council's Incident Response Plan.
- 8.2.12 The council has a commitment to management training and delivers a range of development activities to support managers at all levels, including specific training to support the development of service managers. Following the success of a second cohort of managers who completed a Level 7 management programme in the summer of 2018 a new Level 5 management programme commenced in May 2019. Additional development sessions are delivered to ensure senior managers are kept up to date on current issues on an ongoing basis.
- 8.2.13 Senior officers also participate in relevant sessions relating to changing technical requirements to ensure the up to date position is known and to feed in to relevant central government departments at appropriate times; examples are attendance at major projects development meetings, meetings with ministers and their civil servants on programmes and policy development and Brexit preparation meetings with the Norfolk Resilience Forum.
- 8.2.14 Member development needs are identified through use of a questionnaire following their election, and are also identified during the year as matters arise at meetings and questions of training needs arise. Particular emphasis has been given to ICT training for councillors during the 2019/20 year to continue to support the digital agenda.

Feedback forms following any training undertaken continue to be used to develop training in areas where further needs have been identified. Plans are in place for an additional training support to take place during 2020/21 for the introduction of virtual council meetings.

- 8.2.15 The policy review and development panels regularly receive updates on relevant topics as part of their agenda, particularly around any new or current initiatives, and training is run throughout the year as identified. Topics for updates or training are identified either by officers or members and help to ensure members are better informed and have input at an early stage. The Audit Committee has received specific briefings / training throughout the year.
- 8.2.16 The council values the health and wellbeing of its workforce. This is underpinned by its Health, Safety and Welfare Policy and supported by staffing changes that will bring a greater focus on health and wellbeing within the council. There is a positive relationship with the recognised trade unions and an active staff social club. There are a number of major community events ([GEAR](#) and [Fawkes in the Walks](#)) throughout the year which are assisted by staff volunteers and sponsorship.

## **9. Managing risks and performance through robust internal control and strong public financial management (Principle 6).**

### **9.1 *Managing risk.***

- 9.1.1 We recognise that everyone has a role in managing risk which is proportionate to their role. The corporate risk register is reviewed every six months with updates reported to Management Team and Audit Committee. An additional risk related to fire safety at the council's headquarters was added to the register between the scheduled reviews.
- 9.1.2 The risk management policy and strategy had a scheduled refresh that was informed by an Internal Audit review which rated the current arrangements as "substantial". The updated policy and strategy were developed with Audit Committee and approved by Cabinet in March 2019. The updated approach was rolled out in 2019/20 although training was delayed due to Covid 19 for example the Audit Committee received training on risk management on 27 July 2020.
- 9.1.3 All committee reports contain a section on risk.
- 9.1.4 Business continuity is a key risk and an Incident Response Plan was developed by the Business Continuity Corporate Officer Group to support the council's response to incidents. This was rolled out corporately via briefings to a wide range of senior officers.
- 9.1.5 Relevant officers participated in a number of business continuity/emergency planning multi-agency events considering King's Lynn port, cyber security and the no deal Brexit scenario.
- 9.1.6 The Covid-19 pandemic moved the council into a business continuity /emergency planning mode with gold and silver groups established and bronze plans implemented. The council formed part of the Norfolk Resilience Forum's incident response throughout the remainder of 2019/20 and into 2020/21 where the local and national focus has been on recovery.

- 9.1.7 Following concerns arising from a late loan repayment, the council commissioned Internal Audit to review its arrangements with the recipient, NWES. A lesson learnt report was considered by Audit Committee in March 2019 and was considered at a special Council meeting in April 2019.
- 9.1.8 At its meeting on 11 March 2019 the Borough Council of King's Lynn and West Norfolk's (Council) Audit Committee set up a Cross Party Working Group (CPWG), following extensive work carried out by its Internal Audit officers, to examine all aspects of the project to create the King's Lynn Innovation Centre (KLIC). Cabinet considered the report which set out the report of the Audit Working Group. Cabinet was presented with the report of the working group and the minutes of the Audit Committee on 10 February 2020 when it received the report.
- 9.1.9 The report made by the following recommendations:
- Notwithstanding the requirements of the Major Projects Boards, all major projects should have a designated Project Manager of sufficient seniority in the Council's hierarchy to make appropriate decisions
  - In the event that a major project involves a third party in order to bring it to fruition the Chief Executive Officer or appropriate Assistant Director should oversee the project's management
  - If a loan is granted or investment made under any statutory power that in ordinary circumstances would fall within the Treasury Management Procedures it should be governed by those Procedures, especially as regards to the 3 principal elements, i.e. risk/security, liquidity and return
  - Any joint venture with a third party must undergo rigorous examination before being entered into to ensure as far as reasonably practicable the third party's financial viability for a period exceeding the life of the project
  - If a loan is entered into with a third party that does not fulfil the Council's requirements for creditworthiness such a loan must be secured on a tangible asset wholly owned by the third party that is not otherwise secured elsewhere
  - Each and every project involving a third party should be included in the Council's Risk Register following a risk assessment
  - The loans to NWES should immediately be either reinstated to the half yearly reports on Treasury Management to Audit Committee or be reported on separately to Audit Committee at a shorter frequency
  - All legal documents should be signed off before funds are released.
- 9.1.10 An [independent inquiry](#) was established by Cabinet in June 2019 to consider the partnership with Norfolk and Waveney Enterprise Services (NWES) and its subsidiaries and associated companies and those with common shareholders or directors, regarding the award of and administration of the KLIC project and all aspects of its (their) financial relationship with the Borough Council of King's Lynn and West Norfolk. The [findings](#) were considered by Special Audit Committee meeting on 10 February 2020 and Cabinet on 17 March 2020 Cabinet on 20 June 2020.

- 9.1.11 A [Major Projects Member Board](#) was established by Cabinet in June 2019 to provide assurance that the council's major projects programme is run in accordance with the Major Projects (Officer) Board Terms of Reference.
- 9.1.12 The council's internal audit team have developed a fraud risk register to monitor fraud risks across the council and review them to establish mitigations in place and improvements required in conjunction with standard internal control testing.

## **9.2 *Managing performance.***

- 9.2.1 The council has an effective Performance Management Framework, which is driven by the corporate business plan. Performance targets and actions are cascaded through directorate, service, team meetings and 1:1s. The Performance Management Framework was reviewed in 2016 and, following the May 2019 elections, will be refreshed to align with the new corporate business plan. This work was underway but delayed by the Covid 19 response and subsequent development of a recovery strategy in June 2020.
- 9.2.2 The council has a performance management framework which describes how the authority measures and monitors the performance of its activities and is available on the council's website. A number of updates occurred in 2019/20 including:
- The framework was generally refreshed during the 2019/20 year to ensure it reflects current objectives and priorities.
  - The suite of key performance indicators and targets was reviewed in May 2019 and agreed by executive directors and portfolio holders.
  - Following a scrutiny review in 2018, arrangements for all overview and scrutiny panels to monitor their own indicators were embedded.
- 9.2.3 Through reviews by external auditors, external agencies, Internal Audit, and the Policy and Performance Team, the council seeks ways of ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised for example a senior management review was undertaken during 2019/20 with the new structure effective from January 2020.

## **9.3 *Robust internal control.***

- 9.3.1 All committees have clear terms of reference and work programmes to set out their roles and responsibilities. The Audit Committee meet throughout the year to provide independent assurance to the Council and considers the reports and recommendations of internal and external audit and inspection agencies and their implications for governance, and risk management or control, and supports effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourages the active promotion of the value of the audit process and review the financial statements.
- 9.3.2 The committee considers the internal and external auditor's opinion and reports to members, and monitors management action in response to the issues raised by internal and external audit. These arrangements ensure that the council has processes and procedures in place to ensure that it fulfils its overall purpose, achieves its intended outcomes for service users and operates in an economical, effective, efficient and ethical manner, as prescribed in the CIPFA/the role of the head of internal audit statement.

- 9.3.3 A data quality assessment takes place at year end supported by checks through the year.
- 9.3.4 There is an agreed programme of Internal Audit reviews through the year. With reports approved by lead managers/directors and a summary provided to Audit Committee.
- 9.3.5 The Council complies with the [Code of Practice on Managing the Risk of Fraud and Corruption](#) (CIPFA, 2014). There is an Anti-Fraud and Anti-Corruption Strategy, Whistleblowing Policy and Fraud Response Plan. The council investigates fraud relating to Council Tax and Business Rates payments, Council Tax Support, as well as other types of fraud identified across the authority. Responsibility for investigating housing benefit fraud transferred to the Department for Work and Pensions in 2015 and a referral system is in place between the council and the DWP if housing benefit fraud is suspected.
- 9.3.6 The Annual Governance Statement is developed corporately involving service managers across the council, the senior Management Team and Audit Committee in its drafting.
- 9.3.7 An effective internal audit service is resourced and maintained with the Internal Audit Manager shared with neighbouring Fenland District Council who contributes learning from the two authorities and professional networks.
- 9.3.8 The Audit Committee complies with best practice set out in "[Audit Committees: Practical Guidance for Local Authorities and Police](#) (CIPFA, 2018)". There is a clear terms of reference which is periodically reviewed. The committee members meet at least 6 times per year. Members receive a number of training sessions throughout the year and in 2018/19 covered internal audit, annual accounts and the capital programme. There are regular attendances from a range of senior officers including the Assistant Director - Resources (Section 151 officer and the lead officer for the committee), the Chief Executive and the Internal Audit Manager and the appointed external auditor. Other attendees include the Monitoring Officer.
- 9.3.9 During 2018/19, the council began to explore ways to enhance the oversight of its wholly owned companies initially drawing upon notable practice from the LGA, white papers published by legal/accountancy companies and research into practices at other authorities. This work continued into 2019/20 and, whilst delayed by Covid 19, will ultimately strengthen oversight of company performance and business plans together with the development of council appointed directors.
- 9.3.10 Effective arrangements are in place for the discharge of the Monitoring Officer, Head of Paid Service and Section 151 roles. There are periodic meetings of the 3 statutory officers to consider governance issues.
- 9.3.11 The council's Monitoring Officer is responsible for ensuring compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to full council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Monitoring Officer's annual report summarises the more important matters arising from their work for the council from 1 April 2019 to 31 March

2020 and comments on other current issues. No contraventions have been identified or reported.

- 9.3.12 The Chief Executive is the council's Head of Paid Service and has overall responsibility for the management and co-ordination of the employees appointed by the council. The Chief Executive is required to report to the council as appropriate with regard to the way in which the different functions of the council are co-ordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed and the way in which they are appointed.
- 9.3.13 Following the phased retirement of the Chief Executive a new Chief Executive was appointed on 1 September 2019.
- 9.3.14 The council has a corporate complaints procedure in place, available on the council website. The council also deals with any incidents of racial complaints, or complaints relating to a disability, in a similar but separate process. The complaints received are analysed and results presented to the Corporate Performance Panel on an annual basis.

#### **9.4 *Managing data.***

- 9.4.1 With the introduction of GDPR in 2018, the council strengthened its governance regarding data management framework and procedures. There is a designated data protection officer, a senior information risk owner (SIRO) and deputy SIRO. A range of information asset owners and administrators have also been identified.
- 9.4.2 The data protection policy was updated in 2018.
- 9.4.3 Corporate training for GDPR was provided in 2019/20 and informed the corporate preparation of privacy notices, records of processing activity and the review of the authority's document retention and disposal policy.
- 9.4.4 A new Data Protection e-learning course will be launched and it will be compulsory for all staff to complete.

#### **9.5 *Strong public financial management.***

- 9.5.1 Financial management supports the delivery of services and transformational change as well as securing good stewardship of the council's resources.
- 9.5.2 The CIPFA statement describes the roles and responsibilities of the chief financial officer, who is bound by both professional standards and also legislative responsibilities, with a fiduciary duty to the local taxpayer.
- 9.5.3 The council's arrangements fully comply with the principles described: the current chief financial officer was recruited in March 2020 and is the Assistant Director of Resources and reports to an Executive Director.
- 9.5.4 Budget monitoring reports are provided on a monthly basis and published on the intranet for all staff and councillors to view.
- 9.5.5 The development of the revenue and capital budget, medium term financial strategy and treasury management strategy all engage members and are reported to Audit Committee and Cabinet.
- 9.5.6 The council has a cost reduction programme which is monitored on a quarterly basis by Management Team and covers a range of service areas. The

programme extends to 2021/22 however the Covid 19 response has affected the monitoring and realisation of planned savings.

## **10. Implementing good practices in transparency, reporting and audit, to deliver effective accountability (Principle 7).**

### **10.1 Implementing good practice in transparency.**

- 10.1.1 Committee meetings are open to the public except where sensitive or confidential matters are being discussed. Appropriate reports are available for the public to review on the council's website and reference the contact details of the key officers and members.
- 10.1.2 Internal Audit is an independent and objective service to the management of the council and undertakes a programme of reviews throughout the year to provide an annual opinion on the framework of governance. Significant weaknesses in the control environment are reported to senior management and the Audit Committee by the Internal Audit Manager as part of the regular reporting process. Outstanding audit recommendations are discussed at senior management meetings and Audit Committee, and issues with addressing the urgent recommendations are also discussed at Management Team. Audit recommendations are generally implemented by the agreed date but some may slip or recommendations are overtaken by unforeseen events leading to revised dates.
- 10.1.3 The council has a Code of Corporate Governance in place, which sets out how the authority intends to apply the principles of corporate governance, in accordance with CIPFA/SOLACE guidance. The code includes a chart to demonstrate the different parts of the framework and reflects the council's current processes and procedures. The code will be reviewed every three years to reflect any changes in the council's governance framework and/or any revised guidance. The three statutory officers will meet quarterly to review high risk projects and identified issues.
- 10.1.4 Progress towards achieving the aims outlined in the council's former Corporate Business Plan was monitored through the [Corporate Business Plan Monitoring Report](#) which was collated quarterly during 2019/20. Updates at the end of quarters 2 and 4 were taken to the Corporate Performance Panel for review and progress checking. As part of collating and reviewing the monitoring report, the council's senior management team consider and review the aims, actions underway and progress made. The governance arrangements in place for the year under review were appropriate for delivery of our aims.
- 10.1.5 The website, intranet, communications function, published datasets and social media channels all contribute towards being a transparent organisation. Members of the public are able to raise questions at council meetings in addition to raising matters directly with services, senior officers and councillors. Policies are in place for responding to requests made under access to information regulations including the Data Protection Act 2018, Freedom of Information Act 2000, Environmental Information Regulations 2004 and via the corporate complaints system.

### **10.2 Implementing good practices in reporting.**

- 10.2.1 A wide range of information is reported publicly including:
- Annual financial statements

- Agendas, minutes and reports
- Appropriate approvals
- Records of decisions made under delegated powers
- Procurement and spending
- Performance against key performance indicators
- Lessons learnt reports
- Annual governance statement which follows the best practice recommended by CIPFA/Solace.
- Risk management updates
- Progress on the corporate business plan and updates on key objectives.

### **10.3 Assurance and effective accountability.**

- 10.3.1 The Internal Audit process helps to drive improvement. An example of this includes the review of the council's risk management policy and strategy which was developed via Audit Committee.
- 10.3.2 The council complies with CIPFA's [Statement on the Role of the Head of Internal Audit](#) and with [Public Sector Internal Audit Standards](#).
- 10.3.3 Effective management is based on a framework of regular management information, financial regulations, standing orders and a structure of varying levels of responsibility, including arrangements for delegating decision making. The council has all these elements in place, including those which meet '[The Openness of Local Government Bodies Regulations 2014](#)', and we regularly review these to ensure they remain relevant and fit for purpose. The Constitution was revised during 2018/19 including an increase in the value of decisions. There is a protocol for recording and broadcasting of meetings. Decisions are made in open, public meetings, or via the various delegation arrangements in place and all adhere to the policy position in place – for example, planning decisions are taken with regard to the adopted Local Plan and all other relevant guidance.
- 10.3.4 The council works in partnership at many different levels. Continued participation is reviewed regularly to ensure it remains effective. Decision making in partnerships is governed by the structure outlined within the appropriate constitution. As in one example, the [Norfolk Coast Partnership](#) (a formal partnership with Great Yarmouth Borough Council, North Norfolk District Council, DEFRA and Norfolk County Council) there is a 'Memorandum of Agreement' that outlines how decisions will be made within the partnership.
- 10.3.5 A [Memorandum of Agreement](#) for the [Wash & North Norfolk Marine Partnership](#), brings together the interests, skills and resources of 21 local authorities, environmental interest groups and national agencies to address matters of mutual interest in and around the Wash is under development.
- 10.3.6 During the 2018/19 year, the council worked in partnership with other public sector organisations in Norfolk in the '[One Public Estate](#)' programme running across the county following a successful 2016 bid for funding towards feasibility work. Formal governance for the partnership is outlined within the 'Norfolk Partnership Services & Assets Delivery Plan' document.
- 10.3.7 The council is working with Homes England and Ministry of Housing, Communities and Local Government on the Accelerated Construction programme.

- 10.3.8 The council has a [Data Quality Policy and Strategy](#) in place and available on its website. Having this in place indicates that the council understands the importance of data quality and is committed to being consistent in its management of data quality within the organisation and in partnership with others. It also means that the council ensures that the data produced adheres to the 7 principles of data quality. The policy was reviewed, and the strategy was refreshed during the 2018/19 year.
- 10.3.9 Following a review of the council's scrutiny function by the Centre for Public Scrutiny in 2015, the cross party Scrutiny Structures and Policy Development Task Group made recommendations to panels, Cabinet and Council on the Scrutiny and Policy Development Structure. The Task Group reconvened in August 2017 to review the revised operation and structures. The Task Group's proposals were considered by the policy and review panels and were approved by Cabinet in January 2018. Implementation of the changes continued into 2018/19. These changes included:
- the attendance of Audit Committee members for training becoming obligatory as it is for Planning and Licensing initial training.
  - Panels being encouraged to use the powers available to them and therefore making clear recommendations on items coming before them so they can be incorporated into reports in the progress of being prepared or taken into account at Cabinet.
  - Panels considering their own performance indicators and being encouraged to monitor the progress in line with the corporate objectives through that route.
  - when working on policy development and reviews and project programme work, Panels being encouraged to have discussions with portfolio holders.
  - the Leader nominating the panel/committee chairs for agreement at Council with the vice-chairs to be appointed by the panels/committee.
  - terms of reference being approved for chairs of scrutiny bodies.
- 10.3.10 The role referred to by CIPFA as the Head of Internal Audit has a critical role in delivering the organisation's strategic aims by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and giving an objective and evidence based opinion on all aspects of governance, risk management and internal control. The Internal Audit Manager has direct access to the Audit Committee. The arrangements in place for 2018/19 conformed to the requirements outlined in the CIPFA Statement on the Role of the Head of Internal Audit.
- 10.3.11 During 2019/20, the shared arrangement with Fenland District Council to manage the Internal Audit team continued and is underpinned by a Section 113 agreement. These arrangements were entered into in order to provide a cost saving to the borough council, whilst at the same time continuing to provide an effective internal audit function through a different model of delivery. The arrangement enabled the shared Internal Audit Manager to provide the assurance required by management and members and issue an Audit Opinion for the Annual Governance Statement.
- 10.3.12 The council's external auditor during 2019/20 was Ernst & Young.

- 10.3.13 From April 2016, the council has had a standalone Audit Committee in place providing increased opportunity for effective assurance about the adequacy of financial and operational management and reporting.
- 10.3.14 Training has been provided during 2019/20 to the members of the Audit Committee in key areas. Examples include training on and Introduction to the Audit Committee, The differences between internal and external audit, Funding, the Statement of Accounts and the Treasury Strategy.
- 10.3.15 Each year, a review is undertaken of [the effectiveness of the Audit Committee](#). For the year covered by this statement, the review was presented to the Audit Committee in June 2019. The review concluded that the committee is continuing to perform effectively and the council is meeting its requirements under the Accounts and Audit Regulations 2015.
- 10.3.16 Commercialisation has introduced a new set of risks for the council. These impact upon local authority owned companies and investments.
- 10.3.17 The council has a number of wholly owned companies and appoints company directors. The governance framework in which these companies operate will be reviewed and enhanced in 2019/20. Training for the appointed company directors was delayed in 2019/20 by the Covid response and postponed to 2020/21.
- 10.3.18 During 2018/19, two investigations regarding the King's Lynn Innovation Centre have resulted in the identification of learning regarding due diligence processes. An Internal Audit lessons learnt review was commissioned and reported to Audit Committee in March 2019.
- 10.3.19 The key control issues identified in the audit were:
- The project required greater management oversight and a more thorough approach to deliver the project and identify risks.
  - The Steering Group needed independent leadership to avoid time delays and changes to the project plan.
  - Conflicts of interest should be raised at the earliest opportunity and monitored throughout the course of the project.
  - Financial implications should be thoroughly investigated including viability assessments to prevent the Council from being subjected to a risk that was not intended at the commencement of the project.
- 10.3.20 The key recommendations arising from the audit are:
- Continuous due diligence exercise should be completed on the financial position of any partner on an annual basis.
  - Project Boards should be set up for each major project with agreed Terms of Reference and use an enhanced initiative checklist to ensure risks are identified at the earliest opportunity.
  - All critical documents should be retained in a central location.
  - Financial representation should be maintained throughout the project lifecycle.
- 10.3.21 Following a special Council meeting in March 2019 an independent inquiry was established into the partnership with Norfolk and Waveney Enterprise Services (NWES) and its subsidiaries and associated companies and those with common shareholders or directors, regarding the award of and administration of the [KLIC](#)

project and all aspects of its (their) financial relationship with the Borough Council of King's Lynn and West Norfolk.

- 10.3.22 An Audit Committee Task Group considered the future composition and operation of the Major Projects Officer Board, the Major Projects Progress overview and other lessons learnt from the 'KLIC Lessons Learnt Review'. This work will continue into 2020/21.
- 10.3.23 A Major Projects Member Board was established in 2019/20 to provide additional oversight of the operation of the Major Projects Officer Board.

## **11. Review of effectiveness**

- 11.1 The council has a responsibility to review the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit and the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's annual report, the Monitoring Officer's annual report and also by comments made by the external auditors and other review agencies and inspectorates, where undertaken.
- 11.2 The process of maintaining and reviewing the effectiveness of the system of internal control includes the following measures and actions:
- the work of senior managers within the council who have responsibility for the development and maintenance of governance.
  - the Internal Audit work programme.
  - comments made by the external auditors and other review agencies and inspectorates.
  - systems and controls within the council as outlined above.
- 11.3 In-year and year-end review processes have taken place. In year review mechanisms include:
- Cabinet and the Corporate Performance Panel are responsible for considering overall financial performance and receives reports on a regular basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.
  - 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. The council reviews the Constitution regularly to incorporate any necessary changes.
  - The Standards Committee have met regularly throughout the year to consider and review issues relating to the conduct of Members.
  - The Audit Committee has oversight of the activities of the council's internal and external audit functions. Members of the Audit Committee are provided with copies of all reports produced by Internal Audit and the external auditors, and also receive regular reports on matters relating to finance, fraud investigation and risk management. The committee approves the annual plans for the Internal and External Auditors and receives regular progress reports throughout the year. The Audit Manager submits to the committee an annual report and opinion, and the external auditors submit an annual audit letter. The Audit Manager has included

an audit opinion on the adequacy and effectiveness of the council's systems of internal control in the annual report and opinion on work completed during 2019/20 which was considered by Audit Committee on 27 July 2020. The report states that in the Audit Manager's opinion, the council's control arrangements were adequate and effective in 2019/20, with sound controls in all key areas.

- The Audit Manager has also completed a review of the effectiveness of the Audit Committee itself. The result was reported to Cabinet on 5 January 2021 and concluded that the committee is performing effectively and the council is meeting its requirements under the Accounts and Audit Regulations 2015.
- During 2019/20 Internal Audit has issued no reports with a 'limited assurance' rating. There were no instances of 'no assurance' reports being issued. However, the KLIC Lesson Learnt review highlights a number of weaknesses to be considered as covered in point 10.3.19 and 10.3.20.

11.4 The council's external auditors review the activities of the authority, approve the annual accounts and certify grant claims (where required). Conclusions and significant issues arising are detailed in various reports from the auditors. Their 'Audit Results Report – ISA (UK and Ireland) 260' and the Annual Audit Letter will be considered by the Audit Committee on x. These reports from the external auditors refer to the 2019/20 financial year (the latest available) and they confirmed that the council had put in place proper arrangements to secure value for money in its use of resources, and that the financial statements gave a true and fair view of the financial position of the council as at 31 March 2020.

- A member/officer protocol is in place and forms part of the council's constitution.
- The Monitoring Officer's annual report covering the 2019/20 year provides an overall opinion on the adequacy and effectiveness of the governance framework. The report stated that the systems of internal control administered by the Monitoring Officer including the Code of Conduct and the Council's Constitution, were adequate and effective during the year between April 2019 and March 2020 for the purposes of the latest regulations
- Additionally, it is the responsibility of the statutory officers to report to council on any issues concerning the review of the effectiveness of internal control arrangements.

11.5 To summarise this section: a review of the council's overall governance arrangements for the 2019/20 year has been undertaken; the review highlighted one issue affecting governance or internal control during the year. Arrangements outlined in sections 4 to 10 are in place and operating as planned.

## **12. Areas of special interest in terms of governance**

### **12.1 Leisure arrangements – [Alive West Norfolk](#)**

12.1.1 The council's leisure and arts facilities had been operated and managed through an independent trust and wholly owned local authority company since 1 September 2014. A review undertaken in 2018/19 lead to a decision being taken at a special Cabinet meeting on 17 October 2018 to move to a new delivery model in 2019/20. A wholly owned council company (Alive West Norfolk) has been established that is

responsible for the delivery of leisure services across the borough. An officer project board supported the transition with the new model operational from 1 July 2019.

## 12.2 Legal arrangements

12.2.1 The council's legal service continues to be delivered via a delegated agreement on an annual, rolling basis, with [Eastlaw](#) (the in-house legal team at North Norfolk District Council). The agreement is designed to provide resilient and quality legal services to the borough council and includes provision of a Monitoring Officer; one of the council's designated statutory posts. Eastlaw provide the client role for commissioned legal services, as well as providing general advice and support for processing Freedom of Information Act 2000 requests and the General Data Protection Regulation 2016.

## 12.3 West Norfolk Housing Company Limited (WNHC) (Company number 10368299)

12.3.1 In August 2016, Cabinet resolved<sup>2</sup> to set up a wholly owned local authority company the main purpose of which is to help meet the council's statutory housing duties, by holding property that will be purchased and / or leased from the council in order to create and provide affordable housing. The company became a registered provider of social housing in 2018. It operates on a not for profit basis. The council has appointed members and officers to serve as company directors. The company reports to Cabinet.

12.3.2 WNHC is helping to secure investment in new affordable homes in the borough to meet identified need. Broad Street is an ambitious scheme that has transformed underused office space in King's Lynn town centre into temporary accommodation for couples and families who are, or have been, threatened with being homeless opened in 2018/19. The accommodation is managed by Broadland Housing Association.

12.3.3 During 2019/20 the company acquired a number of properties via Section 106 arrangements which were subsequently leased. Additional shared ownership properties were transferred to the company portfolio.

## 12.4 West Norfolk Property Limited (Company number 11305604)

12.4.1 The 2017 Annual Governance Statement set out governance arrangements for this vehicle to hold new private rented sector stock in the borough. The company, limited by shares, operates primarily to generate new revenue from housing stock developed and held on sites developed by the council. The council has appointed members and officers to serve as company directors. The company reports to Cabinet. A Business Plan and Intra Group Agreement were previously agreed by Cabinet in June 2018. Following agreement of [Cabinet in January 2019](#), the company articles were amended.

## 12.5 West Norfolk Wins (local lottery)

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<sup>2</sup> 2 August 2016

12.5.1 The first lottery draw for West Norfolk Wins took place on 26 May 2018. The introduction of a local lottery requires two licences approved by the Gambling Commission. Norfolk Community Foundation provide an independent due diligence review of the approval of good causes.

12.5.2 The Borough Council is a member of the Lotteries Council, the Gambling Commission and Gamble Aware. Gamble Aware funds research, prevention and treatment services to help reduce gambling harm. Gatherwell are the administrator for West Norfolk Wins and have extensive experience in administering council lotteries.

## 12.6 Officer Major Projects Board

12.6.1 The council has a range of projects that are identified within the approved capital programme. In addition to this, there is a multitude of other projects that are being worked on by a variety of officers. To support the management of the council's property projects, an officer board has been established. The board includes executive directors and officers involved in capital funded property projects. The monthly board meetings consider project briefs, business cases, project progress, risk and reports to Management Team.

12.6.2 Following the publication of the Internal Audit report "KLIC Lessons Learnt" in March 2019, the Officer Major Projects Board established a reporting mechanism to enable the Audit Committee to monitor major projects and identify any steps or action required. A programme of reviewing each of the current large scale projects will also be undertaken.

## 12.7 King's Lynn Town Deal Board

12.7.1 The Board's inaugural meeting was 28 February 2021 and is chaired by a local business representative. The council's role is to organise the Board, and make the governance and decision making structures of the [Town Deal Board public](#). The Government has set out specific requirements about who the Board must include. They are:

- all tiers of local government
- upper-tier authorities
- the MP (or MPs)
- local businesses and investors
- communities
- Local Enterprise Partnerships (LEPs)
- Business Improvement Districts (BIDs)
- Jobcentre Plus

12.7.2 It must also include representation from some wider community bodies, such as:

- universities and further education
- hospitals
- local sports team
- cultural and creative institutions

### **13. Known changes in the 2020/21 year**

- 13.1 Embedding the new risk management framework  
Roll out briefings on the revised risk management framework. Align risk register with new corporate business plan and prepare 6 monthly risk updates to Management Team and Audit Committee.
- 13.2 Governance framework for the council's companies  
Review the governance framework of the council's wholly owned companies and provide company director training for directors appointed to its companies.
- 13.3 To embed arrangements for record management and processing  
Assurance work regarding GDPR.
- 13.4 Assurance work regarding the Annual Governance Statement  
To implement the Internal Audit review of the council's approach to develop the annual governance statement.
- 13.5 Review of the performance management framework  
Review the performance management framework to ensure it is aligned with the new corporate business plan and Covid 19 recovery strategy.
- 13.6 Embedding of the new financial ledger  
To embed the new financial ledger software's operational processes.
- 13.7 Policy outlining approaches to the council's housing regulatory function  
To publish an overarching policy document that brings together and updates where appropriate, a collection of existing policies and approaches formulated over time. Delayed by Covid response and staff absences.
- 13.8 Joint waste contract implementation  
To implement a joint waste collection service in collaboration with Breckland and North Norfolk district councils.
- 13.9 Preventing Fraud and Corruption  
To support joint working with Department of Work and Pensions and participate in the Norfolk Counter Fraud Hub.
- 13.10 KLIC Lessons Learnt Report  
To implement recommendations.
- 13.11 Member development needs  
Delivery of member induction programme and identification of development needs.
- 13.12 English Devolution and Local Recovery White Paper  
To consider the Government's white paper anticipated in Autumn 2020 and implications for the council's governance.

- 13.13 Review of the Norfolk Museum Service SLA  
To undertake a review of the service level agreement.

## **14. Covid 19 response**

- 14.1 The Covid 19 pandemic required the council to act swiftly to support the local community and protect the safety of its staff and councillors. Due to the timing of this response, there has been little impact on the governance arrangements in 2019/20, and the council was able to take any necessary action in March 2020 using existing budgets and procedures including invoking emergency response and business continuity arrangements.
- 14.2 However, the response has necessitated a rapid move to virtual meetings, increased agile working, redeployment of staff, reductions in some services due to social distancing, related Covid 19 safe working practices and national guidance, the furloughing of staff and support for the homeless and rough sleepers.
- 14.3 Every effort has been made to maintain a business as usual approach and to maintain the delivery of key services to residents. During the required lockdown period, the council was able to consider urgent matters and decisions through its urgent decision procedure rules and arrangements. Legislative changes have enabled remote meetings and the council responded quickly and effectively to this with meetings recommencing following the Government's announcement and all committees are now taking place. The majority of staff were required to work from home, where possible, which has proven to have worked effectively, with no significant disruption to key services.
- 14.3 The response also required the development of new functions involving the processing of new Government grants and rate reliefs to businesses and support services for vulnerable residents. The Revenues and Benefits team's workloads have increased as a result of Covid 19, and alongside this the council has successfully:
- Administered the new government Covid discounts reducing nearly 1,200 business rates bill to nil
  - paid 3,334 Business Rates Grants totaling £38.650m
  - paid 130 Discretionary Grant applications totaling £951k
  - Implemented government changes to housing benefit, increasing the incomes of over 1,600 residents
  - Awarded £400k in additional discretionary Council Tax Reduction payments
  - adapted more than 500 Council Tax payment arrangements to the customers' needs
- 14.4 A new, temporary cabinet portfolio holder for emergency planning was appointed in March 2020 to specifically support the Covid 19 response.
- 14.5 The council has continued to keep residents and other stakeholders advised of developments or assistance that is available through the website or via social media, which included collaboration with community and voluntary sector organisations to support our most vulnerable residents at this time with food, medication, befriending and general advice and support, and via the New Anglia LEP to help support businesses.

- 14.5 It is anticipated that Covid 19 will have significant impacts upon the authority in 2020/21 and will require a review of corporate priorities, the financial plan and working practices.
- 14.6 Despite the breadth and pace of the response, Covid 19 has not led to any significant weakness in the Council underlying governance arrangements.
- 14.7 The council is aware of secondary issues that could affect its financial position such as reduced income streams arising from commercial investments and chargeable services and unplanned Covid 19 additional costs such as PPE and sanitising equipment. The Council is working with political leaders, local MPs and council networks to lobbying the government to minimise the impact for the borough financially and the impact to our community.

## **15. Action Plans**

- 15.1 In the Annual Governance Statement for 2018/19, an action plan for 2019/20 was set out to deal with governance issues identified during the review for that year and is attached at Appendix B.
- 15.2 The action plan for 2020/21 is attached at Appendix C.

## **16. Assurance summary**

- 16.1 From the review undertaken, the assessment and ongoing monitoring work completed<sup>3</sup> and supported by the verification work undertaken by Internal Audit, we have reached the opinion that key systems are operating soundly and that there are no fundamental weaknesses.
- 16.2 No system of internal control could provide absolute assurances against material misstatement or loss; this statement is intended to provide reasonable assurance. We are satisfied that an on-going process for identifying, evaluating and managing key risks exists. These risks are reflected in the audit plan, the Corporate Risk Register and are the subject of separate reports during the course of the year.
- 16.3 We propose over the coming year to take steps to address matters identified to further enhance our governance arrangements. We are satisfied that the steps outlined at Appendix C will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

### ***Signed:***

Cllr Stuart Dark MBE  
Leader of the Council  
Date:

Lorraine Gore  
Chief Executive  
Date:

Cllr Joshua Lowe  
Chair of the Audit Committee  
Date:

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<sup>3</sup> By the Audit Committee during 2019/20

## Appendix A - Evidence list; How the principles of corporate governance have been adhered to during the 2020/21 year

Policies, Strategies, Rules & Codes	Processes and Frameworks	Key documents	Functions
<ul style="list-style-type: none"> <li>• Anti-Fraud and Anti-Corruption Strategy</li> <li>• Capital Strategy</li> <li>• Code of Conduct</li> <li>• Computer usage policy</li> <li>• Constitution</li> <li>• Data Quality Strategy</li> <li>• Efficiency Plan</li> <li>• Employment rules</li> <li>• Equality policy</li> <li>• Financial Plan</li> <li>• Financial procedure rules and standing orders (within Constitution)</li> <li>• Financial regulations</li> <li>• Health and Safety Policy</li> <li>• ICT policies</li> <li>• Information Governance Policies</li> <li>• Medium Term Financial Strategy</li> <li>• Member/Officer protocol</li> <li>• Members' allowances scheme (Constitution)</li> <li>• Members' code of conduct (Constitution)</li> <li>• Officers' code of conduct (Constitution)</li> <li>• Pay policy statement</li> <li>• Procedure rules (contracts, employment, meetings) (Constitution)</li> <li>• Procurement regulations</li> <li>• Procurement strategy</li> <li>• Protocol on member / officer relations (Constitution)</li> <li>• Prudential Code</li> <li>• Risk Management Strategy</li> <li>• Safeguarding Policy</li> <li>• Scheme of Delegation (within Constitution)</li> <li>• Statement of Community Involvement</li> <li>• Travelling abroad with Council devices policy</li> <li>• Terms of reference for task groups</li> <li>• Treasury Management Policy statement</li> <li>• Whistleblowing policy</li> <li>• Workforce learning and development</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmarking</li> <li>• Budget consultation</li> <li>• Budget process</li> <li>• Business continuity framework</li> <li>• Car Park Management</li> <li>• Civil Parking Enforcement</li> <li>• Competency frameworks</li> <li>• Complaints process</li> <li>• Corporate Business Plan</li> <li>• Customer Care Standards</li> <li>• Customer feedback process</li> <li>• Environment policy</li> <li>• Environmental Statement</li> <li>• EQIA policies</li> <li>• Equality Monitoring</li> <li>• Extended Managers Meetings</li> <li>• Health and Safety policy</li> <li>• Induction process (member and officer)</li> <li>• Internal Audit Strategic Plan</li> <li>• Job evaluation process</li> <li>• Legal Services</li> <li>• Managing performance (people) framework (including appraisal process)</li> <li>• Meeting timetable</li> <li>• Member allowances publication</li> <li>• Member training</li> <li>• MRF Partnership Care &amp; Repair</li> <li>• MT/Union meetings</li> <li>• Officer membership of professional bodies</li> <li>• Performance Management (business) framework</li> <li>• PRP targets</li> <li>• Risk management process</li> <li>• Scrutiny framework (Constitution)</li> <li>• Senior Staff Salary publication</li> <li>• Staff Briefing</li> <li>• Training for chairmen and vice-chairmen</li> </ul>	<ul style="list-style-type: none"> <li>• Agendas &amp; Minutes</li> <li>• Alive Trust/Management</li> <li>• Annual audit letters</li> <li>• Annual Directorate Plans</li> <li>• Annual Governance Statement</li> <li>• Assurance Statements</li> <li>• CCTV Operating Manual</li> <li>• CNC Building Control</li> <li>• Committee reports, agendas and minutes</li> <li>• Complaints reports</li> <li>• Consultation register</li> <li>• Corporate Risk Register</li> <li>• Council tax booklet</li> <li>• Council website</li> <li>• Delegation Agreement &amp; SLA</li> <li>• Employee Handbook</li> <li>• Enforcement Policy</li> <li>• External inspection / review reports</li> <li>• Harassment Procedure</li> <li>• Internal Affairs</li> <li>• Intranet</li> <li>• JNC terms &amp; conditions</li> <li>• Job descriptions/specs</li> <li>• Key decisions (within Constitution)</li> <li>• Law &amp; governance</li> <li>• Local Plan</li> <li>• Members Bulletin</li> <li>• Neighbourhood Development Plans</li> <li>• Publication Scheme (FOI)</li> <li>• Quarterly Performance Reports</li> <li>• Record of decisions</li> <li>• Register of interests</li> <li>• Report templates</li> <li>• Salary scales</li> <li>• Senior management remuneration report</li> <li>• Service level agreements</li> <li>• Service plans</li> <li>• Standard timetable for circulation of agendas</li> <li>• Statement of Accounts</li> <li>• Statement of Internal Control (part of AGS)</li> <li>• Timetable of council meetings</li> <li>• Training programmes</li> <li>• Transparency publications</li> <li>• West Norfolk Partnership</li> <li>• Workforce development and Plans</li> <li>• Working Protocol</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Community Information Points</li> <li>• Democratic Services</li> <li>• External audit (and other reviews)</li> <li>• Finance service</li> <li>• Functions and responsibilities of senior officers and councillors (within Constitution)</li> <li>• Head of Paid Service</li> <li>• Health and Safety Officer</li> <li>• ICT Development Group</li> <li>• Independent remuneration panel</li> <li>• Internal Audit</li> <li>• Local Government Ombudsman (report)</li> <li>• Management Team</li> <li>• Monitoring Officer</li> <li>• Monitoring Officer report</li> <li>• Officer Major Projects Board</li> <li>• Policy Development and Review Panels</li> <li>• Policy, Performance and Personnel Services</li> <li>• PR/Communication</li> <li>• S151 officer</li> <li>• Social media</li> <li>• Standards Committee</li> <li>• Statutory reports</li> <li>• Terms of reference for committees (Constitution)</li> <li>• Website</li> <li>• Weekly CEO/Leader meetings</li> </ul>

## Appendix B - Action plan for the 2019/20 year

Item		Action	Responsible Officer	Target Date	Status
1	Embedding the new risk management framework.	Roll out briefings on the revised risk management framework. 6 monthly risk updates to Management Team and Audit Committee.	Executive Director, Central and Community Services	March 2020	New approach implemented with November 2019 risk register update. Training delayed by Covid 19 response and delivered to Audit Committee in July 2020.
2	Governance framework for the council's companies.	Review the governance framework of the council's wholly owned companies.	Chief Executive	March 2020	Research work partially undertaken but delayed by Covid 19 response. Roll over to 2020/21 action plan.
3	Assurance work regarding GDPR.	To embed arrangements for record management and processing.	Chief Executive	March 2020	Actions from internal audit reports are progressing, although some areas are delayed by Covid 19 response.
4	Assurance work regarding the Annual Governance Statement.	To support the Internal Audit review of the council's approach to developing the annual governance statement.	Executive Director, Central and Community Services	March 2020	Internal Audit recommendations reflected in statement for 2019/20. Lower priorities to be picked up in 2020/21 and onwards.
5	Training for the council's appointed directors on the role and responsibilities of a company director.	To provide company director training for directors appointed to its companies.	Chief Executive	March 2020	Research work partially undertaken but delayed by Covid 19 response. Roll over to 2020/21 action plan.
6	Development of an updated corporate business plan.	Following the May 2019 elections, refresh the corporate business plan for 2019-2023.	Chief Executive	March 2020	Consultation undertaken in 2019 and new plan agreed in January 2020.
7	Review of the performance management framework.	Review the performance management framework to ensure it is aligned with the new corporate business plan.	Executive Director, Central and Community Services	March 2020	Covid 19 response affected directorate planning. A recovery strategy was approved in June 2020 and the performance framework will be developed in 2020/21.
8	Implementation and	To implement	59 Deputy Chief	March 2020	Ledger operational but some

Item		Action	Responsible Officer	Target Date	Status
	embedding of the new financial ledger.	and embed the operational processes of the new financial ledger software.	Executive		refinements to be undertaken in 2020/21.
9	Management restructure.	To implement a management restructure to support succession planning.	Chief Executive	March 2020	New structure implemented January 2020.
10	Procurement strategy/regulations training	Roll out training for the new procurement strategy.	Deputy Chief Executive	March 2020	Initially delayed by Covid 19 response, Procurement briefing provided for members on 3 June 2020.
11	Recommendations from Internal Audit review of "Ethical culture".	To implement priority recommendations from the Internal Audit of "Ethical culture".	Chief Executive	March 2020	Complete and all follow up has been completed.
12	Digital exclusion strategy/policy.	Develop a digital exclusion policy/strategy.	Executive Director, Central and Community Services	March 2020	Delayed by management restructure and Covid 19 response. Rolled over to 2020/21 action plan.
13	Develop revised media protocols.	To develop revised social media protocols.	Executive Director, Central and Community Services	March 2020	Delayed by Covid 19 response. Rolled over to 2020/21 action plan.
14	Public Services Network (PSN) compliance	Ensure PSN compliance during 2019/20 including progressing any actions identified as a result of the 2018 audit.	Executive Director, Central and Community Services	March 2020	Public Service Network audit is late this year due to Covid-19 and is likely to run between Nov-Dec. We have undertaken an initial health check / penetration test and are awaiting the results.
15	Policy outlining approaches to the council's housing regulatory function.	To develop a policy that outlines the council's approach to regulation with its housing functions.	Chief Executive	March 2020	To publish an overarching policy document that brings together and updates where appropriate, a collection of existing policies and approaches formulated over time. Delayed by Covid response and staff absences.
16	Homelessness and rough sleeper strategy and stakeholder group.	To develop a homelessness and rough sleeper strategy.	Chief Executive	March 2020	The Homelessness and Rough Sleeping Strategy 2019-2024 was approved in Jan 2020.
17	Development of waste contracts for residual, recycling,	To procure: <ul style="list-style-type: none"> <li>A joint waste collection</li> </ul>	Executive Director, Commercial	March 2020	<a href="#">Refuse and Recycling Contract</a> , approved December 2019.

Item		Action	Responsible Officer	Target Date	Status
	garden and food waste streams.	<p>service in collaboration with Breckland and North Norfolk district councils.</p> <ul style="list-style-type: none"> <li>• A food waste treatment service.</li> <li>• A garden waste treatment service.</li> </ul>	Services		
18	CIL governance.	To design the governance structure for the Community Infrastructure Levy.	Executive Director, Environment and Planning	March 2020	Covid 19 response delayed but structure agreed by Cabinet in August 2020.
19	Creation of Alive West Norfolk and closedown of Alive Management Limited.	To establish the new council owned leisure company, Alive West Norfolk and close down Alive Management Limited.	Deputy Chief Executive	March 2020	Alive West Norfolk operational July 2019.
20	Norfolk Fraud Hub	To support joint working with DWP and participate in the Norfolk Counter Fraud Hub.	Deputy Chief Executive	March 2020	Funding approved by Norfolk County Council to resource additional support over the next two years.
21	Payment Card Industry (PCI) compliance.	To respond to issues identified during the 2018 PCI audit.	Deputy Chief Executive	March 2020	PCI audit is late this year due to Covid-19 and is likely to run between Nov-Dec. We have undertaken an initial health check / penetration test and are awaiting the results.
22	Independent inquiry into partnership with NWES	To support the independent inquiry into the partnership with NWES and respond to the report findings.	Chief Executive	March 2020	Concluded in July 2020.
23	Audit Committee Task Group regarding major projects and KLIC lessons learnt review	To support the Audit Committee Task Group with its work regarding the Major Projects Board and 'KLIC	Chief Executive	March 2020	Cross Party Working Group have presented initial findings and are currently reviewing additional items.

Item		Action	Responsible Officer	Target Date	Status
		Lessons Learnt Review'.			
24	Major Projects Member Board	To establish a member board to provide assurance that the council's major projects programme is run in accordance with the Major Projects (Officer) Board terms of reference.	Chief Executive	March 2020	Member board established by Cabinet in June 2019 and inaugural meeting held October 2019.
25	Member development needs	Delivery of member induction programme and identification of development needs.	Chief Executive	March 2020	A questionnaire has been sent to councillors on development needs from which an updated training plan will be prepared.
26	Equalities training programme	Development of a training programme to support the equalities policy.	Executive Director, Central and Community Services	March 2020	Work to scope training programme has commenced but delayed by COVID. Procurement of new training provider now likely to commence in early 2021.
27	Review the council's governance model	To review and examine alternative governance models to the current Strong Leader and Cabinet model.	Chief Executive	March 2020	Review commenced but delayed by Covid 19 response and pending Government's white paper on local government reorganisation and devolution in autumn 2020.
28	Review of King's Lynn Area Consultative Committee.	To review the continuing operation of the King's Lynn Area Consultative Committee (KLACC).	Executive Director, Environment and Planning	June 2019	Completed. Cabinet agreed in June 2019 that the King's Lynn Area Consultative Committee continues to operate for a further 4 years.

## Appendix C - Action plan for the 2020/21 year

Item		Action	Responsible Officer	Target Date
1	Embedding the new risk management framework.	Roll out briefings on the revised risk management framework. 6 monthly risk updates to Management Team and Audit Committee.	Assistant to the Chief Executive	March 2021
2	Governance framework for the council's companies.	Review the governance framework of the council's wholly owned companies.	Chief Executive	March 2021
3	Assurance work regarding GDPR.	To embed arrangements for record management and processing.	Chief Executive	March 2021
4	Assurance work regarding the Annual Governance Statement.	To support the Internal Audit review of the council's approach to developing the annual governance statement.	Assistant to the Chief Executive	March 2021
5	Training for the council's appointed directors on the role and responsibilities of a company director.	To provide company director training for directors appointed to its companies.	Chief Executive	March 2021
6	Update address gazetteer.	To ensure the address gazetteer is update in preparation for Census 2021.	Assistant Director – Environment & Planning	January 2021
7	Review of the performance management framework.	Review the performance management framework to ensure it is aligned with the new corporate business plan.	Assistant to the Chief Executive	March 2021
8	Implementation and embedding of the new financial ledger.	To implement and embed the operational processes of the new financial ledger software.	Assistant Director - Resources	March 2021
9	Develop revised media protocols.	To develop revised social media protocols.	Assistant Director – Central Services	March 2021
10	Public Services Network (PSN) compliance	Ensure PSN compliance during 2020/21 including progressing any actions identified as a result of the 2019 audit.	Assistant Director - Resources	March 2021
11	Policy outlining approaches to the council's housing regulatory function.	To develop a policy that outlines the council's approach to regulation with its housing functions.	Chief Executive	March 2021
12	Implementation of new waste collection service.	To implement: <ul style="list-style-type: none"> <li>• A joint waste collection service in collaboration with Breckland and North Norfolk district councils.</li> <li>• A food waste treatment service.</li> <li>• A garden waste treatment service.</li> </ul>	Assistant Director – Operations and Commercial	March 2021

Item		Action	Responsible Officer	Target Date
13	Norfolk Fraud Hub	To support joint working with DWP and participate in the Norfolk Counter Fraud Hub.	Assistant Director - Resources	March 2021
14	Payment Card Industry (PCI) compliance.	To respond to issues identified during the 2019 PCI audit.	Assistant Director - Resources	March 2021
15	Audit Committee Task Group regarding major projects and KLIC lessons learnt review	To support the Audit Committee Task Group with its work regarding the Major Projects Board and 'KLIC Lessons Learnt Review'.	Chief Executive	March 2021
16	Equalities training programme	Development of a training programme to support the equalities policy.	Assistant Director – Central Services	March 2021
17	Review the council's governance model	To review and examine alternative governance models to the current Strong Leader and Cabinet Model	Chief Executive	March 2021
18	English Devolution and Local Recovery White Paper	To consider the white paper on English Devolution and Local Recovery.	Chief Executive	March 2021
19	Service level agreements	To review service level agreements covering: <ul style="list-style-type: none"> <li>• Alive West Norfolk</li> <li>• EastLaw</li> </ul>	Assistant to the Chief Executive	March 2021
		To review service level agreements covering: <ul style="list-style-type: none"> <li>• Norfolk Museum Service</li> </ul>	Assistant Director - Regeneration, Housing and Place	March 2021

## Appendix D – Alternative ways of providing services

### ***Partnerships/joint working***

- Cambridgeshire and Peterborough Combined Authority
- College of West Anglia via Lynnsport
- Improving Educational Attainment Steering Group
- King's Lynn Area Consultative Committee
- Kings Lynn Business Improvement District
- Lily
- New Anglia LEP
- Norfolk Arts Forum Executive
- Norfolk Business Rates Pool
- Norfolk Coast Partnership Management Group
- Norfolk Community Safety Partnership
- Norfolk Community Safety Scrutiny Sub-Panel
- Norfolk Counter Fraud Hub
- Norfolk Health and Wellbeing Board
- Norfolk Health Overview and Scrutiny Committee
- Norfolk IHAT strategy group (Integrated Housing Adaptations Team)
- Norfolk Joint Museums and Archaeology Committee
- Norfolk Local Authority Tourism Group
- North Norfolk and Breckland district councils – waste and recycling contract procurement
- Norfolk Parking Partnership
- Norfolk Parking Partnership Joint Committee
- Norfolk Police and Crime Panel
- Norfolk Rail Policy Group
- Norfolk Records Committee
- Norfolk Resilience Forum
- Norfolk Waste Enforcement Group
- Norfolk Waste Partnership
- Norfolk Serious and Organised Crime Group
- Norfolk Strategic Housing Partnership
- Operational Partnership Team (community safety)
- Wash East Coastal Management Strategy Stakeholder Forum
- West Norfolk and King's Lynn Girls School Trust
- West Norfolk Chamber of Commerce Council
- West Norfolk Community Transport Project
- West Norfolk Partnership
- West Norfolk Tourism Forum

### ***Wholly owned council companies***

- Alive West Norfolk
- West Norfolk Housing Company Limited
- West Norfolk Property Limited

### ***Contracted out services***

- Legal services - Eastlaw
- Leisure, culture and sports development services – Alive Leisure
- Payroll processing – Bedford Borough Council
- Waste and recycling collection - Kier
- West Norfolk Wins lottery – Gatherwell Limited

### ***Shared services***

- Internal Audit Manager – Fenland District Council

***Services we provide for other councils***

- On and/or off street parking services/administration in Great Yarmouth, South Norfolk, North Norfolk, Breckland and Broadland areas
- CCTV - Breckland, Norfolk County Council and Great Yarmouth
- Management of Disabled Facilities Grants – Breckland and Fenland district councils
- Strategic housing – Breckland District Council
- Careline Services – North Norfolk District Council
- Procurement – Boston Borough Council

## Glossary of terms

Annual Governance Statement (AGS)	The Annual Governance Statement which describes how corporate governance arrangements have been working for a period of time indicated. It is a public report by the council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
Audit Committee	The Audit Committee considers the council's governance arrangements and ensures that the financial affairs of the council are properly conducted.
Budget	The estimate of income and expenditure for a set period of time, for the council this covers the financial year 1 April until 31 March each year and includes all the financial resources allocated to different services and projects.
Capital Programme	This identifies agreed capital schemes, showing the total cost of schemes and the projected phasing of those schemes over current and future financial years.
Code of conduct	The Code sets the standards and behaviour expected of councillors and co-opted members.
Code of Corporate Governance	The Code of Corporate Governance describes the arrangements in place to ensure that the council conducts its business in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
Constitution	The council's constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. The constitution also contains the policies for anti-fraud and corruption, anti-bribery and whistleblowing.
Corporate Business Plan	This document details the vision, priorities and objectives of the organisation.
Corporate Risk Register	This is a formal record of the major risks facing the council and the mitigating actions to reduce the risk.
Data Protection Act 2018	The Data Protection Act 2018 and associated General Data Protection Regulations which came into force in May 2018. This strengthens the regulatory environment for data owners, controllers and processors and aligns legislation with other European countries.
Data Protection Officer	A Data Protection Officer (DPO) is a role required by GDPR. Data Protection Officers are responsible for overseeing data protection strategy and implementation to ensure compliance with GDPR requirements.
Extended Management Team	Comprises the Chief Executive, Executive Directors, Assistant Directors and Service Managers.
Governance	Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.
Head of Paid Service	The most senior officer with overall responsibility for the management and operation of the council. Also known as the Chief Executive.
Internal Audit	This is an independent, objective assurance and consulting activity designed to add value and improve the council's operations.
Licensing Committee	Committee of councillors that undertake all licensing and gambling functions, powers and duties conferred on the council under the Licensing Act 2003 and the Gambling Act 2005.
Local Plan	A Local Plan sets out the local planning policies and identifies how land is used, determining what will be built where. Once a local plan

	becomes adopted it provides the framework for development within an area.
Management Team	Comprises the Chief Executive and Executive Directors.
Medium Term Financial Strategy	The council's key financial planning document. It aims to provide the council with an assurance that the spending plans are affordable over the medium term (five years). The MTFS includes a five year budget forecast that is reviewed annually as part of the budget setting process.
Monitoring Officer	The officer charged with ensuring that everything that the council does is fair and lawful.
Performance Indicators	A measurable value that demonstrates how effectively the organisation is achieving against its key objectives
Planning Committee	Committee of councillors that sit as the local planning authority to determine planning applications (not delegated to officers).
Policy Framework	The plans and strategies, which have been adopted by the Full Council in accordance with which the Leader of the Council, Cabinet, policy development panels, committees and officers must operate.
Risk Management	This is an important part of both corporate governance and performance management. It allows the council to avoid problems and failures, rather than just reacting to them when they arise. It helps the council to identify where it needs to focus its efforts and resources, to exploit more opportunities and suffer fewer failures.
Scheme of delegation	This sets out how the Cabinet and full Council have delegated their executive and non-executive powers.
Section 151 Officer	The officer responsible for the administration of the financial affairs of the council (under section 151 of the Local Government Act 1972). Also known as the Chief Finance Officer.
Statement of Accounts	The Statement of Accounts show, in financial terms, the performance of the council for the year indicated. It is a statutory publication produced in accordance with legislative requirements and the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.

Borough Council of  
King's Lynn &  
West Norfolk



# DRAFT STATEMENT OF ACCOUNTS 2019-2020



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## Statement of Responsibilities

### The Borough Council's Responsibilities

The Council is required to:-

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Assistant Director of Financial Services (S151 Officer), Michelle Drewery;
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;
- Approve the Statement of Accounts.

### **Certification**

I confirm that this Statement of Accounts was approved by Audit Committee at the meeting held on (date to be inserted).

Signed on behalf of the Borough Council of King's Lynn and West Norfolk

Councillor Angie Dickinson, Chair of Audit Committee of the Borough Council of King's Lynn and West Norfolk as Chair of the Meeting

*(Date to be inserted)*

### Chief Finance Officer's Responsibilities

The Assistant Director of Financial Services (S151 Officer) is responsible for the preparation of the Council's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Code of Practice on Local Council Accounting in the United Kingdom' (the Code), is required to present the true and fair financial position of the Council and its income and expenditure for the year ended 31 March 2020.

In preparing the Statement of Accounts, the Assistant Director of Financial Services (S151 Officer) has:-

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Assistant Director of Financial Services (S151 Officer) has also:-

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Accounts and Audit (England) Regulations 2015, I certify that Draft Statement of Accounts presents a true and fair view of the financial position of the Borough Council of King's Lynn and West Norfolk as at 31 March 2020, and its income and expenditure for the year then ended.

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Michelle Drewery\*  
Assistant Director - Resources (S151 Officer)  
(16<sup>th</sup> February 2021)

## Narrative Report

### 1 Introduction

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) specifies the principles and practices of accounting required to give a 'true and fair' view of the financial position and transactions of the council.

The Code sets out the proper accounting practices required by section 21(2) of the Local Government Act 2003. These proper practices apply to:

- Statement of Accounts prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2015.
- The audit of those accounts undertaken in accordance with the statutory framework established by section 4 of the Local Audit and Accountability Act 2014.

The Code prescribes the accounting treatment and disclosures for all normal transactions of a local Council, and is based on the following hierarchy of standards:

- International Financial Reporting Standards (IFRSs) (including International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) interpretations) as adopted by the European Union (i.e. EU-adopted IFRS).
- International Public Sector Accounting Standards (IPSASs)
- UK Generally Accepted Accounting Practice (GAAP) (Financial Reporting Standards (FRSs), Statements of Standard Accounting Practice (SSAPs) and Urgent Issues Task Force (UITF) Abstracts).

There are no material changes to the code that have impacted on this council for 2019/2020.

The Statement of Accounts consists of summaries which deal with different aspects of the Council's activities and a Consolidated Balance Sheet which sets out the financial position of the Council as at 31 March 2020. Of the summaries some are recognised as Core Financial Statements, detailed below:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement (CIES)
- Balance Sheet
- Cash Flow Statement
- Collection Fund

All of the above are supported by the Accounting Policies and various notes to the accounts.

## 2 Introduction to West Norfolk

West Norfolk covers an area of about 550 square miles from Brancaster on the Northern Coast to beyond Downham Market in the South.



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Our main office is based in King's Lynn, with other offices, facilities and attractions in King's Lynn, Hunstanton and Downham Market.

West Norfolk provides a beautiful environment in which to live and work. King's Lynn, a medieval town and port, is an outstanding conservation area. It offers a wide range of culture and leisure facilities including a theatre, concert hall and arts centre, and sports facilities. The surrounding countryside is attractive and the coastline is an "Area of Outstanding Natural Beauty". Sandringham Estate, the Queen's Norfolk home, is approximately mid-way between King's Lynn and Hunstanton. Together with other large estates, such as Holkham, it is a major tourist attraction

# 2019/2020

West Norfolk has a population of

**151,383\***



**78%**

Last year 73% of people surveyed by the council said that they received a good or excellent service from us.

**136** Number of new home built for sale by the council in west Norfolk

**48%** of contacts with Council CIC which are made using online services

Last year we approved **1,388** planning applications



**4.4million** bins are emptied every year



**527,200** Approximately 527,200 visitors come to west Norfolk each year and stay at least one night.



**9.73 million** People make leisure day trips to west Norfolk.



**£46.5 million**

Business rates income due for 2019/2020

**6,145** Total business rates properties at 31/3/2020



**98.1%** Collection rate

**£422 million**

These visitors are estimated to spend £422 million per annum within the local economy.

**£93.78 million**

Total Council Tax income collectable (NCC, Police, BCKLWN and Parishes) for 2019/2020

Amount collectable re BCKLWN **£6.2m**

**74,043** Total domestic properties at 31/3/2020



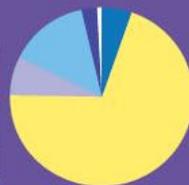
**97.5%** Collection rate

**123** Housing completions within the Borough for 2019/2020



## Breakdown of an average Band D Council bill of £1,804.69 for 2019/20

Office of the Police & Crime Commissioner for Norfolk	£253.08 - 14%
Borough Council of King's Lynn & West Norfolk	£125.87 - 7%
Parish/Town Council (Avg)	£49.86 - 2.8%
Special Expenses (Avg)	£13.64 - 0.7%
Norfolk County Council - Non Adult Social Care	£1266.19 - 70.2%
Adult Social Care (NCC)	£96.05 - 5.3%



The borough council pays £53.92 per Band D tax bill to Internal Drainage Boards

**£30.2 million**

Amount paid out in Housing Benefits

Housing Benefit Caseload

**6,454**

**£9.2 million**

Amount paid out in Council Tax Support

Council Tax Support Caseload

**9,839**

Number of people presenting for housing advice

**1,579**

of which **474** were homelessness applications

Borough Council of King's Lynn & West Norfolk



\* based on figures provided by Office of National Statistics (ONS) 2017 Mid-Year Estimates

## Local Economy

As at 31 March 2020 the borough is home to 6,145 business properties.

The most significant sectors of the local economy are manufacturing and engineering (predominantly clustered on the industrial estates in King's Lynn but also with significant footprint in other parts of the borough) and tourism (which have more rural focus).

King's Lynn is home to a significant cluster of world-leading manufacturing businesses. They include a number with their global headquarters, research and development and manufacturing facilities based here. Many are exporters. These businesses include manufacturers of medical devices and drug delivery technologies, commercial refrigeration, materials handling systems, electronic control systems and robotics, and precision engineering, as well as specialist chemicals, coatings and microporous membranes, technical ceramics and specialist agricultural chemicals. Food manufacturing is also important with a number of major food companies based in the borough, together with a range of agricultural and horticultural businesses. As well as providing direct employment, the manufacturing sector also supports a very significant local supply chain of smaller manufacturers, engineering and fabrication businesses, logistics providers and suppliers of other services.

It is estimated that the total number of visitors to west Norfolk comprises approximately 502,100 visitors staying at least one night and around 9.73 million people making leisure day trips. These visitors are estimated to spend nearly £422 million per annum within the local economy. When the value of indirect spending (purchases of supplies and services by businesses in receipt of visitor spending) and induced spending (spending by those employed in businesses in receipt of visitor spending) are taken into account the overall value of the visitor economy is estimated to be £559 million annually. This in turn is estimated to support 10,916 jobs (8,107 full time equivalent jobs) which is estimated to represent around 18.8% of all employment in the local economy (figures taken from *The Economic Impact of Tourism – 2018* results, produced by Destination Research).

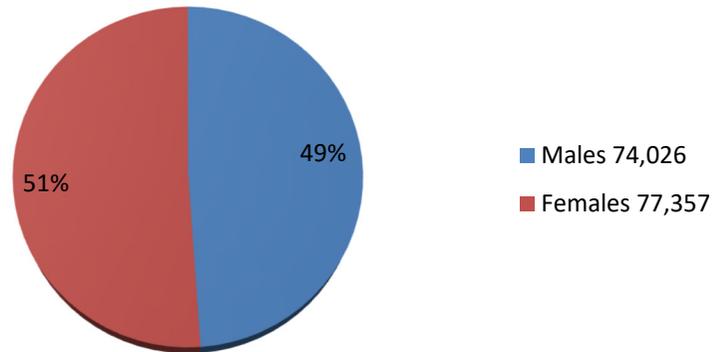
The COVID-19 outbreak and consequent 'lockdown' of parts of society and the economy had an immediate and continuing negative impact on our local economy broadly in line with the effects felt throughout the country as a whole. It is too early to be able to understand completely but what is clear is that there is a threat of significant business failures and job losses, but the full effect will take some months to work through and will depend on how well the country and the borough manages to come out of restrictions, and of course whether there is a second or subsequent outbreaks of the virus. On a positive note, it is clear that some businesses have proved remarkably resilient and have found opportunities for diversification and growth even in this difficult time.

The picture is likely to remain fluid and uncertain for some time. The borough council is working closely with partners including New Anglia LEP, other local authorities and partners in both the public and private sectors to try to support businesses and individuals in the borough in the immediate aftermath of this crisis and this work will be a continuing feature going forward.

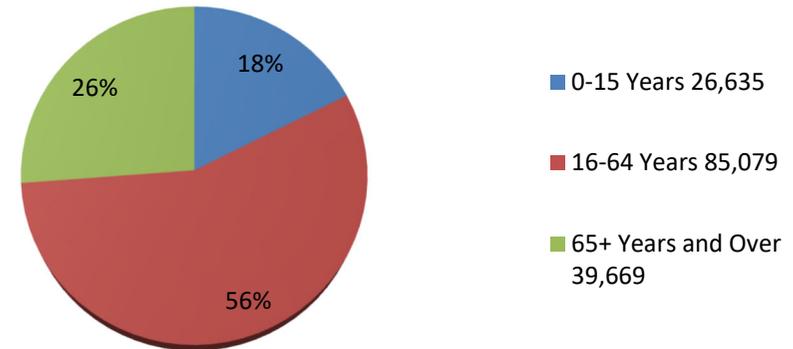
## Population

The population of West Norfolk was estimated at 151,383 (Office of National Statistics (ONS) 2019).

### Population by Gender



### Age Profile of Population



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According to the 2019 Indices of Deprivation West Norfolk households rank 79<sup>th</sup> (lower number indicates higher deprivation) out of 317 local authorities for overall deprivation – for Education, Skills and Training West Norfolk ranks 17<sup>th</sup> and for Health and Disability West Norfolk ranks 63<sup>rd</sup>.

According to Index of Multiple Deprivation (IMD) 2019:

- 15% of children in West Norfolk live in low income families
- 12% of households are experiencing fuel poverty
- There is 1 homeless and in priority need per 1,000 households (2017-18)

### 3 The Borough Council

The Borough Council, along with various partner organisations, provide a range of different services for West Norfolk residents and visitors including:

- Street cleansing, waste collection and recycling services
- Planning
- Regeneration and economic development services
- Licensing and environmental health
- Housing including homelessness prevention, home improvement agency and emergency alarm monitoring
- Parks and open spaces
- Cultural, tourism and leisure services
- Processing housing and council tax benefits
- Electoral services

The Borough Council elections were held on 2 May 2019 and 55 councillors were elected to represent the people of West Norfolk. The total number of councillors has reduced following a review of electoral wards undertaken during 2017 and approved by the Local Government Boundary Commission.

As at 31 March 2020 the current political make-up of the Council is as follows:

- Conservative Group – 29 Councillors
- Independent Group – 15 Councillors
- Labour – 10 Councillors
- Independent – 1 Councillor

Councillor Brian Long is the Leader of the Council.

The Council operates a 'leader and cabinet' structure. The Cabinet is made up of the Leader, Deputy Leader and Portfolio Holders. Each Portfolio Holder has specific responsibilities over an area of the Council's activities as at 31 March 2020 as detailed below:

- Leader of the Council
- Deputy leader and Portfolio Holder for Culture, Heritage and Health
- Portfolio Holder for Project Delivery

- Portfolio Holder for Development
- Portfolio Holder for Environment
- Portfolio Holder for Housing
- Portfolio Holder for Commercial Services
- Portfolio Holder for Business Development

Since 31 March 2020, an additional responsibility was added in response to Covid-19 outbreak:

- Portfolio Holder for Emergency Planning/ Response to Covid-19

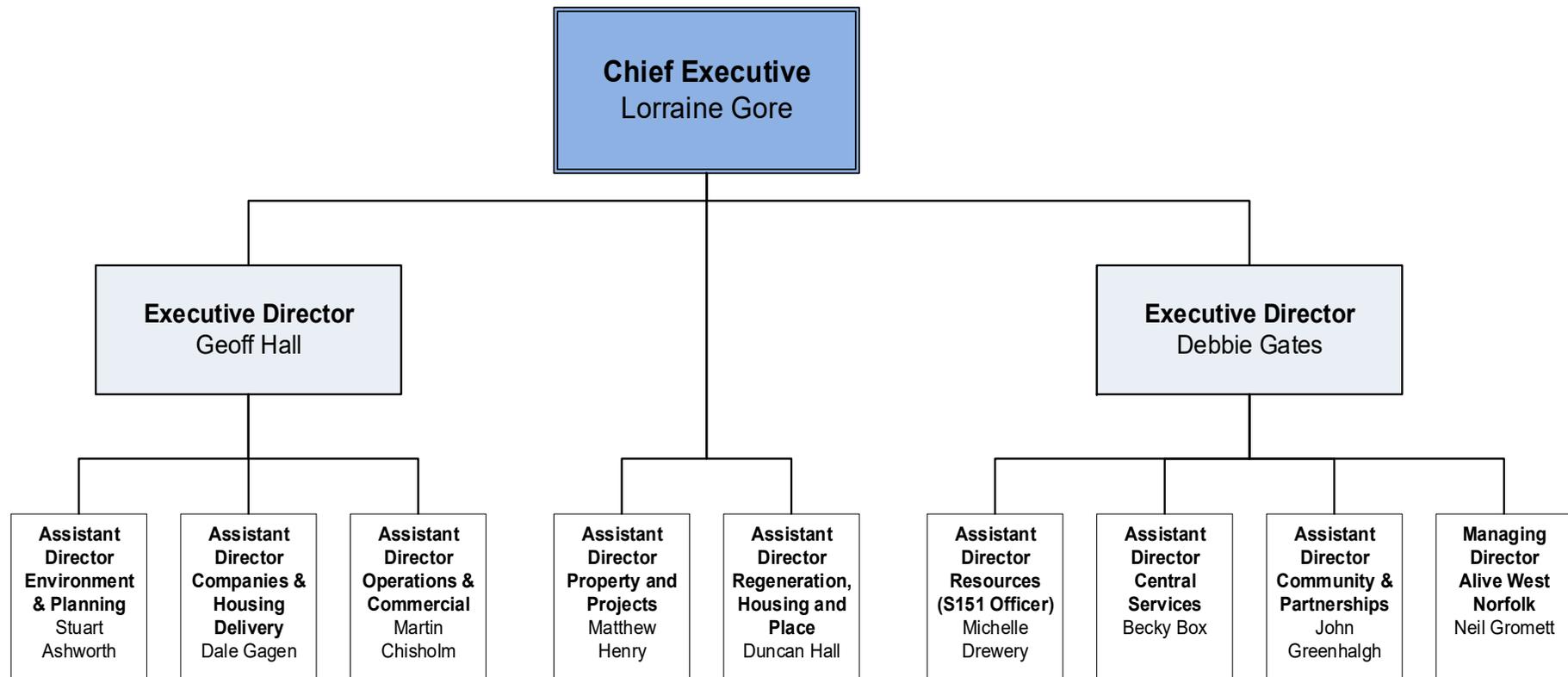
The Cabinet makes recommendations to the Council on the policy and budget framework. It also carries out all the executive functions of the Council which are not reserved to the full Council, exercised by another committee or delegated to an officer.

Further details on how the Council is run and how decisions are taken can be found on the Council's website on the home page under the heading "Council and Democracy."

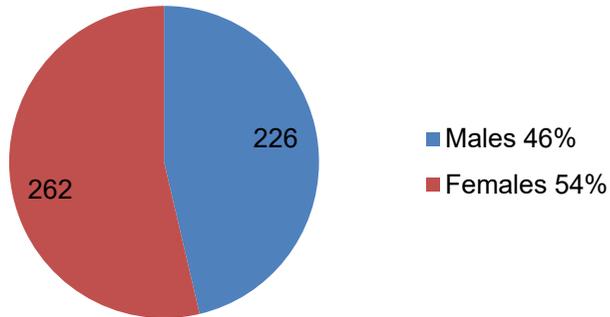
## Our People

The organisational structure of the Council is headed by the Corporate Management Team which consists of the Chief Executive and two Executive Directors. There are a total of nine Assistant Directors reporting into the Corporate Management Team.

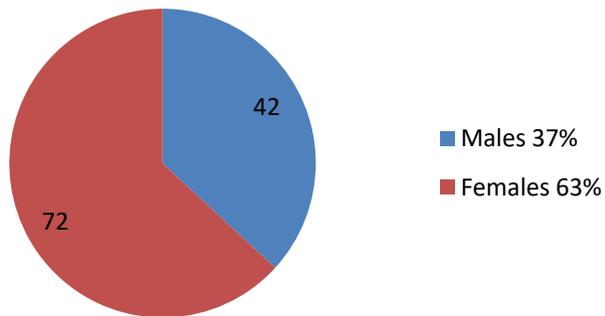
Organisation structure as at 01/06/2020



The Council's permanent establishment is currently 488 posts of which 346 are full time and 142 are part time, giving an establishment FTE of 452.35. As at 31<sup>st</sup> March 2020 the headcount (ie number of people in post) is 467.



∞ In addition, the Council's wholly owned local Council leisure company, Alive Management Ltd had a permanent establishment of 132 of which 78 are full time and 54 are part time, giving an establishment FTE of 105.34. As at 31<sup>st</sup> March 2020 the headcount (ie number of people in post) is 127.



## **4 The Council's Performance**

Following local elections in May 2019, the Council reviewed its corporate business plan and agreed a new framework in January 2020. The new plan extends to 2024. The plan includes 6 priorities supported by 19 objectives.

Progress towards achieving the priorities outlined in the former plan was monitored through a Corporate Business Plan Monitoring report and considered by the Corporate Performance Panel. The final update on the corporate business plan ending in 2019/20 was provided to Corporate Performance Panel on 22 July 2020.

The Covid 19 pandemic has refocused the Council's priorities towards a recovery strategy agreed by Cabinet on 30 June 2020. Detailed directorate and service plans will be finalised in autumn 2020. Progress will be reported to the Corporate Performance Panel.

The plan is summarised on the next page.

Our Priorities, summarised:

<b>Focusing on delivery</b>	<b>Delivering growth in the economy and with local housing</b>	<b>Protecting and enhancing the environment including tackling climate change</b>	<b>Improving social mobility and inclusion</b>	<b>Creating and maintaining good quality places that make a positive difference to people's lives</b>	<b>Helping to improve the health and wellbeing of our communities</b>
1. Delivery of value for money services	4. Promote the borough as a vibrant place in which to live, to do business and as a leading visitor and cultural destination	8. Develop and implement the council's carbon reduction strategy and encourage our partners, communities and local businesses to reduce their environmental impact	13. Continue to assist our residents to maximise their opportunities by accessing the support and services they are entitled to	16. Protect, promote and enhance the borough's natural and built environment	18. Provide early help support to communities and individuals who are vulnerable
2. Enhancing governance	5. Develop and facilitate the range and quality of business premises available	9. Encourage sustainable living through our local plan and development policies	14. Prevent homelessness, meet housing needs, improve housing conditions and ensure homes are accessible	17. Maintain accessible, clean, pleasant and safe public places and communities	19. Support our local communities to be healthy and more active
3. Ensuring the council's financial sustainability	6. Promote, lobby and support infrastructure improvements across the district	10. Work with partners and the community to improve our natural environment	15. Work with partners to improve education attainment levels and the skills of local people		
	7. Increase the supply of suitable housing in appropriate locations	11. Improve recycling levels			
		12. Support measures that protect our communities from flooding			

## 5 Annual Governance Statement

The Annual Governance Statement provides a review of the effectiveness of the Council's governance framework, internal control and risk management arrangements.

## 6 Financial Performance – Revenue

The Council set a revised budget in its February 2020 Monitoring of £17,785,050, a pension lump sum reimbursement of £1,517,000 and intended to move £204,120 from its General Fund balance, to give a Budget Requirement of £19,097,930.

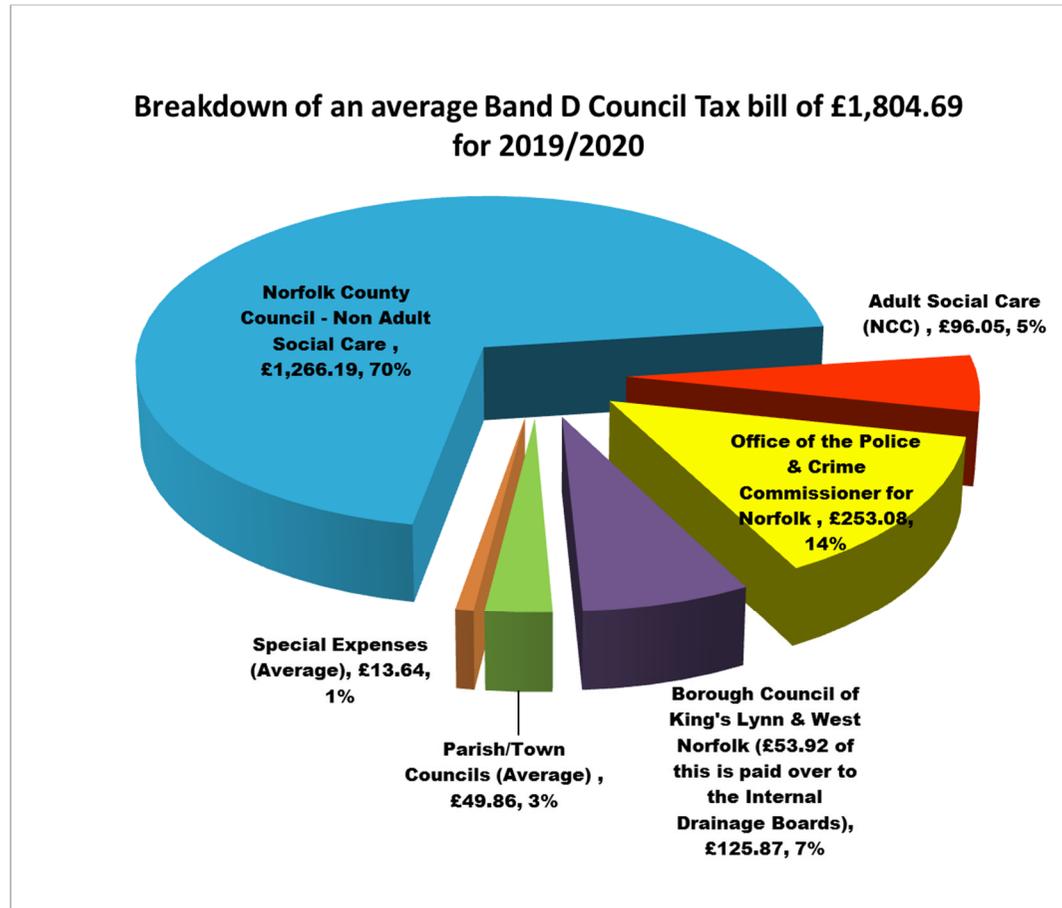
The outturn position for the year shows expenditure of £17,595,062, a pension lump sum reimbursement of £1,517,000 and a transfer of £14,132 from the General Fund Balance thereby meeting the Budget Requirement of £19,097,930. The movement of the General Fund balance is detailed below. The outturn position is incorporated within the Comprehensive Income and Expenditure Statement, deficit on provision of services.

	Original Budget 2019/2020		Revised Budget February 2020		Actual Outturn 2019/2020	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance brought forward</b>		<b>(7,610)</b>		<b>(7,610)</b>		<b>(7,610)</b>
Expenditure in the year	19,132		17,656		17,595	
Budget Requirement	19,030		19,098		19,098	
Reimbursement of lump sum Pension Payment		(1,517)		(1,517)		(1,517)
(Surplus)/ deficit for year		1,618		75		14
<b>Balance carried forward</b>		<b>(7,509)</b>		<b>(9,052)</b>		<b>(9,113)</b>
Adjustments required after reporting the outturn to Cabinet						(969)
<b>Balance carried forward</b>						<b>(10,072)</b>

The revenue outturn for 2019/2020 is detailed below. The Revenue Outturn was reported to Cabinet on 19 August 2020 .

<b>Revenue Outturn</b>	<b>Revised Estimate 2019/20 £</b>	<b>Actual Outturn 2019/20 £</b>	<b>(Surplus)/ Deficit £</b>
Corporate	4,254,562	4,757,541	502,979
Democracy	1,253,930	1,258,730	4,800
<b>Services Areas:</b>			0
Central and Community Services	1,547,544	4,318,509	2,770,965
Chief Executive	1,117,937	1,147,418	29,481
Commercial Services	1,645,666	3,052,804	1,407,138
Environment and Planning	1,432,737	1,669,335	236,598
Finance Services	1,835,730	1,072,153	(763,577)
<b>Service Area Totals</b>	<b>13,088,106</b>	<b>17,276,490</b>	<b>4,188,384</b>
Financing Adjustment	1,793,140	(2,456,538)	(4,249,678)
Internal Drainage Boards	2,754,140	2,754,140	0
Council Tax Support to Parishes	20,970	20,970	0
<b>Subtotal</b>	<b>17,656,356</b>	<b>17,595,062</b>	<b>(61,294)</b>
Reimbursement of lump sum Pension Payment	1,517,000	1,517,000	0
Contribution from Balances as reported in February 2020	(75,426)	(14,132)	61,294
<b>Borough spend for 2019/2020</b>	<b>19,097,930</b>	<b>19,097,930</b>	<b>0</b>
Additional contribution to Balances	0	0	0
<b>Revenue Outturn 2019/2020</b>	<b>19,097,930</b>	<b>19,097,930</b>	<b>0</b>

The Borough Council element of the full council tax bill in 2019/2020 for a Band D property is £125.87 out of a total of £1,804.69 charged per property (excluding the average parish and special expenses charge). The following graph shows the separate elements of the bill and it is clear that of a Band D charge in 2019/2020 the Borough Council's charge forms a very small part of the bill (7%) collected from every council tax payer.



**Our Key achievements during 2019/2020 include:**

The programme of housing development at the Marsh Lane site (known as Orchard Place) and Lynnsport 4/5 (known as Dewside), continued during 2019/2020. By the 31 March 2020 all units were completed on both sites. As at 31 July 2020 all units are either sold or sold subject to contract.



Aerial view of Dewside



Photograph of Orchard Place

Lynnsport 3 known as Cowper Place started on site in October 2018 and delivered its first two show houses in March 2020. The site is due to be completed by March 2021 and sales are well underway.



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Photograph of Lynnsport 3

The Council continues to offer an extensive programme of festival and events in conjunction with local businesses and organisations to attract people into west Norfolk and showcase our area. Details of the upcoming programme of events can be found on the Council's website: <https://www.west-norfolk.gov.uk/events>



Mini meet – This was the third annual event held in September. It was a chance for Mini owners, enthusiasts and fans to gather and celebrate 60 years of the iconic Mini



At the Forties Lynn event held in July which takes visitors back in time to the 1940s, there was an opportunity to take part in various activities around the town centre including a tea dance and a tour of the underground air raid shelters



Hanseatic ski race – an annual 2 day event held in August which is held in the Historic Quarter of Kings Lynn on the South Quay. An exciting event where racers reach speeds close to 100 mph



Hanse Festival – the return of the annual 2 day event held in May. An event to celebrate the town's rich and colourful Hanseatic heritage



Fawkes in the Walks – the famous free bonfire and fireworks display returned attracting thousands of visitors from both near and far

Lynn Lumiere – an event that transformed the facades of six landmark buildings in King's Lynn. Light projections created by French artists illuminated these buildings in fun and thought provoking ways

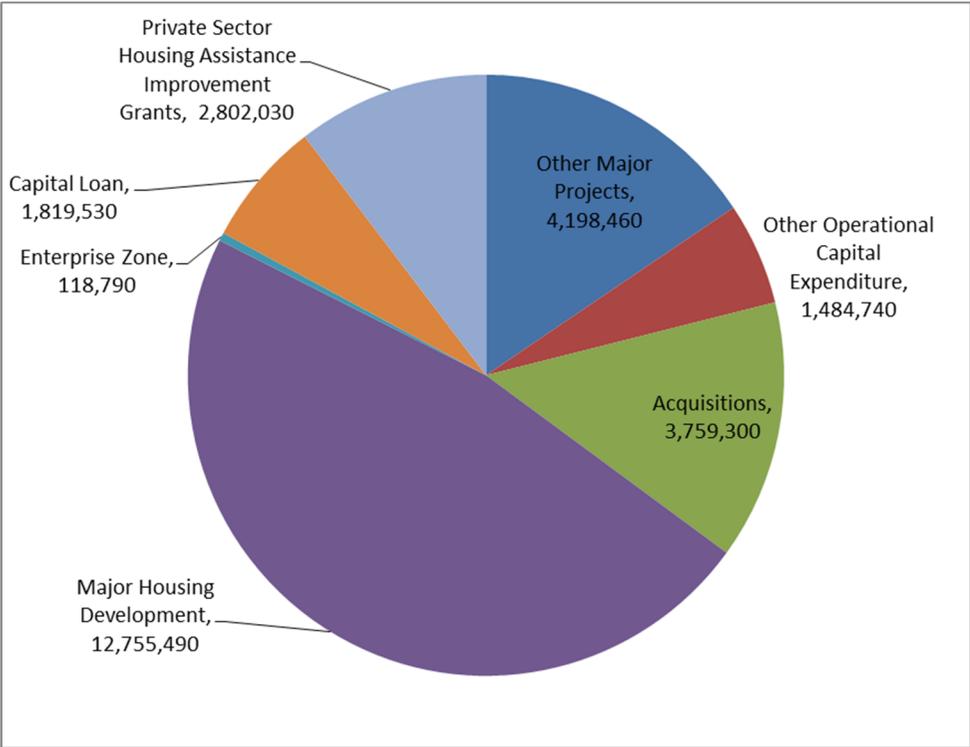


### Financial Performance – Capital

We keep a separate account of all our capital expenditure and income transactions, examples of such transactions would be:

- Buying or selling land or property
- Improvements to our existing assets
- Housing Development
- Purchase of vehicles, plant and equipment
- Awarding improvement grants for private sector housing assistance

During the year the Council spent £26.9m on capital schemes. The areas of expenditure included



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The table below provides a summary of how we performed on the capital programme compared to budget:

<b>Capital Programme 2019/2020</b>					
<b>Scheme Title</b>	<b>Budget 2019/2020 £</b>	<b>Rephasing (to)from 2020/2021 £</b>	<b>Revised Budget 2019/2020 £</b>	<b>Outturn 2019/2020 £</b>	<b>Variance from Revised Budget £</b>
<b>Major Projects</b>					
Other Major Projects	3,524,650	(364,000)	3,160,650	3,429,646	268,996
Enterprise Zone	-	118,790	118,790	118,787	(3)
Major Housing Development	15,935,350	(3,179,860)	12,755,490	12,755,498	8
NORA Housing Development *	-	-	-	768,316	768,316
<b>Total Major Projects</b>	<b>19,460,000</b>	<b>(3,425,070)</b>	<b>16,034,930</b>	<b>17,072,247</b>	<b>1,037,317</b>
<b>Operational Schemes</b>					
Central and Community Services	3,343,440	206,630	3,550,070	3,623,826	73,756
Chief Executive	-	-	-	-	0
Commercial Services	2,711,000	(2,143,060)	567,940	640,498	72,558
Environment and Planning	7,500	-	7,500	-	(7,500)
Finance Services	100,620	(78,180)	22,440	22,441	1
<b>Total Operational Schemes</b>	<b>6,162,560</b>	<b>(2,014,610)</b>	<b>4,147,950</b>	<b>4,286,765</b>	<b>138,815</b>
<b>Capital Loans</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,819,528</b>	<b>1,819,528</b>
<b>Total Capital Programme</b>	<b>25,622,560</b>	<b>(5,439,680)</b>	<b>20,182,880</b>	<b>23,178,540</b>	<b>2,995,660</b>
<b>Exempt Schemes</b>	<b>4,809,300</b>	<b>(1,049,510)</b>	<b>3,759,790</b>	<b>3,759,795</b>	<b>5</b>

## King's Lynn Innovation Centre (KLIC)



In March 2014 the borough council entered into a Partnership Agreement with Norfolk and Waveney Enterprise Services Ltd (NWES) to facilitate the delivery of the King's Lynn Innovation Centre (KLIC). The partners to the agreement wanted the KLIC facility to be a high quality managed office facility that would *"support and encourage business start-ups to develop and innovate."* The KLIC was constructed and opened in 2015. The building (at the time of writing this report) is fully let with a variety of businesses occupying space. It is considered to be a success and delivering its intended outputs.

The borough council now owns the freehold asset of the KLIC building. This unencumbered freehold interest has been valued by Savills at £2,380,000. This figure is recorded within the Statement of Accounts for the borough council.

At the time of transfer to the Council, the KLIC building value did not cover the total amount of the loans (plus interest and costs) owed to the council. This, therefore, leaves NWES with an outstanding debt that will need to be dealt with as an unsecured loan.

During the course of discussions with NWES following their default on the original loan repayment it had become apparent that NWES has borrowed significantly against all of its other property assets (held freehold) with there being fixed and floating charges against all of their property assets. This means that the Council had no way to secure the outstanding loan amounts against any assets "owned" by NWES.

The council has set up an unsecured loan facility with NWES to deal with the remainder of their outstanding debt. The outstanding debt as at 31 March 2020 including accrued interest and legal costs is £1,120,752. The overall debt owed by NWES to the council will be dealt with through a 'Settlement Agreement'. advisers. A commercial loan interest rate has been levied on the outstanding unsecured loan amounts until such time as the outstanding loan is fully discharged.

## 7 Current Economic Climate, Outlook and Risk

In February 2020 the Council set out a Financial Plan for 2019/2024. This reflected the significant uncertainty around anticipated changes to the local government finance system which included the phasing out of Revenue Support Grant (RSG), Rural Services Delivery Grant and changes to the distribution of New Homes Bonus. A full reset of the business rates system was also due in 2020/2021 which was to allow for implementation of reforms to the Business Rates Retention Scheme. Additionally, the outcome of the review of relative needs and resources (the Fair Funding Review) was due to be announced. The Financial Plan for 2018/2023 was approved by Council on 21 February 2019.

The Financial Plan 2019/2024 showed that the Council could present a funded budget for each year of the medium term financial plan where a small contribution from General Fund balances was required which was set to increase sharply from 2022/23. The plan still highlighted significant uncertainty from 2020/2021 onwards due to the reforms of the Business Rates Retention scheme and the Fair Funding Review which were still unknown and presented a considerable downside risk. This was following the announcement by the Chancellor in the Government's Spending Round 2019 that these reforms would be postponed for a year and confirmed a one year financial settlement for the council.

Since the budget was approved, the council has entered into unprecedented times with the outbreak of the global pandemic (Covid-19) in March 2020. This has had a significant impact across the UK and the world and the council has had a significant role in supporting residents and businesses throughout this crisis. When lockdown was announced in March 2020, many businesses were forced to close which had a significant impact on the local economy. The council acted quickly in its response to provide resource and support to rough sleepers and the most vulnerable across the borough and to administer business rates relief and grants to businesses. As lockdown came into effect in the last two weeks of March, this did not have a significant impact on the outturn position for 2019/20. Additional costs were around £37k and loss of income estimated to be around £200k. The true scale of the impact will be in 2020/21 and the aftermath of this pandemic will create issues and risks for several years of which many of these are currently unknown. During 2020/21 the council is forecasting losses from reduced income from its operating activities such as car park income, planning fees, trade waste income and from business rates and rental income where businesses are not able to recover. The council is also incurring additional expenditure to provide temporary accommodation and support to rough sleepers, support for our communities and businesses. There is also likely to be an increase in demand for housing benefit and other support as a result of an increase in unemployment.

The council's Financial Plan is based on assumptions for continuing growth in the local economy as well as a cost reduction/income generating (savings) plan. Where savings are achieved in advance of the timescales these are normally transferred to reserves to fund investment in major capital projects which will provide future revenue income. The current expectation is that these targets will now not be achieved which creates further pressure on the council's financial position in addition to the loss of key income streams as outlined above.

The council continues to participate in providing updates to Central Government in respect of the financial impact to local authorities following the outbreak which has resulted in a number of financial support packages being announced in recent months which will seek to address some of the financial loss the council has suffered. To date the council has received £1.9m in emergency Covid-19 funding and is expecting further financial support from the most recently announced Sales, Fees and Charges Scheme which will reimburse councils for loss of income of 75p in £1 after allowing for a 5% loss. However, despite this support, the budget gap as set out in the Financial Plan is still likely to be higher. The Council may need to draw on additional reserves during the medium term and could look to re-allocate earmarked reserves, leading to planned projects not going ahead. In the longer term we will need to refresh our Medium Term Financial Plan in recognition of the impact of this pandemic.

The Financial Plan will continue to be updated to reflect the latest position and assumptions going forward taking into account the increase in uncertainty and risk. This Council will continue to make strong representations for further financial support packages following the outbreak of Covid-19 as well as fair and transparent funding arrangements for local government, which also take into account the particular pressures to this authority which is not only a rural authority but also has specific issues around the funding arrangements to address the flood and drainage responsibilities met through the internal drainage boards.

### **Borrowing Facilities**

The Council will take borrowing where it can demonstrate that financial savings can be achieved by outright purchase of equipment, as opposed to the use of an operating lease and the payment of an annual lease. During 2019/2020 £192,000 was spent on the purchase of equipment and vehicles funded through internal borrowing. Internal borrowing is used whenever it is most financially advantageous to do so. Internal borrowing is the use of internal funds (short term cash flows and reserves and balances not immediately required) rather than taking external debt. Funds held in short term investments may be withdrawn and used in place of external borrowing.

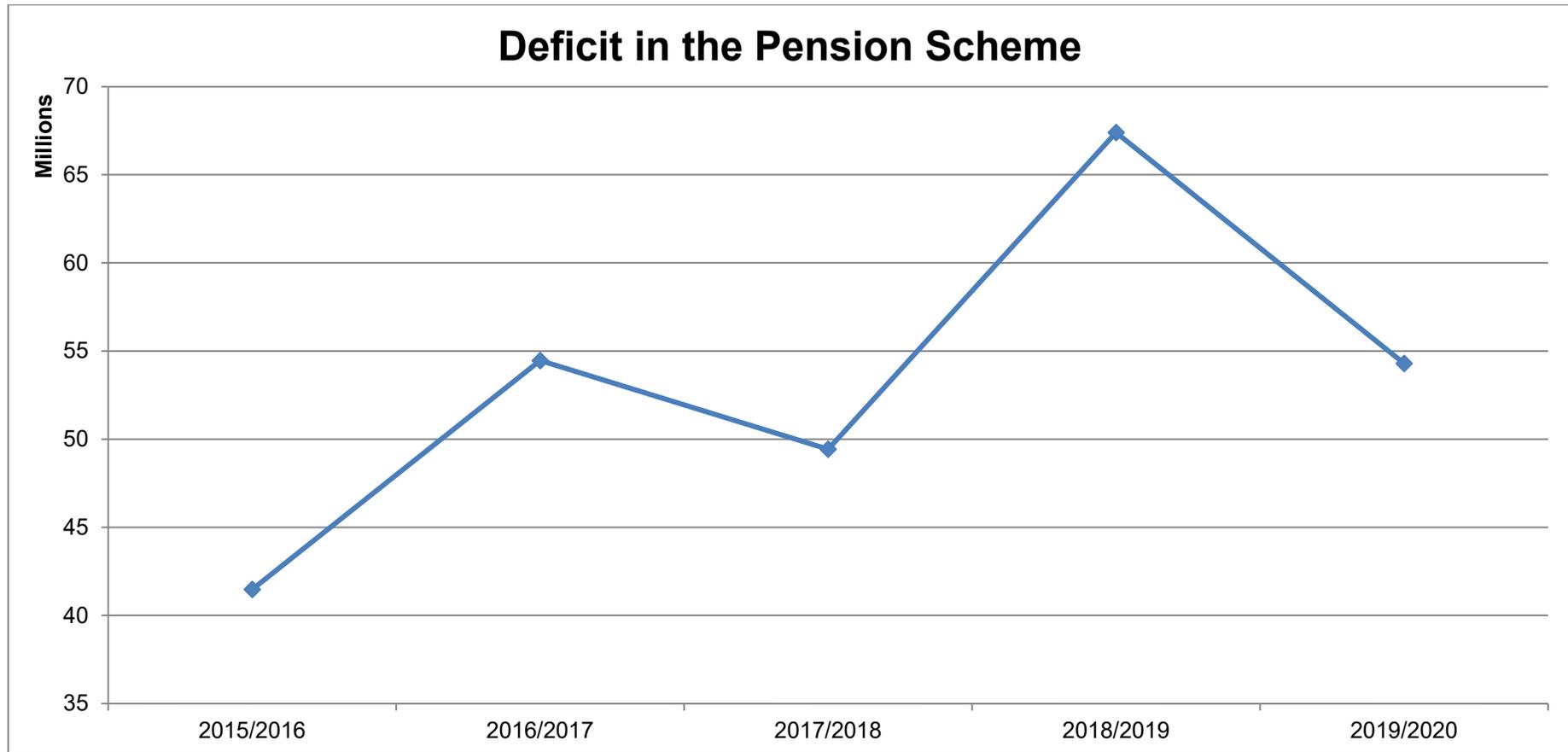
Temporary borrowing is included for cash flow purposes to ensure a balanced funding of the capital programme in each of the financial years and in advance of capital receipts. Internal borrowing will be used whenever it is most financially advantageous to do so. The actual required temporary borrowing will depend on re-phasing in the capital programme and capital receipts achieved in each year. Temporary borrowing is maintained at the minimum level required. The cost of planned temporary borrowing is included in the revenue budget and is confirmed as affordable. In the event that additional temporary borrowing is required during the financial year the impact on the revenue budget is reported in the monthly monitoring reports to Members. The expenditure in 2019/2020 on the Major Housing development at Lynnsport and Marsh Lane in King's Lynn has been mainly funded by temporary internal borrowing in advance of the sale of the new properties and from the capital receipts received in 2019/2020 from the sale of properties. The capital receipts received in 2019/2020 from the sales of the new properties at Nar Valley have funded expenditure incurred in 2019/2020 and repaid in part temporary internal borrowing from prior years.

Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.

Details of the Council's external borrowing can be found in the Financial Instruments note to the accounts.

## Pension Fund

The Council participates in the Local Government Pension Scheme administered by Norfolk County Council. The notes to the accounts include details of the income and expenditure for 2019/2020 and the estimated assets and liabilities of the scheme as at 31 March 2020. The pension fund deficit shown in the balance sheet as at 31 March 2020 stands at £54.3million. This is the deficit at the date of the balance sheet and is subject to future changes in asset valuations and contributions. The scheme will be funded over the longer term with increased contributions being made if required over the remaining working life of employees, before payments fall due, as assessed by the scheme actuary. The deficit position of the scheme over the last 5 years is shown below.



CORE FINANCIAL STATEMENTS  
BOROUGH COUNCIL KING'S LYNN AND WEST NORFOLK  
2019/2020

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net (increase)/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Note	Movements in Reserves during 2019/2020	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Usable Capital Receipts £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	<b>Balance at 1 April 2019 Brought Forward</b>	(7,610)	(25,476)	(5,409)	(839)	(39,334)	(84,796)	(124,130)
CIES	(Surplus)/Deficit on Provision of Services	12,224	-	-	-	12,224	-	12,224
CIES	Other Comprehensive Expenditure and Income	-	-	-	-	-	(37,725)	(37,725)
CIES	<b>Total Comprehensive Expenditure and Income</b>	<b>12,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,224</b>	<b>(37,725)</b>	<b>(25,501)</b>
7	Adjustments between Accounting Basis and Funding Basis under Regulations	(11,344)	-	(744)	447	(11,641)	11,641	-
	<b>Net (Increase)/Decrease before Transfers to Reserves</b>	<b>880</b>	<b>-</b>	<b>(744)</b>	<b>447</b>	<b>583</b>	<b>(26,084)</b>	<b>(25,501)</b>
8	Transfer to/from Reserves	(3,352)	3,352	-	-	-	-	-
	<b>(Increase)/Decrease in Year 2019/2020</b>	<b>(2,472)</b>	<b>3,352</b>	<b>(744)</b>	<b>447</b>	<b>583</b>	<b>(26,084)</b>	<b>(25,501)</b>
	<b>Balance at 31 March 2020 Carried Forward</b>	<b>(10,082)</b>	<b>(22,124)</b>	<b>(6,153)</b>	<b>(392)</b>	<b>(38,751)</b>	<b>(110,880)</b>	<b>(149,631)</b>

The purposes of these reserves are:

**General Fund Balance:-** The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.

**Earmarked General Fund Reserves:-** Amounts set aside from the General Fund Balance to earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure. See note 8 for details.

**Usable Capital Receipts Reserve:-** Holds the proceeds from the disposal of non-current assets, which are available to finance capital expenditure in future years.

**Capital Grants Unapplied Reserve:-** Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

**Movement In Reserves Statement – Prior year 2018/19**

Note	Movements in Reserves during 2018/2019	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Usable Capital Receipts £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
	<b>Balance at 1 April 2018 Brought Forward</b>	(5,737)	(22,705)	(4,855)	(1,067)	(34,364)	(99,209)	(133,573)
CIES	(Surplus)/Deficit on Provision of Services	5,536	-	-	-	5,536	-	5,536
CIES	Other Comprehensive Expenditure and Income	-	-	-	-	-	3,905	3,905
CIES	<b>Total Comprehensive Expenditure and Income</b>	<b>5,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,536</b>	<b>3,905</b>	<b>9,441</b>
7	Adjustments between Accounting Basis and Funding Basis under Regulations	(10,180)	-	(554)	228	(10,506)	10,506	-
	<b>Net (Increase)/Decrease before Transfers to Reserves</b>	<b>(4,644)</b>	<b>-</b>	<b>(554)</b>	<b>228</b>	<b>(4,970)</b>	<b>14,411</b>	<b>9,441</b>
8	Transfer to/from Reserves	2,771	(2,771)	-	-	-	-	-
	<b>(Increase)/Decrease in Year 2018/2019</b>	<b>(1,873)</b>	<b>(2,771)</b>	<b>(554)</b>	<b>228</b>	<b>(4,970)</b>	<b>14,411</b>	<b>9,441</b>
	<b>Balance at 31 March 2019 Carried Forward</b>	<b>(7,610)</b>	<b>(25,476)</b>	<b>(5,409)</b>	<b>(839)</b>	<b>(39,334)</b>	<b>(84,796)</b>	<b>(124,130)</b>

## Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2018/2019			Note		2019/2020		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,488	(179)	1,309		Corporate Services	5,933	(430)	5,503
1,600	(25)	1,575		Democratic Services	1,796	(271)	1,525
-		-		<u>Service Heads</u>			
9,575	(3,205)	6,370		Central and Community Services	8,391	(2,882)	5,509
2,338	(1,054)	1,284		Chief Executive Services	2,504	(784)	1,719
24,702	(17,943)	6,759		Commercial Services	25,468	(16,197)	9,271
4,657	(2,771)	1,886		Environment and Planning Services	4,305	(2,572)	1,733
40,603	(37,413)	3,190		Finance Services	35,131	(33,476)	1,656
<b>84,962</b>	<b>(62,590)</b>	<b>22,372</b>		<b>Cost of Services</b>	<b>83,528</b>	<b>(56,613)</b>	<b>26,916</b>
		4,864	9	Other Operating Expenditure			11,204
		1,633	10	Financing and Investment Income and Expenditure			188
		(23,333)	11	Taxation and Non-specific Grant Income			(26,083)
		<b>5,536</b>		<b>(Surplus)/Deficit on Provision of Services</b>			<b>12,224</b>
		(8,351)		Deficit/(Surplus) on revaluation of fixed assets			(18,027)
		12,256	20	Actuarial (gains)/losses on pensions assets/liabilities			(19,698)
		3,905		<b>Other Comprehensive Income and Expenditure</b>			<b>(37,725)</b>
		<b>9,441</b>		<b>Total Comprehensive Income and Expenditure</b>			<b>(25,501)</b>

## Balance Sheet

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. Firstly, there are usable reserves, i.e. those reserves that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Secondly there are unusable reserves i.e. those that the Council is not able to use to provide services. The unusable reserves include reserves that hold unrealised gains and losses (e.g. the Revaluation Reserve), where amounts would only become available to use if the assets are sold: and also reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-19 £'000	Note		31-Mar-20 £'000
152,124	27	Property, Plant and Equipment	145,095
17,954	26	Heritage Assets	17,975
23,760	24	Investment Property	28,126
529	25	Intangible Assets	1,200
10,000	36	Long Term Investments	
1,929	31	Long Term Receivables	3,735
<b>206,296</b>		<b>Long Term Assets</b>	<b>196,131</b>
-			
150	36	Short Term Investments	8,197
101		Inventories	79
8,065	30	Short Term Receivables	9,650
5,496	14	Cash and Cash Equivalents	11,990
934	29	Assets Held for Sale	9,754
<b>14,746</b>		<b>Current Assets</b>	<b>39,671</b>
(2,132)	34	Provisions	(1,360)
(3,199)	36	Short Term Borrowing	(6,127)
(13,924)	32	Short Term Payables	(14,621)
<b>(19,255)</b>		<b>Current Liabilities</b>	<b>(22,107)</b>
-			
(12)	35	Grants Receipts in Advance	(13)
(10,000)	36	Long Term Borrowing	(10,000)
(247)		Other Long Term Liabilities	(236)
(67,398)	20	Pension Liabilities	(53,814)
<b>(77,657)</b>		<b>Long Term Liabilities</b>	<b>(64,063)</b>
<b>124,130</b>		<b>Net Assets</b>	<b>149,631</b>
-			
(39,334)	MIR	Usable Reserves	(38,751)
(84,796)	13	Unusable Reserves	(110,880)
<b>(124,130)</b>		<b>Total Reserves</b>	<b>(149,631)</b>

I certify that the draft statement of accounts gives a true and fair view of the financial position of the Council as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Michelle Drewery  
Assistant Director - Resources (S151 Officer)  
(16<sup>th</sup> February 2021)

## Cash Flow Statement

Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2018/19 £'000	Note		2019/20 £'000
(2,387)	CIES	Net Surplus or (Deficit) on the Provision of Services	(12,344)
33,615	39	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	42,092
(14,828)	39	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(22,786)
<b>16,400</b>		<b>Net Cash flows from Operating Activities</b>	<b>6,962</b>
(13,674)	40	Investing Activities	(554)
(1,333)	41	Financing Activities	86
<b>1,393</b>		<b>Net Increase or Decrease in Cash and Cash Equivalents</b>	<b>6,494</b>
4,103		Cash and Cash Equivalents at the beginning of the Reporting Period	5,496
<b>5,496</b>	<b>14</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>11,990</b>

\*

# NOTES TO CORE FINANCIAL STATEMENTS

## Notes to Core Financial Statements

### 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis reflects the structure of budget reporting throughout the year and how the expenditure is allocated for decision making purposes. This statement provides reconciliation between our operational reporting structure and the Comprehensive Income and Expenditure Statement which is presented on an accounting basis.

2018/19				2019/20		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(2,041)	3,350	1,309	Corporate Services	6,946	(1,442)	5,503
1,443	132	1,575	Democracy	1,385	139	1,525
593	5,777	6,369	Central & Community Services	791	4,718	5,509
1,204	80	1,284	Chief Executive	1,281	438	1,719
5,688	1,071	6,759	Commercial Services	2,927	6,344	9,271
2,048	(162)	1,886	Environment & Planning	339	1,395	1,733
2,564	626	3,190	Finance Service	992	663	1,656
<b>11,499</b>	<b>10,873</b>	<b>22,372</b>	<b>Net Cost of Services</b>	<b>14,661</b>	<b>12,256</b>	<b>26,916</b>
(13,372)	(3,464)	(16,836)	<b>Other Income and Expenditure</b>	(17,134)	2,442	(14,691)
<b>(1,873)</b>	<b>7,409</b>	<b>5,536</b>	<b>Surplus or Deficit</b>	<b>(2,472)</b>	<b>14,698</b>	<b>12,224</b>
(5,737)			<b>Opening General Fund Balance as at 1 April 2019</b>	(7,610)		
(1,873)			Surplus/(Deficit) on General Fund in year	(2,472)		
<b>(7,610)</b>			<b>Closing General Fund Balance as at 31 March 2020</b>	<b>(10,082)</b>		

## 1a Note to the Expenditure and Funding Analysis – Expenditure and Income Analysed by Nature

2019/20	Adjustments for capital Purposes £'000	Net change for the Pensions Adjustment £'000	Transfer to Earmarked Reserves £'000	Adjustments for Investment Properties £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	(2,973)	(1,049)	5,332		133	1,442
Democracy	-	(260)	120			(139)
Central & Community Services	(3,131)	(1,531)	(56)			(4,718)
Chief Executive	(6)	(243)	(189)			(438)
Commercial Services	(5,775)	(146)	(424)			(6,344)
Environment & Planning	(15)	(715)	(665)			(1,395)
Finance Services	(22)	(733)	92			(663)
<b>Net Cost of Services</b>	<b>(11,922)</b>	<b>(4,676)</b>	<b>4,210</b>	<b>-</b>	<b>133</b>	<b>(12,256)</b>
Other Income and Expenditure	(905)	(1,079)	(858)		399	(2,442)
<b>Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(12,827)</b>	<b>(5,755)</b>	<b>3,352</b>	<b>-</b>	<b>532</b>	<b>(14,698)</b>

2018/19	Adjustments for capital Purposes £'000	Net change for the Pensions Adjustment £'000	Transfer to Earmarked Reserves £'000	Adjustments for Investment Properties £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	(2,904)	(387)	(163)		104	(3,350)
Democracy	-	(109)	(23)			(132)
Central & Community Services	(5,211)	(740)	175			(5,776)
Chief Executive	(6)	(186)	112			(80)
Commercial Services	(1,597)	(1,169)	772	923		(1,071)
Environment & Planning	(8)	(531)	701			162
Finance Services	(138)	(541)	53			(626)
<b>Net Cost of Services</b>	<b>(9,864)</b>	<b>(3,663)</b>	<b>1,627</b>	<b>923</b>	<b>104</b>	<b>(10,873)</b>
Other Income and Expenditure	4,903	(2,046)	1,144	(923)	386	3,464
<b>Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(4,961)</b>	<b>(5,709)</b>	<b>2,771</b>	<b>-</b>	<b>490</b>	<b>(7,409)</b>

## 1b Note to the Expenditure and Funding Analysis – Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

2018/19 £'000	Nature of Income or Expenditure	2019/2020 £'000
(23,183)	Fees, Charges & Other Service Income	(21,041)
(1,171)	Interest and Investment Income	(549)
(9,186)	Income from Council Tax	(6,755)
(20,476)	Income from Retained Business Rates	(21,844)
(47,697)	Government Grants and Contributions	(44,245)
<b>(101,713)</b>	<b>Total Income</b>	<b>(94,434)</b>
19,122	Employee Expenses	20,904
53,556	Other Service Expenses	49,990
12,377	Business Rates Tariff and Levy	12,511
3,070	Support Service Recharges	(1,411)
11,456	Depreciation, Amortisation and Impairment	8,802
1,881	Interest Payments	5,570
5,700	Precepts & Levies	6,025
923	Net (Gains) and Losses on Fair Value Adjustments on Investment Property	(848)
(836)	[Gain/Loss] on Disposal of Non-Current Assets	5,116
		-
<b>107,249</b>	<b>Total Expenditure</b>	<b>106,658</b>
<b>5,536</b>	<b>Surplus/Deficit on the Provision of Services</b>	<b>12,224</b>

## 2. Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2019/2020.

## 3. Accounting Standards Issued, Not Adopted

The Code of Practice on Local Council Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the UK.

- IFRS 16 Leases: This standard will require local authorities that are lessees to recognise most leases on their balance sheet as right-of-use assets with corresponding lease liabilities. CIPFA LASAAC have deferred implementation for local government to 1 April 2022.
- IAS 19 Employee Benefits: Amendments on the treatment of curtailment or settlements for defined pension obligation schemes. The effect of these amendments will depend on future actuarial assessments so it is not possible to determine if there will be a material impact on the Council's accounts.
- IAS 28 Investments in Associates and Joint Ventures: Clarification that IFRS9 applies to long term interests in an associate or joint venture that forms part of the net investment in the associate or joint venture but to which the equity method is not applied.
- Annual improvements to IFRS Standards 2015/17 Cycle.

#### 4. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Assistant Director - Resources (S151 Officer) on 16 October 2020. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no adjusting events that have taken place after 31 March 2020.

A summary of the effects of the Covid-19 pandemic can be found in Note 38 this is considered a non-adjusting event.

On 23rd March 2020 during the 1<sup>st</sup> Wave of the Covid-19 pandemic, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed' on 80% of their existing salary paid by central government.

The UK was put into lockdown on 23 March 2020, just days before the financial year end, the impact on 2019/20 accounts has been marginal in respect of loss of income and additional costs. These losses and costs are already reflected in the 2019/20 accounts.

Since then we have experienced both a 2<sup>nd</sup> and now 3<sup>rd</sup> Wave of the Covid-19 pandemic emerge and the financial and social outcomes of this are not yet fully understood, however, it is anticipated that the condition will exist for the short to medium future and that it will continue to have a significant impact upon the UK and global economy.

At the balance sheet date of 31<sup>st</sup> March 2020 it is not possible to quantify the potential effects and is being treated as a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made, particularly with regards to financial impact for 2020/21 and future years and asset impairments, provision for impairment on receivables and pension valuations as at the balance sheet date.

#### 5. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the Accounting Policies Section the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

## 6. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of Financial Statements requires Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the Revenues and Expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next Financial Year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repair and maintenance that will be incurred in relation to individual assets. Service reviews have led to a reduction in expenditure; however there has not been a reduction in repair and maintenance of assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. The net book value of the Council's property, plant and equipment assets is £145.1m as at 31 March 2020. Of this, £72.4m relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets account for £4.5m with asset lives between 5 and 15 years. If the asset lives are reduced by 1 year across vehicle, plant and equipment it is estimated that depreciation would increase by £263,671 and the value of the assets decrease. For buildings, the asset life is up to 99 years unless the asset has major components which are depreciated separately. It is estimated that if the asset life for buildings reduced by 1 year, depreciation would increase by £156,348 and the value of the asset decrease.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate would increase employer liability by 10% and cost £19.0 million; a 0.5% increase in the salary increase rate would lead to an increase of 2% in employer liability and cost £3.8 million and a 0.5% increase in the pension increase rate would increase employer liability by 8% and cost £15.2 million. However, the assumptions interact in complex ways. The carrying value on the Balance Sheet of Pensions Liability as at 31 March 2020 was £54.3 million.
Arrears	At 31 March 2020, the Council had a balance of sundry receivables of £3,860,144 (£3,346,979 31 March 2019). A review of significant balances suggested that an allowance for doubtful debts of 45% £1,740,402 (£1,544,468 2018/2019) was appropriate. The allowance in doubtful debts is currently retained at £1,699,419 which represents 44% of the balance as at 31 March 2020.	The doubtful debt to allowance have been retained at the same level as 2018/19 which is £41,000 below the calculated requirement. If the collection rates were to deteriorate the percentages included in calculating the bad debt allowance would need to be reviewed. If 100% cover was allowed in housing benefits the allowance would increase by £365,840.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rate Appeals	Since the introduction of Business Rates Retention Scheme, effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2020. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2020.	If the average success rate of NNDR appeals was to increase by 1% the Council would have to increase its NNDR appeals provision by an immaterial sum.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

## 7. Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

These notes detail adjustments made to the local EIES recognised by the Authority in the year, in accordance with proper accounting practices. They refer to resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2018/19					2019/20			
General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000		General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
				<b>Adjustments Involving the Capital Adjustment Account</b>				
				<b>Reversal of items Debited/(Credited) to the CIES:</b>				
(6,722)	-	-	6,722	Charges for Depreciation and Impairment of Non-Current Assets	(8,607)			8,607
(739)	-	-	739	Revaluation Losses on Property, Plant and Equipment	-			-
(923)	-	-	923	Movements in the Market Value of Investment Properties	848			(848)
(525)	-	-	525	Reverse Impairments in the year from Revaluation Increase	20			(20)
(109)	-	-	109	Amortisation of Intangible Assets	(183)			183
(1,700)	-	-	1,700	Revenue Expenditure Funded from Capital under Statute	(2,499)			2,499
(18,869)	-	-	18,869	Amounts of Non-current Assets written off on disposal or sale as part of the (Gain)/Loss on Disposal to the CIES	(26,882)			26,882
(51)	-	-	51	Soft Loans – Adjustments	(54)			54
1,376	-	-	(1,376)	Capital Grants and Contributions Applied	2,948			(2,948)
				<b>Insertion of items not Debited/(Credited) to the CIES</b>				
281	-	-	(281)	Statutory Provision for the Financing of Capital Investment	345			(345)
935	-	-	(935)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	864			(864)
2,330	-	-	(2,330)	Capital Expenditure charged against the General Fund	6,729			(6,729)
11	-	-	(11)	Principal repayment of finance Leases where the Council is the lessee	11			(11)
				<b>Adjustment primarily involving the Capital Grants Unapplied Account</b>				
-	-	556	(556)	Application of Grants to Capital financing transferred to the Capital Adjustment Account for Revenue Expenditure Funded from Capital under Statute	-	-	507	(507)
-	-	(328)	328	Capital Grants & Contributions unapplied credit to the Comp I & E	60		(60)	-

2018/19					2019/20			
General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000		General Fund Balance £'000	Usable Capital Receipts £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
19,695	(19,695)	-	-	<b>Adjustment Primarily Involving the capital Receipts Reserve</b>	21,672	(21,672)	-	-
-	19,190	-	(19,190)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal of the CIES	-	20,965	-	(20,965)
49	(49)	-	-	Use of Capital Receipts Reserve to Finance New Capital Expenditure	37	(37)	-	-
-	-	-	-	Repayment of improvement Grant and Release of Covenant	-	-	-	-
-	-	-	-	<b>Adjustments Involving the Financial Instruments Adjustment Account:</b>	-	-	-	-
90	-	-	(90)	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	98	-	-	(98)
-	-	-	-	<b>Adjustments Involving the Pensions Reserve:</b>	-	-	-	-
(7,941)	-	-	7,941	Reversal of items relating to Post-Employment Benefits Debited/(Credited) to the (Surplus)/Deficit on the Provision of Services in the CIES	(8,485)	-	-	8,485
2,232	-	-	(2,232)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	2,364	-	-	(2,364)
-	-	-	-	<b>Adjustments Involving the Collection Fund Adjustment Account:</b>	-	-	-	-
50	-	-	(50)	Amount by which Council Tax Income Credited to the CIES is different from Council Tax Income Calculated for the Year (in accordance with statutory requirements)	(231)	-	-	231
336	-	-	(336)	Amount by which Non-Domestic Rates Income Credited to the CIES is different from Council Tax Income Calculated for the Year (in accordance with statutory requirements)	(325)	-	-	325
-	-	-	-	<b>Adjustment Involving the Accounting Compensated Absences Adjustment Account:</b>	-	-	-	-
14	-	-	(14)	Amount by which Officer Remuneration charged to the CIES on an Accruals basis is different from Remuneration Chargeable in the Year (in accordance with statutory requirements)	(74)	-	-	74
-	-	-	-		-	-	-	-
<b>(10,180)</b>	<b>(554)</b>	<b>228</b>	<b>10,506</b>	<b>Total Adjustments</b>	<b>(11,344)</b>	<b>(744)</b>	<b>447</b>	<b>11,641</b>

## 8. Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/2020.

	Balance as at 31 March 2018 £'000	Transfer Out 2018/19 £'000	Transfer In 2018/19 £'000	Balance as at 31 March 2019 £'000	Transfer Out 2019/20 £'000	Transfer In 2019/20 £'000	Balance as at 31 March 2020 £'000
<b>General Fund:</b>							
Amenity Areas Reserve	259	-	2	261	-	2	263
Capital Programme Resources Reserve	9,774	(2,567)	3,506	10,713	(7,731)	3,453	6,435
West Norfolk Partnership	921	-	82	1,003	(110)	-	893
Insurance Reserve	250	(58)	10	202	(7)	10	205
Restructuring Reserve	524	(46)	-	478	(144)	-	334
Repairs and Renewals Reserve	1,113	(231)	213	1,095	(338)	147	904
Holding Accounts	1,958	(182)	823	2,599	(530)	60	2,129
Ring Fenced Reserve	1,475	(479)	680	1,676	(317)	1,041	2,400
Planning Reserve	494	(213)	127	408	(233)	53	228
Grants Reserves	2,932	(206)	183	2,909	(317)	486	3,078
Collection Fund Adjustments	2,590	(25)	1,133	3,698	(46)	872	4,524
Project / Other Reserves	415	-	17	432	(119)	416	729
<b>Total</b>	<b>22,705</b>	<b>(4,007)</b>	<b>6,776</b>	<b>25,474</b>	<b>(9,892)</b>	<b>6,540</b>	<b>22,122</b>

### Movement in Reserves Statement – Purpose of Reserve

**Amenity Areas Reserve** – used to maintain amenity land on housing and other sites.

**Capital Programme Resources Reserve** – used to fund the Capital Programme including replacement of vehicles and personal computers. It has been established by annual contributions from the revenue budget and is a combination of various specific capital reserves.

**West Norfolk Partnership** – tackles problems affecting residents of West Norfolk in a joint initiative between public, private and voluntary sector organisations.

**Insurance Reserve** – was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management expenditure.

**Restructuring Reserve** – meets any future in-year costs arising through service reviews and changes in staffing structure.

**Repairs and Renewals Reserve** – are maintained to help equalise the impact on the revenue accounts of programmed repairs. Annual contributions help to maintain the levels of the funds.

**Holding Accounts** – there are a number of reserves included under this heading, the main reserves include: housing reserves, Homelessness Projects, reserves for cleansing and refuse/recycling, Legal Commissioning Reserve, Elections Reserve.

**Ring Fenced Reserve** - can only be used for specific purposes. Included are Section 106 Funds, the Building Control account and Trust Funds that are administered by the Council on behalf of trustees.

**Planning Reserve** – used to enable the Council to fulfil its planning role.

**Grants Reserves** - money received from external bodies for specific tasks.

**Collection Fund Adjustment Reserve** – this reserve holds the accounting adjustments necessary for the Council's NNDR Safety Net and Levy payments.

**Project Reserves** – to be used for implementation costs on future projects.

### 9. Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2018/19 £'000		2019/20 £'000
2,985	Parish Council Precepts	3,271
2,715	Levies	2,754
-	Payments to the Government Housing Capital Receipts Pool	-
(836)	Net (Gains) on the Disposal of Non-current Assets	5,179
<b>4,864</b>		<b>11,204</b>

### 10. Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2018/19 £'000		2019/20 £'000
489	Interest Payable and similar charges	451
1,392	Net Interest on the net defined Benefit Liability (Asset)	1,674
(701)	Interest (Receivable) and similar income	(549)
923	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	(848)
(470)	Net (Income) from Investment Properties	(540)
<b>1,633</b>		<b>188</b>

### 11. Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income and Expenditure

2018/19 £'000		2019/20 £'000
(9,186)	Council Tax (Income)	(9,797)
(10,529)	Non-domestic Rates (Income and Expenditure)	(12,212)
(2,999)	Non-ringfenced Government Grants (Income)	(1,020)
(619)	Government Grants and Contributions	(3,054)
<b>(23,333)</b>		<b>(26,083)</b>

## 12. Comprehensive Income and Expenditure Statement – Material Item of Income and Expenditure 2019/2020

In 2019/2020 an increase in the defined benefits Pension obligation of £23,906,000 and an increase in the fair value of Assets of £10,800,000 have decreased the authority's Pensions liabilities to £53,814,000.

In 2019/2020 the council received £31,215,676 from the Department of Works and Pensions towards the cost of Housing Benefits payments. During the same period, the council spent £30,917,538 on Housing Benefits payments.

## 13. Balance Sheet – Reserves

### *Unusable Reserves*

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

### *Unusable Reserves*

2018/19 £'000	Summary	2019/20 £'000
(68,840)	Revaluation Reserve	(83,714)
(82,684)	Capital Adjustment Account	(80,842)
327	Financial Instruments Adjustment Account	230
67,398	Pensions Reserve	53,814
(1,137)	Collection Fund Adjustment Account	(581)
139	Accumulating Compensated Absences Adjustment Account	213
<b>(84,796)</b>		<b>(110,880)</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation; or disposed of and the gains are realised.

<b>2018/19 £'000</b>	<b>Revaluation Reserve Movements in Year</b>	<b>2019/20 £'000</b>
<b>(61,627)</b>	<b>Balance at 1 April</b>	<b>(68,840)</b>
(8,502)	Upward Revaluation of Assets	(22,753)
	Downward Revaluation of Assets	4,726
155	Impairment Losses	
<b>(8,347)</b>	<b>In Year surplus on revaluation of non-current assets</b>	<b>(18,027)</b>
698	Difference between Fair Value Depreciation and Historical Cost Depreciation	1,267
436	Accumulated Gains on Assets Sold or Scrapped written off to the Capital Adjustment Account	1,885
1,134	In Year amounts written out to the Capital Adjustment Account	3,153
<b>(68,840)</b>		<b>(83,714)</b>

## Capital Adjustment Account

- The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of Non-Current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation reserve to convert fair value figures to a historical cost basis).
- The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed

by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>2018/19 £'000</b>	<b>Capital Adjustment Account Movements in year 2019- 20</b>	<b>2019/20 £'000</b>
<b>(86,835)</b>	<b>Balance at 1 April</b>	<b>(82,684)</b>
2,721	Charges for Depreciation and Impairment of Non-Current Assets	3,399
2,795	Charges for Impairment of Non-Current Assets – Property, Plant and Equipment	5,208
2,410	Revaluation Losses on Property, Plant and Equipment	
525	Reverse Impairments in year from Revaluation Increase	(20)
109	Amortisation of Intangible Assets	183
1,700	Revenue Expenditure Funded from Capital Under Statute (Net)	2,499
17,396	Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the (Gain)/Loss on Disposal to the CIES Statement – Property, Plant and Equipment	58
1,005	Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the (Gain)/Loss on Disposal to the CIES Statement – Assets held for Sale	26,824
(1,135)	Adjusting Amounts Written out of the Revaluation Reserve	(3,153)
(579)	Capital Grants and Contributions Credited to the CIES that have been applied to Capital Financing	(507)
(1,025)	Capital Grants from reserves applied to Capital Financing	(2,941)
(19,187)	Application of Capital Receipts	(20,965)
(2,330)	Capital Expenditure Charged Against the General Fund	(6,729)
(281)	Statutory Provision for the Financing of Capital Investment charged against the General Fund Balance	(345)
(935)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	(864)
923	Movements in the Market Value of Investment  Properties Debited/(Credited) to the CIES	(848)
(11)	Principal repayment of Finance Leases where the Council is the lessee	(11)
51	Soft Loans – Principal repaid	54
<b>(82,684)</b>	<b>Closing Balance 31st March</b>	<b>(80,842)</b>

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Note 7 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account contains the difference between financial instruments measured at fair value and the balances required to comply with statutory requirements. As part of its Private Sector Housing Policy the Authority makes loans to private individuals at nil interest. This means that market rates of interest have not been charged and these loans are classified as soft loans. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Income and Expenditure Account to the net credit required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account; see note 7.

2018/19 £'000		2019/20 £'000
418 (91)	<b>Balance at 1 April</b> In Year fair value adjustment of Private Sector Housing Loans	327 (97)
<b>327</b>	<b>Balance at 31 March</b>	<b>230</b>

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension's funds, or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/19 £'000		2019/20 £'000
49,433 (12,256)	<b>Balance at 1 April</b> Actuarial (Gains)/Losses on Pensions Assets and Liabilities	67,398 (19,705)
32,453	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	8,485
(2,232)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(2,364)
<b>67,398</b>	<b>Balance at 31 March</b>	<b>53,814</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax Income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018/19				2019/20		
Council Tax £'000	NNDR £'000	Total £'000		Council Tax £'000	NNDR £'000	Total £'000
(295)	(457)	(752)	<b>Balance at 1 April</b>	(345)	(793)	(1,137)
(50)	-	(50)	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	231		231
-	(336)	(336)	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements		326	326
<b>(345)</b>	<b>(793)</b>	<b>(1,137)</b>	<b>Balance at 31 March</b>	<b>(114)</b>	<b>(467)</b>	<b>(581)</b>

### Accumulated Compensated Absences Adjustment Account

The Accumulated Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/19 £'000		2019/20 £'000
<b>154</b>	<b>Balance at 1 April</b>	<b>139</b>
(154)	Settlement or cancellation of accrual made at the end of the preceding year	(139)
139	Amounts accrued at the end of the current year	213
<b>139</b>	<b>Balance at 31 March</b>	<b>213</b>

## 14. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

<b>2018/19 £'000</b>		<b>2019/20 £'000</b>
9	Cash held by Officers	9
2,932	Bank Current Accounts	1,226
2,555	Short Term Deposits	10,755
<b>5,496</b>	<b>Total Cash and Cash Equivalents</b>	<b>11,990</b>

## 15. Agency Services

The Council provides a Grass Cutting Service on behalf of Norfolk County Council and the Commonwealth Graves Commission, a Care and Repair Agency on behalf of Fenland and Breckland Councils and Car Parking Management Services on behalf of North Norfolk District Council, Queen Elizabeth Hospital and Norfolk County Council. The Council also provides CCTV Services on behalf of Breckland District Council. These services are provided at cost plus an allowance for overheads.

<b>2018/19 £'000</b>	<b>Charge for Services</b>	<b>2019/20 £'000</b>
54	Grass Cutting Service	56
180	Care and Repair Service	195
849	Car Park Management Services	836
144	CCTV Services	148
<b>1,227</b>	<b>Total For the Year</b>	<b>1,235</b>

## 16. Joint Arrangements

### Interest in Companies and Other Entities

The Code of Practice requires that Councils consider the need to include group accounts in published Statements. The Council has reviewed its interests in companies and other organisations to determine which are to be included in the Group Accounts for 2019/2020.

## Joint Arrangements

The Council is a member of three Joint Committees – King’s Lynn Housing Development Partnership, Norfolk Museums and Archaeology Service and Freebridge Community Housing Ltd. The Council accounts include all of the Council’s revenue transactions, assets and liabilities relating to these Committees.

### The King’s Lynn Development Partnership

Under the CIPFA Code the King’s Lynn Development Partnership is classified as a joint operation. The Partnership was formed in 2012/2013 with Norfolk County Council. The objective of this partnership is to enable and risk-manage a financially viable housing development in the NORA.

The Borough Council of King’s Lynn and West Norfolk have contributed land valued at £1 million and Norfolk County Council paid £1 million to satisfy the initial cash flow requirements. Phases 1, 2 and 3 are now all complete. This Council is the Accountable body. The income and expenditure for these works is detailed below:

2018/19 £'000		2019/20 £'000
3,794	Expenditure	3,182
(4,021)	Receipts	(4,417)
<b>1,227</b>	<b>Total For the Year</b>	<b>1,235</b>

### Freebridge Community Housing Limited

Freebridge Community Housing Limited (FCHL) – The Council owns 1 share with a value of £1 (33% of all the shares) in FCHL. The Council’s interest in FCHL is not as an investor.

### Norfolk Museums and Archaeology Service (NMAS) Joint Committee

Under the CIPFA Code, NMAS is classified as a jointly controlled operation. The Council’s museums are run by the Norfolk Museums and Archaeology Service “NMAS” through a Joint Committee. This Joint Committee was established in July 2006, under delegated powers by the County and District Councils in Norfolk. The Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim “bringing history to life”.

Norfolk County Council provides a secretary and treasurer to the Joint Committee, employs its staff, and owns a number of properties used by NMAS. They are the lead Council and are responsible for producing the annual accounts. However, the majority of collections and related buildings in West Norfolk are owned by the Council. The museum collections are reported in the Balance Sheet at a value of £6,292,000 as at the 31 March 2020.

## 17. Members’ Allowances

The Council paid £455,000 in 2019/20 (£490,000 in 2018/19) in members’ allowances to members of the Council during the year.

## 18. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2019/20	Salary, Fees and Allowance £	Taxable Expenses £	Pension Contributions £	Total £
Chief Executive *	53,536	0	5,162	58,698
Chief Executive **	72,870	4,634	9,147	86,651
Executive Director Central & Community Services	85,677	9,459	11,995	107,131
Executive Director Commercial Services	69,672	8,230	9,754	87,656
Executive Director Environment & Planning	90,031	3,662	12,604	106,297
Executive Director Finance Services (Section 151 Officer) ***	37,539	3,088	5,256	45,883
Executive Director Finance Services (Section 151 Officer) ****	5,847	100	818	6,765

\* Includes remuneration from Election Duties. Part year cost, left post 31/8/19.

\*\* Includes remuneration from Election Duties. Part year cost, commenced post 1/9/19.

\*\*\* Part year cost, left post 31/8/19.

\*\*\*\* Part year cost, commenced post 2/3/20.

There were no bonus payments to report.

The Council's legal monitoring officer requirements are now fulfilled by East Law (part of North Norfolk District Council) as part of a service level agreement. The Council paid East Law £120,179 in 2019/2020 (£124,730 in 2018/2019.)

The Council's Monitoring Officer is contracted from North Norfolk District Council (NNDC) via a service level agreement with Eastlaw (part of NNDC) where Monitoring Officer duties were carried out on a part time basis working for Borough Council of King's Lynn and West Norfolk. The Monitoring Officer is appointed directly by NNDC on a salary of £76,837. The hours worked in 2019/20 for this council were 580 hours resulting in the council's share of salary at £23,163. This Monitoring Officer's remuneration is not included in the tables as they are fully remunerated by NNDC and will be included in NNDC's Statement of Accounts.

<b>2018/19</b>	<b>Salary, Fees and Allowance</b>	<b>Taxable Expenses</b>	<b>Pension Contributions</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chief Executive *	82,044	1,239	11,467	94,750
Executive Director Central & Community Services	83,137	8,604	11,639	103,380
Executive Director Commercial Services	67,419	12,204	9,800	89,423
Executive Director Environment & Planning	87,081	2,638	12,191	101,910
Executive Director Finance Services (Section 151 Officer)	84,681	6,626	11,855	103,162

\*Includes remuneration from Election Duties. Decrease in hours from July 2018.

There were no bonus payments to report.

The Council's legal monitoring officer requirements are now fulfilled by East Law (part of North Norfolk District Council) as part of a service level agreement. The Council paid East Law £124,730 in 2018/2019 (£151,293 in 2017/2018.)

The Council's other employees (excluding the senior employees shown above) receiving more than £50,000 remuneration for the year (including employer's pension contributions) were paid the following amounts:

<b>Remuneration band</b>	<b>2018/19 Number of Employees</b>	<b>2019/20 Number of Employees</b>
£50,000-£54,999	10	9
£55,000-£59,999	9	7
£60,000-£64,999	1	4
£65,000-£69,999	6	2
£70,000-£74,999	1	4
£75,000-£79,999	2	1
£80,000-£84,999	-	1
£85,000-£89,999	-	1
<b>Total of Employees</b>	<b>29</b>	<b>29</b>

## 19. Termination Benefits

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Up to £20,000	-	1	1	-	1	1	19	7
£20,001-£40,000	-	-	1	-	1	-	26	-
£40,001-£60,000	-	-	-	-	-	-	-	-
£60,001-£80,000	-	-	-	-	-	-	-	-
£80,001-£100,000	-	-	-	-	-	-	-	-
£100,000-£150,000	-	-	-	1	-	1	-	139
<b>Total</b>	-	<b>1</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>45</b>	<b>146</b>

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## 20. Defined Benefit Pension Schemes

### Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this is required to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Norfolk County Council – this is a funded Career average salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

### Discretionary Post-retirement Benefits

Discretionary Post-retirement Benefits on early retirement are an unfunded defined arrangement, under which liabilities are recognised when awards are made. There are no planned assets built up to meet these pension liabilities.

### Transactions relating to post-employment benefits

The costs of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

The tables below show the Pension Fund Net Long Term Liability & Reserve positions at the end of 2018/19 and 2019/20

31-Mar-19 £'000		31-Mar-20 £'000
-	Gross Liabilities	-
<b>(190,516)</b>	<b>Opening balance as at 1 April</b>	<b>(213,843)</b>
(5,167)	[I] Interest Cost	(5,165)
(16,178)	[II] Actuarial losses / (gains) from changes in financial assumptions	31,369
(6,549)	[III] Current Service Cost	(6,811)
(918)	[IV] Contributions by scheme participants	(960)
5,251	[IV] Benefits paid	5,951
234	[IV] Estimated unfunded benefits paid	-
<b>(213,843)</b>	<b>Closing balance at 31 March</b>	<b>(189,459)</b>

31-Mar-19 £'000		31-Mar-20 £'000
<b>141,083</b>	<b>Opening fair value of scheme assets balance as at 1 April</b>	<b>146,445</b>
3,775	[I] The return on plan assets (Excluding amount included in net interest expense)	3,491
3,922	[II] Actuarial losses / (gains) from changes in financial assumptions	(11,664)
1,998	[III] Contributions by the employer	2,134
234	[III] Contributions for unfunded (Discretionary benefits)	230
918	[IV] Contributions by employees into the scheme	960
(5,251)	[IV] Benefits paid	(5,721)
(234)	[IV] Unfunded (Discretionary benefits)	(230)
<b>146,445</b>	<b>Closing Balance at 31 March</b>	<b>135,645</b>
<b>(67,398)</b>	<b>TOTAL NET LIABILITIES</b>	<b>(53,814)</b>

<b>Net Movement In 2018/19</b>		<b>Net Movement In 2019/20</b>
-		-
<b>2,232</b>	<b>General Fund Charge - Employer Contributions</b>	<b>2,364</b>
(4,317)	[III] Other items to net cost of services	(4,447)
(1,392)	[I] Interest cost minus return on plan assets to financing income & expenditure	(1,674)
(3,477)	Charge to Surplus/(Deficit) upon Provision of Services	(3,757)
(12,256)	[II] Actuarial Gains/(Losses) to other income & expenditure	19,705
(15,733)	(Charge)/Surplus to Comprehensive Income & Expenditure Account for the Year	15,948
(2,232)	Less General Fund Charge - Employer Contributions	(2,364)
<b>(17,965)</b>	<b>TOTAL MOVEMENT IN PENSION RESERVE FAVOURABLE/ (UNFAVOURABLE)</b>	<b>13,584</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

## Local Government Pension Scheme Assets Comprised:

Figures supplied by Norfolk County Council who administer the local pension scheme.

Asset Category	Period Ended 31 March 2019				Period Ended 31 March 2020			
	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets %	Quoted Prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets %
<b>Equity Securities:</b>								
Consumer	9,078	0	9,078	6.2%	5,027	0	5,027	3.7%
Manufacturing	7,499	0	7,499	5.1%	3,986	0	3,986	2.9%
Energy and Utilities	3,279	0	3,279	2.2%	1,215	0	1,215	0.9%
Financial Institutions	7,940	0	7,940	5.4%	3,407	0	3,407	2.5%
Health and Care	3,524	0	3,524	2.4%	3,149	0	3,149	2.3%
Information Technology	7,166	0	7,166	4.9%	4,186	0	4,186	3.1%
Other	5	0	5	0.0%	2	0	2	0.0%
<b>Debt Securities:</b>								
UK Government	1,678	0	1,678	1.1%	1,576	0	1,576	1.2%
<b>Private Equity:</b>								
All	0	9,041	9,041	6.2%	0	8,163	8,163	6.0%
<b>Real Estate:</b>								
UK Property	0	14,496	14,496	10.0%	0	11,672	11,672	8.6%
Overseas Property	0	2,798	2,798	1.9%	0	2,673	2,673	2.0%
<b>Investment Funds and Unit Trusts:</b>								
Equities	25,199	0	25,199	17.2%	39,205	0	39,205	28.9%
Bonds	50,708	0	50,708	34.6%	44,198	0	44,198	32.6%
Infrastructure	0	0	0	0.0%	0	3,789	3,789	2.8%
<b>Derivatives:</b>								
Foreign Exchange	-40	0	-40	0.0%	0	-190	-190	-0.1%
Other	418	0	418	0.3%	0	0	0	0.0%
<b>Cash and Cash Equivalents:</b>								
All	0	3,656	3,656	2.5%	0	3,588	3,588	2.6%
<b>Totals</b>	<b>116,454</b>	<b>29,991</b>	<b>146,445</b>	<b>100.0%</b>	<b>105,951</b>	<b>29,695</b>	<b>135,646</b>	<b>100.0%</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the “Projected until credit” method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2020.

The principal assumptions used by the actuary have been:

Local Government Pension Scheme	2018/19 £'000	2019/20 £'000
<b>Mortality Assumptions:</b>		
Longevity at 65 for Current Pensioners:		
Men	22.1yrs	21.7yrs
Women	24.4yrs	23.9yrs
Longevity at 65 for Future Pensioners:		
Men	24.1yrs	22.8yrs
Women	26.4yrs	25.5yrs
Rate of increase in Salaries	2.80%	2.60%
Rate of increase in Pensions	2.50%	1.90%
Rate for discounting Scheme liabilities	2.40%	2.30%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to Her Majesty's Revenue and Customs (HMRC) limits for pre-April 2008 service and 75% of the maximum post-April 2008 service.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the Scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

### Impact on the Defined Obligation in the Scheme

	Approximate % Increase to Employer Liability	Approximate Monetary Increase to Employer Liability (£000)
0.5% Decrease in Real Discount Rate	10%	18,148
0.5% Increase in Salary Increase Rate	1%	2,158
0.5% Increase in the Pension Increase Rate	8%	15,797

### Scheme History

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Obligations:	£'000	£'000	£'000	£'000	£'000	£'000
Present Value of Defined Benefit	(171,313)	(158,661)	(188,079)	(190,516)	(213,843)	(189,459)
Fair Value of Assets in the Local Government Pensions Scheme	116,640	117,182	133,619	141,083	146,445	135,645
<b>Deficit in the Scheme</b>	<b>(54,673)</b>	<b>(41,479)</b>	<b>(54,460)</b>	<b>(49,433)</b>	<b>(67,398)</b>	<b>(53,814)</b>

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £189,459,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, which after abatement for the fair value of assets of £135,645,000, resulting in a negative overall balance of £53,814,000. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by the Council paying increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

## 21. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors.

	2018/19 £'000	2019/20 £'000
Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	39	39
Additional and other Audit fees charged during the year.	-	-
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	15	22
<b>Total</b>	<b>54</b>	<b>61</b>

## 22. Related Parties

The Council is required to disclose material transactions with related parties. Related parties being bodies or individuals that have the potential to control or influence the Council, or, to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Members/Head of Service

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowance paid in 2019/2020 is shown in note 17. During 2019/2020, works and services to the value of £2,913,110 (£272,266 in 2018/2019) were commissioned from companies in which 15 Members and 4 officers (12 Members in 2018/2019) had an interest. Contracts were entered into in full compliance with the Council's standing orders. In addition, grants totalling £779,944 (£447,527 in 2018/2019) were made to organisations in which 15 Members and 3 officers had an interest (13 Members in 2018/2019). In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members interests, which are published on the Council's website.

### Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Capital and Revenue Grants received from government departments are set out in the

subjective analysis in note 35, on amounts reported to decision makers. Receivables and Payables in respect of Government departments are shown in note 30 and note 32. Any transactions between the Council and Norfolk Pensions are detailed in note 16.

### **Freebridge Community Housing Limited**

In 2006 the Council transferred its housing stock to Freebridge Community Housing. As part of the agreement the Council has 3 Members on the board of Freebridge Community Housing and owns 33% of the share in the organisation, value £1. During 2019/2020 the transactions between the Council and Freebridge Community Housing was expenditure of £69,441 (£282,266 in 2018/2019) and income of £513,780 (£1,720,549 in 2018/2019).

### **Alive Management Limited**

Alive Management Limited was set up by the Council and incorporated on 9 October 2013. On 1 September 2014 the Company came into operation and the current year's transactions are detailed in the Group Accounts pages 128 to 137.

### **Alive Leisure Trust**

Alive Leisure commenced trading in September 2014. There is 1 Member on the Board of Trustees. During 2019/2020 the transactions between the Council and Alive Leisure Trust was expenditure of £NIL (2018/19 £21,920) and income of £1,223,805 (2018/19 £943,647).

### **West Norfolk Housing Company Ltd**

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12<sup>th</sup> September 2016. During 2019/2020 the transactions between the Council and West Norfolk Housing Company Ltd was expenditure of £500,000 (2018/19 £50,100) and income of £9,693 (2018/19 £7,127).

### **West Norfolk Property Ltd**

West Norfolk Property Ltd was set up by the Council and incorporated on 12<sup>th</sup> April 2018. There were no transactions in the financial year 2019/20.

### **Alive West Norfolk**

Alive West Norfolk Ltd was set up by the Council and incorporated on 1<sup>st</sup> February 2019. During 2019/20 the transactions between the Council and Alive West Norfolk was expenditure £NIL and income of £59,180. There were no transactions in the financial year 2018/19.

## 23. Leases

### Finance Leases - Council as Lessee

The Council has acquired a number of buildings under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	2018/19 £'000	2019/20 £'000
Other Land and Buildings	3,469	3,338
<b>Total</b>	<b>3,469</b>	<b>3,338</b>

The Council is committed to making minimum payments under these leases comprising settlement of the Long Term liability for the entitlement in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

<b>Finance Lease Liabilities (Net present value of minimum lease)</b>	2018/19 £'000	2019/20 £'000
Current	2	2
Non- Current	154	152
Finance Costs payable in future years	234	227
<b>Minimum Lease payments</b>	<b>390</b>	<b>381</b>

The minimum lease payments will be payable over the following periods:

	<b>Minimun Lease Payments</b>		<b>Finance Lease Liabilities</b>		<b>Financial Costs</b>	
	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000
Not later than one year	9	9	2	2	7	7
Later than one year and not later than five years	34	34	7	7	27	27
Later than five years	345	337	145	143	200	194
<b>Total</b>	<b>388</b>	<b>380</b>	<b>154</b>	<b>152</b>	<b>234</b>	<b>228</b>

The Council has sub-let some of the accommodation held under these finance leases. At 31 March 2020 the minimum payments expected to be received under non-cancellable sub-leases was £109,438 (£149,522 at 31 March 2019).

The Council has acquired printer equipment under finance leases. The equipment acquired under these leases is included in Property, Plant and Equipment in the Balance Sheet.

### Operating Leases – Council as Lessee

The Council has operating lease agreements for the provision of land and buildings. The future minimum lease payments due under non-cancellable leases in future years are shown in the table below.

<b>Operating Lease Payments</b>	<b>31/03/2019</b>	<b>31/03/2020</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	102	102
Later than one year and not later than five years	387	384
Later than five years	4,419	4,327
<b>Total</b>	<b>4,908</b>	<b>4,813</b>

The expenditure charged to the Corporate and Democratic Core, Cultural and Related Services, Highways and Transport Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

<b>Minimum Lease Payments</b>	<b>31/03/2019</b>	<b>31/03/2020</b>
	<b>£'000</b>	<b>£'000</b>
Corporate and Democratic Services	1	1
Cultural and Related Services	10	10
Highways and Transport Services	113	91
<b>Total</b>	<b>124</b>	<b>102</b>

### Operating Leases – Council as Lessor

The Council leases out property and equipment under leases for the following purposes:

- For economic development purposes to provide suitable affordable accommodation for local businesses including shops, industrial units, kiosks, caravan parks and offices.
- Beach huts for private use; and
- Buildings used as Community facilities and used by voluntary groups including community centres, museums, and storage space.
- Leisure facilities to Alive Leisure Trust to fulfil contractual obligations with the Council. See Note 22 for more details.

<b>Future minimum lease payments receivable under non-cancellable leases in future years</b>	<b>31/03/2019</b>	<b>31/03/2020</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	2,030	2,112
Later than one year and not later than five years	5,993	6,575
Later than five years	50,287	61,661
<b>Total</b>	<b>58,310</b>	<b>70,348</b>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/2020 £nil contingent rents were receivable by the Council.

## 24. Investment Property

Investment properties are those that are held solely to earn rentals or for capital appreciation, or both. Investment properties are not depreciated but are revalued according to market conditions at the year end.

Properties that are used to facilitate the delivery of service or to support Council policy objectives fall under the category of property plant and equipment (see note 27) and are not investment properties.

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

	2018/19 £'000	2019/20 £'000
Rental Income from Investment Property	(1,656)	(1,664)
Direct Operating Expenses/(Income) Arising from Investment Property	(83)	235
<b>Direct cost of Investment Properties</b>	<b>(1,739)</b>	<b>(1,429)</b>
Other Net Operating Costs	1,101	889
<b>Net (Gain)</b>	<b>(638)</b>	<b>(540)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds on disposal. The Council has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance, or enhancement.

	2018/19 £'000	2019/20 £'000
<b>Balance at Start of the Year</b>	<b>24,582</b>	<b>23,760</b>
Net Gains / (Losses) on Revaluation	(923)	848
Write Out of Impairments on Revaluations	-	
<b>Net Gains / (Losses) from Movements in the Market Value of Investment Properties</b>	<b>(923)</b>	<b>848</b>
Additions	422	3,759
Impairment	(22)	
Disposals	(56)	-
Derecognition	56	-
Reclassifications	(299)	(241)
<b>Balance at Year End</b>	<b>23,760</b>	<b>28,126</b>

## Valuation Techniques Used to Determine Fair Values for Investment Property

Investment property shall be measured initially at cost. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition. Investment properties are not depreciated but are revalued according to market conditions at the year end.

## Significant Observable Inputs – level2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local Council area. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy. There were no transfers between any of the three levels during 2019/20. .

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use. There has been no change in the valuation techniques used during the year for investment properties.

The following table summarises the movement in the fair value of investment properties over the year:

2019/20	Quoted Prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant un-observable inputs (level 3) £'000	Fair Value as at 31/03/2020 £'000
Recurring Fair Value Measurements Industrial Units	0	18,039	0	18,039
Commercial Units	0	9,477		9,477
Land	0	532.2	0	532.2
Other	0	78.1	0	78.1
<b>Total</b>	<b>0</b>	<b>28,126</b>	<b>0</b>	<b>28,126</b>

2018/19	Quoted Prices in active markets for identical assets (level 1) £'000	Other significant observable inputs (level 2) £'000	Significant un-observable inputs (level 3) £'000	Fair Value as at 31/03/2020 £'000
Recurring Fair Value Measurements Industrial Units	0	17,281	0	17,281
Commercial Units	0	5,564	0	5,564
Land	0	272	0	272
Other	0	643	0	643
<b>Total</b>	<b>0</b>	<b>23,760</b>	<b>0</b>	<b>23,760</b>

## 25. Intangible Assets

The Council accounts for its purchased licences software as intangible assets, to the extent that the software is not an integral part of a particular Information Communications and Technology (ICT) system and accounted for as part of the hardware item or Property, Plant and Equipment. The Council also includes Housing Nomination Rights, which has been assigned following capital investment in a number of affordable housing projects.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites are up to 7 years and for Housing Nomination Rights up to 40 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £105,538 charged to revenue in 2019/2020 for software was charged to ICT Administration and then absorbed as an overhead across the entire service heading in Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The amortisation of £6,387 charged to revenue for 2019/2020 for Housing Nomination Rights was charged to the Housing General fund in Net Cost of Services. The Council holds intangible assets at historical costs. The movement on Intangible asset balances during the year is as follows:

	2018/2019			2019/2020		
	Software Licenses	Housing Nomination	Total	Software Licenses	Housing Nomination	Total
	£'000	Rights £'000	£'000	£'000	Rights £'000	£'000
<b>Balances at start of the year</b>						
Gross Carrying Amount	1,497	303	1,800	1,756	303	2,059
Accumulated Impairment	(51)	-	(51)	(51)	-	(51)
Accumulated Amortisation	(1,175)	(194)	(1,369)	(1,278)	(200)	(1,478)
<b>Net Carrying Amount at Start of Year</b>	<b>271</b>	<b>109</b>	<b>380</b>	<b>427</b>	<b>103</b>	<b>530</b>
<b>Additions:</b>						
Purchases	259	-	259	853	-	853
Impairment	-	-	-	-	-	-
Amortisation for the Period	(103)	(6)	(109)	(177)	(6)	(183)
<b>Net Carrying Amount at End of Year</b>	<b>427</b>	<b>103</b>	<b>530</b>	<b>1,103</b>	<b>97</b>	<b>1,200</b>
<b>Comprising:</b>						
Gross Carrying Amounts	1,756	303	2,059	2,609	303	2,912
Accumulated Impairment	(51)	-	(51)	(51)	-	(51)
Accumulated Amortisation	(1,278)	(200)	(1,478)	(1,455)	(206)	(1,661)
	<b>427</b>	<b>103</b>	<b>530</b>	<b>1,103</b>	<b>97</b>	<b>1,200</b>

\*Purchases of £243,000 added to Housing Nomination Rights instead of Software licences in 2014/2015.

## 26. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

Net Book Value	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
At 31 March 2020	237	6,580	6,292	21	4,845	17,975
At 31 March 2019	237	6,580	6,292	0	4,845	17,954
At 31 March 2018	237	6,580	6,292	0	4,845	17,954
At 31 March 2017	237	6,580	6,292	0	4,845	17,954
At 31 March 2016	237	6,580	6,292	0	4,845	17,954
At 31 March 2015	237	6,580	6,292	0	4,845	17,954

Further information on Heritage Assets can be found in the accounting policies.

2019/20	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
<b>Cost or Valuation</b>						
Balance at start of year	237	6,580	6,292	58	4,845	18,012
Additions	-	-	-	21	-	21
Revaluation Increase/ (Decrease)	-	-	-	-	-	-
Recognised in the CIES	-	-	-	-	-	-
	237	6,580	6,292	79	4,845	18,033
<b>Accumulated Depreciation and Impairment</b>						
Balance at start of year	-	-	-	(58)	-	(58)
Impairments recognised to CIES	-	-	-	-	-	-
Balance at end of year	-	-	-	(58)	-	(58)
<b>NBV AS AT 31 MARCH 2020</b>	<b>237</b>	<b>6,580</b>	<b>6,292</b>	<b>21</b>	<b>4,845</b>	<b>17,975</b>

2018/19	Public Art Collections £'000	Civic Regalia £'000	Museum Collections £'000	Historic Buildings £'000	Archives £'000	Total £'000
<b>Cost or Valuation</b>						
Balance at start of year	237	6,580	6,292	39	4,845	17,993
Additions	-	-	-	47	-	47
Revaluation Increase/ (Decrease)	-	-	-	(28)	-	(28)
Recognised in the CIES	-	-	-	-	-	-
	<b>237</b>	<b>6,580</b>	<b>6,292</b>	<b>58</b>	<b>4,845</b>	<b>18,012</b>
<b>Accumulated Depreciation and Impairment</b>						
Balance at start of year	-	-	-	(39)	-	(39)
Impairments recognised to CIES	-	-	-	(19)	-	(19)
Balance at end of year	-	-	-	<b>(58)</b>	-	<b>(58)</b>
<b>NBV AS AT 31 MARCH 2019</b>	<b>237</b>	<b>6,580</b>	<b>6,292</b>	<b>-</b>	<b>4,845</b>	<b>17,954</b>

## 27. Property, Plant and Equipment

### Movements on Balances

Movements in 2019/20	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets under Construction £'000	Total Property Plant and Equipment £'000
<b>Cost Valuation:</b>						
<b>At 1 April 2019</b>	<b>121,413</b>	<b>20,869</b>	<b>1,394</b>	<b>173</b>	<b>32,256</b>	<b>176,105</b>
Adjustments to opening balance	(638)		(19)			(657)
Additions	1,453	754	68	1	9,214	11,490
Revaluation Increases/Decreases to Revaluation Reserve	11,465	-	-	-	-	11,465
Revaluation Decreases to Surplus/Deficit	(2,629)	-	-	-	-	(2,629)
Revalued Assets- no net increase (impairment reversals)	20	-	-	-	-	20
Revalued Assets - Reversal of Loss						-
Derecognition - Disposals	-	-	-	(44)	(5,851)	(5,895)
Reclassification and Transfers	(2,509)	-	-	-	(15,554)	(18,063)
<b>Balance as at 31 March 2020</b>	<b>128,575</b>	<b>21,623</b>	<b>1,443</b>	<b>130</b>	<b>20,065</b>	<b>171,837</b>
<b>Accumulated Depreciation and Impairment:</b>						
<b>At 1 April 2019</b>	<b>(4,058)</b>	<b>(15,936)</b>	<b>(211)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(23,981)</b>
Adjustment to opening balance	638					638
Depreciation Charge	(2,192)	(1,161)	(45)	( )	-	(3,399)
Depreciation written out to the Revaluation Reserve						-
Depreciation written out to the Surplus/Deficit on the CIES						-
Impairment losses recognised in the Revaluation Reserve						-
Impairment reversals on revaluation						-
Impairment losses recognised in the CIES						-
Reclassification and Transfers						-
<b>At 31 March 2020</b>	<b>(5,613)</b>	<b>(17,097)</b>	<b>(256)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(26,742)</b>
<b>Net Book Value at 31 March 2020:</b>	<b>122,963</b>	<b>4,526</b>	<b>1,187</b>	<b>37</b>	<b>16,382</b>	<b>145,095</b>
Net Book Value at 31 March 2019:	117,355	4,933	1,183	80	28,573	152,124

<b>Movements in 2018/19 - Revised</b>	<b>Other Land and Buildings £'000</b>	<b>Vehicles, Plant and Equipment £'000</b>	<b>Infrastructure Assets £'000</b>	<b>Community Assets £'000</b>	<b>Assets under Construction £'000</b>	<b>Total Property Plant and Equipment £'000</b>
<b>Cost Valuation:</b>						
<b>At 1 April 2018</b>	<b>118,287</b>	<b>19,591</b>	<b>1,394</b>	<b>1,157</b>	<b>27,970</b>	<b>168,399</b>
Additions	4,091	1,278	-	67	21,238	26,674
Revaluation Increases/Decreases to Revaluation Reserve	3,716	-	-	-	-	3,716
Revaluation Decreases to Surplus/Deficit	(2,231)	-	-	(1,051)	-	(3,282)
Revalued Assets- no net increase (impairment reversals)	-	-	-	-	-	-
Revalued Assets - Reversal of Loss	(1,922)	-	-	-	-	(1,922)
Derecognition - Disposals	-	-	-	-	(17,865)	(17,865)
Reclassification and Transfers	(528)	-	-	-	913	385
<b>Balance as at 31 March 2019</b>	<b>121,413</b>	<b>20,869</b>	<b>1,394</b>	<b>173</b>	<b>32,256</b>	<b>176,105</b>
<b>Accumulated Depreciation and Impairment:</b>						
<b>At 1 April 2018</b>	<b>(8,416)</b>	<b>(15,066)</b>	<b>(184)</b>	<b>(1,077)</b>	<b>(2,191)</b>	<b>(26,934)</b>
Depreciation Charge	(1,824)	(870)	(27)	-	-	(2,721)
Depreciation written out to the Revaluation Reserve	3,270	-	-	-	11	3,281
Depreciation written out to the Surplus/Deficit on the CIES	479	-	-	-	(11)	468
Impairment losses recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment reversals on revaluation	1,351	-	-	-	-	1,351
Impairment losses recognised in the CIES	1,082	-	-	984	(1,492)	574
<b>At 31 March 2019</b>	<b>(4,058)</b>	<b>(15,936)</b>	<b>(211)</b>	<b>(93)</b>	<b>(3,683)</b>	<b>(23,981)</b>
<b>Net Book Value at 31 March 2019:</b>	<b>117,355</b>	<b>4,933</b>	<b>1,183</b>	<b>80</b>	<b>28,573</b>	<b>152,124</b>
Net Book Value at 31 March 2018:	109,871	4,524	1,209	81	25,780	141,466

The table above contains 2 amendments from the previously published 2018/19 statement of accounts – these are: -

- 216k reduction in 'Infrastructure' (previously 1,399 now 1,183)
- 216k Increase in the 'Other land and Building category' (Previously 117,139 now 117,355)

## Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment, including ICT equipment, are based on historic cost. Greater detail regarding dates and valuations is provided in the Statement of Accounting Policies on page 114.

For valuation purposes, property assets fall into one of the following groups:

- Property, plant and equipment which includes infrastructure, community assets and assets under construction;
- Lease and lease type arrangements.
- Investment Property – property that is used solely to earn rentals, or for capital appreciation, or both; and
- Assets held for sale.

	Other land and buildings £'000	Vehicle, plant & equipment £'000	Infrastructure assets £'000	Community assets £'000	Assets Under Construction £'000	Total £'000
<b>Carried at historical cost</b>	<b>0</b>	<b>4,526</b>	<b>1,187</b>	<b>37</b>	<b>16,382</b>	<b>22,132</b>
31-Mar-20	63,934	0	0	0	0	63,934
31-Mar-19	43,034	0	0	0	0	43,034
31-Mar-18	9,217	0	0	0	0	9,217
31-Mar-17	2,586	0	0	0	0	2,586
31-Mar-16	1,620	0	0	0	0	1,620
Prior to 2016	2,573	0	0	0	0	2,573
<b>Gross Book Value</b>	<b>122,964</b>	<b>4,526</b>	<b>1,187</b>	<b>37</b>	<b>16,382</b>	<b>145,095</b>

## 28. Capital: Expenditure, Financing and Commitments

### Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2018/19 £'000	2019/20 £'000
<b>Opening Capital Financing Requirement</b>	<b>39,335</b>	<b>44,102</b>
<b>Capital Investment:</b>		
Property, plant and equipment	26,674	11,490
Assets held for sale		7,503
Investment Properties	422	3,759
Intangible assets	259	853
Heritage Assets	48	21
Revenue expenditure funded from Capital under Statute	1,700	2,499
<b>Sources of Finance:</b>		
Capital Receipts	(19,187)	(20,965)
Government grants and other contributions	(1,603)	(2,948)
<b>Sums set aside from revenue:</b>		
- Direct revenue contributions	(2,330)	(6,729)
- Revenue contributions for prudential borrowing schemes	(935)	(864)
- MRP	(281)	(345)
<b>Closing Capital Financing Requirement</b>	<b>44,102</b>	<b>38,377</b>
<b>Explanation of movements in year:</b>		
Increase in underlying need to borrowing (unsupported by Government Financial Assistance)	4,765	(5,725)
<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>4,765</b>	<b>(5,725)</b>

## Capital Commitments

At 31 March 2020 the Council has entered into a number of contracts and the major commitments are:

	<b>Commitment Contractual 31-Mar-20 £'000</b>	<b>Commitment Non- Contractual 31-Mar-20 £'000</b>
Architectural Services	-	-
Careline	-	-
Conservation & Heritage	-	-
Energy Efficiency	486	-
Environment & Protection Equipment	-	-
ICT Equipment & Software	145	-
Major Housing Development	18,218	-
Other Construction / Works Contracts	1,098	-
Vehicle Replacement	-	-
<b>Total</b>	<b>19,947</b>	<b>-</b>

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## 29. Assets Held for Sale

<b>31-Mar-19 £'000</b>		<b>31-Mar-20 £'000</b>
<b>2,024</b>	<b>Balance Outstanding at Start of the Year</b>	<b>934</b>
	Additions	7,503
	Other movements	4,031
(85)	Assets newly classified as Held for Sale	18,304
(1,005)	Assets sold	(20,970)
<b>934</b>	<b>Balance at End of Year</b>	<b>9,802</b>

### 30. Short Term Receivables

	<b>31-Mar-19</b> <b>£'000</b>	<b>31-Mar-20</b> <b>£'000</b>
Central Government bodies	1,615	2,546
Local Authorities	1,472	2,544
NHS Bodies	93	119
Other entities and individuals	7,015	6,655
<b>Sub Total</b>	<b>10,195</b>	<b>11,864</b>
Allowance for doubtful debt (other entities and individuals)	(2,130)	(2,214)
<b>Total</b>	<b>8,065</b>	<b>9,651</b>

### 31. Long Term Receivables

	<b>31-Mar-19</b> <b>£'000</b>	<b>31-Mar-20</b> <b>£'000</b>
Other entities and individuals	1,818	3,624
Finance Lease	137	137
<b>Sub Total</b>	<b>1,955</b>	<b>3,761</b>
Allowance for doubtful debt (other entities and individuals)	(26)	(26)
<b>Total</b>	<b>1,929</b>	<b>3,735</b>

### 32. Short Term Payables

	<b>31-Mar-19</b> <b>£'000</b>	<b>31-Mar-20</b> <b>£'000</b>
Central Government bodies	(4,195)	(7,529)
Local Authorities	(3,493)	(1,500)
NHS Bodies	(32)	-
Other entities and individuals	(6,203)	(5,592)
<b>Total</b>	<b>(13,923)</b>	<b>(14,621)</b>

### 33. Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed, only by the occurrence of one or more uncertain future events that are not wholly within the Council's control. At 31 March 2020, the Council had two material contingent liabilities:

**NHS Trusts claiming charitable status** - During January and February 2016, NHS Trusts wrote to local authorities countrywide claiming charitable status and requesting mandatory relief from business rates under s.43(5) and (6) of the Local Government Act 1988, the request being backdated to 2010. If granted this would lead to a backdated payment by Borough Council of King's Lynn and West Norfolk and ongoing reduced business rates going forward as well as impacting the Norfolk business rates pool.

Counsel advice obtained on behalf of the NHS Trusts is that they are charities. The LGA (the representative body for Local Authorities) has sought legal advice from Counsel, on the affected council's behalf, on the applications for mandatory relief from business rates, issued on behalf of NHS trusts. Counsel advice to the LGA is that NHS Trusts and Foundation Trusts are not charities, and that the applications for rate relief are therefore unfounded.

A case, brought by Derby Teaching Hospitals NHS Foundation Trust and 16 others against 45 councils (not including this council) was heard at the High Court in November 2019. The outcome was that the NHS Trusts challenge was thrown out and the case was lost. The council was notified on 25 February 2020 that the NHS Trusts have now applied for leave to appeal to the Court of Appeal. The council was notified on 30 July 2020 that leave to appeal has been granted and the appeal process started. As with the original case the appeal is likely to take some months to progress through the court process.

**Coastshare** - is a Cost Sharing Group (CSG). The Council and Alive Leisure Trust became members of Coastshare in 2014. Services from the Council were provided to the Trust and the costs were reimbursed within the CSG. The cost sharing exemption applies when two or more organisations with exempt or non-business activities join to form a CSG. A CSG is a separate, independent entity, set up to enable its members to supply themselves with certain qualifying services at cost and exempt from VAT. The cost sharing exemption applies only in very specific circumstances and does not cover normal shared services arrangements. HMRC are currently contacting all Councils involved in this group to review the VAT treatment. At this stage it is not known what the outcome of this review may be.

### 34. Provisions

<b>Business Rates Appeals Provision</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£'000</b>	<b>£'000</b>
Balance at the 1 April	2,031	2,132
Additional provisions made in year	101	133
Provision unwound in year	-	(906)
<b>Balance at the 31 March</b>	<b>2,132</b>	<b>1,359</b>

The total provision applied for NNDR based on appeals lodged as at 31 March 2020 is £3.2m (£5.3m 2018/2019). The above table reflects the Council's share of the provision at the value of £1.4m (£2.1m 2018/2019). This is based on 42.5% due to the council being within a 75% Business Rates Pilot during 2019/20 (40% in 2018/19).

### 35. Grant Income

The Council applied the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/2020:

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver unless those conditions will be met. The balances at the year- end are as follows:

<b>2018/19</b>		<b>2019/20</b>
<b>£'000</b>	<b>Taxation and Specific Government Grant Income:</b>	<b>£'000</b>
(1,270)	Revenue support grant	-
(1,266)	New Homes Bonus	(1,020)
(463)	Rural Services Delivery Grant	-
<b>(2,999)</b>	<b>Sub-Total</b>	<b>(1,020)</b>
(2,430)	Section 31 Small Business Relief Grant Credited to NNDR Income	(2,853)
(619)	Capital Grants and Contributions	(2,941)
<b>(6,048)</b>	<b>Total Taxation and Specific Non-Service Government Grant Income</b>	<b>(6,814)</b>
	<b>Other Revenue Grant Income:</b>	
(220)	Business Rates cost of collection - MHCLG	(233)
(35,419)	Department for Works and Pensions - Housing Benefit Unit	(31,426)
(296)	DWP - Discretionary Housing Payments	(168)
(1,668)	Disabled Facilities - Better Care Fund	(1,564)
(215)	Homelessness Prevention MHCLG/NCC	(253)
(167)	Local Council Tax Support Administration - MHCLG	(161)
(261)	Policy and Partnerships - NCC	-
(115)	Rough Sleeping Grant - NCC	(115)
(164)	Lily Phase 4 - NCC	(164)
(159)	Welfare Reform Funding - DWP	(111)
(191)	Heritage Lottery Fund	(54)
(464)	Other	(688)
<b>(39,339)</b>	<b>Total Grant Income to Services</b>	<b>(34,937)</b>
<b>(45,387)</b>	<b>Total Grant Income to General Fund</b>	<b>(41,751)</b>
	<b>Contributions</b>	
(1,625)	Waste Collection Credits – NCC	(1,733)
(685)	Other	(546)
<b>(2,310)</b>	<b>Total Contributions</b>	<b>(2,279)</b>
<b>(47,697)</b>	<b>TOTAL GRANTS AND CONTRIBUTIONS TO GENERAL FUND</b>	<b>(44,030)</b>

## 36. Financial Instruments

### Financial Assets

	Non-Current				Current				Total
	Investments		Debtors		Investments		Debtors		
	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-20 £'000
<b>Amortised Cost</b>	<b>10,000</b>	<b>-</b>	<b>1,929</b>	<b>3,735</b>	<b>5,646</b>	<b>20,187</b>	<b>7,015</b>	<b>6,655</b>	<b>30,577</b>

### Financial Liabilities

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-19 £'000	31-Mar-20 £'000	31-Mar-20 £'000
<b>Amortised Cost</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(12)</b>	<b>(13)</b>	<b>(3,199)</b>	<b>(6,127)</b>	<b>(6,203)</b>	<b>(5,592)</b>	<b>(21,733)</b>

All investments and receivables that the Council has on its Balance Sheet are classified as Amortised Cost as they are all simple principal and interest investments with no impairment allowance or other cash flows associated with them.

### Reclassification and re-measurement of impairment losses

The code requirements in relation to the reclassification and re-measurement of impairment losses changed on 1<sup>st</sup> April 2018, during 2018/19 this had no impact on the council as there was no adjustments made to impairment loss allowances as a result of the reclassification of financial assets held on 1<sup>st</sup> April 2018 from an incurred losses model to an expected losses model for calculations during. This continues to have no effect during 2019/20.

The Council has made a number of home improvement loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account. The detailed soft loans information is as follows:

Title of Soft Loan	31-Mar-19 £'000	31-Mar-20 £'000
Opening Balance	819	859
- Loans repaid	(50)	(54)
Impairment losses	90	98
<b>Balance carried forward</b>	<b>859</b>	<b>903</b>
<b>Nominal Value Carried Forward</b>	<b>1,186</b>	<b>1,132</b>

### Valuation Assumptions

The interest rate at which the fair value of these soft loans has been made is arrived at by taking the authority's prevailing cost of borrowing for the year the loan is advanced and adding an allowance for the risk that the loan might not be repaid.

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

### **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has a portfolio of a significant number of Home Improvement loans to local residents. It does not have reasonable and supportive information that is available without undue cost of effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

## Comprehensive Income and Expenditure Statement disclosures

### Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2018/19		2019/20	
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
<b>Interest revenue:</b>				
Financial assets measured at amortised cost	(691)	-	(535)	
<b>Total Interest Revenue</b>	<b>(691)</b>	<b>-</b>	<b>(535)</b>	
Interest payable	489	-	451	
<b>Total Interest Payable</b>	<b>489</b>	<b>-</b>	<b>451</b>	

## Fair Value

### The Fair Values of Financial Assets and Financial Liabilities

All financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

## Financial Instruments measured at Amortised Cost

Financial Liabilities	31-Mar-19		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
PWLB debt	(100)	(101)	-	-
Non-PWLB debt	(10,000)	(15,046)	(10,000)	(15,684)
Short term borrowing	(3,000)	(3,005)	(6,000)	(6,033)
Short term creditors	(6,203)	(6,203)	(5,592)	(5,592)
Long term creditors	(12)	(12)	(13)	(13)
Long term finance lease liability	(247)	(247)	(236)	(236)
<b>Total Liabilities</b>	<b>(19,562)</b>	<b>(24,614)</b>	<b>(21,841)</b>	<b>(27,558)</b>

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

Financial Assets	31-Mar-19		31-Mar-20	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Money market funds < 1 year	2,555	2,585	6,850	6,864
Cash	2,941	2,941	5,140	5,140
Short term investments	-	-	8,000	8,166
Long term investments	10,000	10,120	-	-
Short term debtors	7,015	7,015	6,655	6,655
Long term debtors	1,930	1,930	3,735	3,735
<b>Total Assets</b>	<b>24,441</b>	<b>24,591</b>	<b>30,380</b>	<b>30,560</b>

The Council held Money Market Funds. The purpose was solely to collect the repayment of interest and principal. The business model for the Money Market Funds is therefore not based on any other objective of generating profit. The investments have therefore been held at amortised cost.

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

### 37. Nature and Extent of Risks Arising from Financial Statements

The Authority's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

#### Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its management of interest rate exposure;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

## **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

## **Credit Risk Management Practices**

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council has a policy in place to try and reduce credit risk on tenants. This involves obtaining a bank reference and two trade references for new leases, in addition to accounts and credit checks. If the Council is aware of a new tenant leasing other commercial property, a reference is also obtained from their landlord. In some circumstances a surety may also be requested. In all cases a three month deposit is required.

## **Income Recovery**

To reduce credit risk, there is a policy in place to ensure timely collection of outstanding amounts.

Payment terms are set up on accounts when they are opened. Computer generated reminders are issued a week after the term expires and a second reminder is sent after a further 14 days. Following on from this if the debt remains unpaid it is passed for further recovery action.

The following table analyses overdue Receivables (both short and long term) and shows what allowance, if any, has been made for these debts as laid out within the Accounting policies.

Debt Outstanding	31-Mar-19			31-Mar-20		Net Liability
	£'000	Allowance in Accounts £'000		Net Liability £'000	Debt Outstanding £'000	
1,266	(10)	1,256	0 to 3 months	1,681	(28)	1,653
8	(1)	7	4 to 6 months	36	(5)	30
15	(2)	13	7 to 12 months	34	(7)	27
348	(154)	194	Over one year	225	(113)	113
<b>1,637</b>	<b>(167)</b>	<b>1,470</b>	<b>Total</b>	<b>1,976</b>	<b>(153)</b>	<b>1,823</b>

This table excludes the allowance for Council Tax, NNDR and Overpaid Housing Benefits.

### Amounts Arising from Expected Credit Losses

The changes in loss allowance for debtors at amortised cost during the year are as follows:

Long-Term Debtor	12 month Expected	Lifetime Expected	Total
	Credit Losses	Credit Losses – Simplified Approach	
	£'000	£'000	£'000
Opening balance as at 1 April 2019	-	168	168
b/fwd rounding difference	-	2	2
New financial assets originated	-	-	-
Repayments in year	-	(63)	(63)
Accrued Interest	-	9	9
Other changes: Impairment	-	-	-
<b>As at 31 March 2020</b>		<b>116</b>	<b>116</b>

Long-term debtors include the impairment of a collateralised asset where the asset has been taken by the Council, and there is not any anticipated overall loss to the Council. The overall impact of this impairment is negligible and will be offset by income receivable over the life of the asset taken.

## Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

	<b>31-Mar-19</b>	<b>31-Mar-20</b>
	<b>£'000</b>	<b>£'000</b>
Less than 1 year	3,389	6,210
Between 1 and 2 years	81	81
Between 2 and 5 years	233	207
More than 5 years	10,269	10,224
<b>Total</b>	<b>13,972</b>	<b>16,722</b>

## Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

According to this assessment strategy, at 31 March 2020, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>31-Mar-20</b> <b>£'000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	-
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure	3,748
Impact on Surplus or Deficit on the Provision of Services	-

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Price risk** - The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds.

**Foreign exchange risk** - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

### 38. Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis.

Following the outbreak of Coronavirus in March 2020, a number of measures were put in place to limit the spread of the virus.

The restrictions have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments or were unable to pay at all. The government has provided some support for lost income and additional costs borne by authorities because of the crisis and the Council has been allocated £2.7 million in this regard to date. The Council has also submitted claims against the Sales, Fees and Charges Scheme to the value of £1.3 million to support the loss of income in this respect.

Our most recent balances compared to the year-end reported in these statements is as follows.

Date	General Fund	Earmarked reserves
31-Mar-20	£10.1m	£22.1m
31-Mar-21	£6.4m	

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to going concern.

Through our assessment we have identified that we expect in 2020/21 and 2021/22 reductions in revenue.

Trade Waste – where we have assumed a reduction of 18% for the first 6 months of the year

Car Park Operations – 67% fall relating to loss of income from town centre and resort car parks

Commercial Income – 10% fall relating to lost rent on commercial investments and lost revenue from the Council's wholly owned housing company on the assumption that the housing market will remain static for the first 6 months of the year

Planning fees – we have assumed a 13% loss for the first 6 months of the year.

Business rates and Council Tax – where we have assumed losing £0.8 million for the year

We have also included additional costs relating to Covid-19 assumed at £3.76 million based on the expectations of the Council's Service leads through implementation of lockdown measures, supporting the community hub, un-realised savings from the cost reduction programme, additional Waste expenditure due to falling recycling prices and financial support in respect of the provision of leisure services.

Due to the uncertainty on the Council's finances, the Council reverted to annual pension contribution payment rather than the planned upfront triennial payment which retained £3.4m in the General Fund Reserve to assist with cashflow.

We have not assumed any additional central government grants in respect of current or further lockdown arrangements if they were to be introduced. We have yet to make any assessment of further additional costs due to the uncertainty. The council is also anticipating a further claim against the scheme that will reimburse loss of income of 75p in £1 of losses over 5% which will further support the council's financial position during this time as well as submitting a bid to the recently announced scheme that will provide support for leisure services. The council anticipates an estimated bid of around £370k for this.

Therefore, taking account of all the above factors, we would expect our 2020/21 outturn to show a revised deficit of £3.6 million. This would be funded from the General Fund balance – which would then have a predicted balance of £6.4 million at 31 March 2021.

The Council has undertaken cash flow modelling through to March 2022 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with headroom of £74 million.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity position of the Council, taking account of the cash and short term investment balances of £26.5 million at 21 January 2021 and the ability for short-term borrowing under the Council's Treasury Management Policy. This demonstrates that the Council has sufficient liquidity over the same period.

The Fair Funding Review for 2021/22 has been delayed, with a one year settlement from Government announced for 2021/22. The Financial Plan for 2021/2022 estimates a surplus in 2021/22 on the provision of services of £0.8 million. As a result, we were planning to contribute to reserves to that extent in that year. However, the council will now need to make an annual pension contribution payment. As a result, our GF balance at 31 March 2022 is expected to be £7.2 million.

This still remains above our minimum level of GF balances as set by our CFO of £0.9 million.

### 39. Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

31 March 2019 £000		31 March 2020 £000
769	Interest received	511
(180)	Interest paid	379
-	Dividends received	-
<b>589</b>	<b>Total</b>	<b>890</b>

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2019 £000		31 March 2020 £000
2,468	Depreciation	3,419
2,311	Impairment and downward valuations	12,869
109	Amortisation	105
-	Increase/(decrease) in impairment for bad debts	-
651	Increase/(decrease) in creditors	2,967
3,169	(Increase)/decrease in debtors	(1,265)
(20)	(Increase)/decrease in inventories	22
5,709	Movement in pension liability	6,121
18,925	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	21,028
293	Other non-cash items charged to the net surplus or deficit on the provision of services	(3,173)
<b>33,615</b>	<b>Total</b>	<b>42,093</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities

31 March 2019 £000		31 March 2020 £000
6,243	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	1,831
(19,695)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(21,675)
(1,376)	Any other items for which the cash effects are investing or financing cash flows	(2,941)
<b>(14,828)</b>		<b>(22,785)</b>

#### 40. Cash Flow from Investing Activities

31 March 2019 £000		31 March 2020 £000
(27,703)	Purchase of property, plant and equipment, investment property and intangible assets	(24,361)
(7,121)	Purchase of short-term and long-term investments	-
70	Other payments for investing activities	(1,372)
19,695	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	21,675
(169)	Proceeds from short-term and long-term investments	169
1,554	Other receipts from investing activities	3,334
<b>(13,674)</b>	<b>Net cash flows from investing activities</b>	<b>(555)</b>

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#### 41. Cash Flow from Financing Activities

31 March 2019 £000		31 March 2020 £000
(700)	Cash receipts of short- and long-term borrowing	9,000
0	Other receipts from financing activities	0
0	Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	0
0	Repayments of short- and long-term borrowing	(6,000)
(974)	Other payments for financing activities	(2,914)
<b>(1,333)</b>	<b>Net cash flows from financing activities</b>	<b>86</b>

# Collection Fund

## Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund as it is an Agency activity of the Council proceeds are shared with precepting partners.

The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing Council in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For the Borough Council of King's Lynn and West Norfolk, the Council Tax precepting bodies are the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and Norfolk County Council.

In 2013/2014, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The business rate retention scheme allows the council to retain a proportion of the total National Non-Domestic Rates growth realised in the year. In 2019/2020 the council participated in a Norfolk-wide pilot of the 75% Business Rate Retention Scheme, and central government reduced its share of the business rates growth to 25% in exchange for local authorities foregoing certain grants but retaining 75% of their growth and distributing it as they agree. The proportionate shares for 2019/2020 were agreed in advance by the pilot members as: 42.5% to the districts, including the Borough Council of King's Lynn and West Norfolk, 32.5% to Norfolk County Council and the remaining 25% to Central Government.

National Non-Domestic Rates surpluses declared by the billing Council in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

2018/19				2019/20		
NDR £'000	Council Tax £'000	Total £'000		NDR £'000	Council Tax £'000	Total £'000
46,830	-	46,830	<b>Income</b>			
-	88,084	88,084	Non-domestic ratepayers	46,365		46,365
			Council Tax		93,565	93,565
<b>46,830</b>	<b>88,084</b>	<b>134,914</b>	<b>Total Income</b>	<b>46,365</b>	<b>93,565</b>	<b>139,930</b>
			<b>Expenditure</b>			
784	-	784	Apportionment of Previous Year Surplus (Deficit)			
627	164	791	Central Government	(173)	-	(173)
157	1,176	1,333	Borough Council of King's Lynn & West Norfolk	(138)	313	175
-	205	205	Norfolk County Council	(35)	2,290	2,255
			OPCCN	-	397	397
			<b>Precepts, Demands and Shares</b>			
21,540	-	21,540	Central Government	10,984	-	10,984
20,395	6,004	26,399	Borough Council King's Lynn & West Norfolk	21,152	6,442	27,594
4,308	65,430	69,738	Norfolk County Council	14,280	69,717	83,997
-	11,335	11,335	OPCCN	-	12,952	12,952
-	2,942	2,942	Parish/Special Expenses	-	3,250	3,250
			<b>Charges to Collection Fund</b>			
220	-	220	Cost of Collection Allowance	224	-	224
255	-	255	Non-Domestic Rates Provision for Appeals	(2,133)	-	(2,133)
(40)	77	37	Bad Debt Provisions	68	147	215
145	264	409	Write-offs of uncollectable amounts	136	268	404
<b>48,391</b>	<b>87,597</b>	<b>135,988</b>	<b>Total Expenditure</b>	<b>44,365</b>	<b>95,776</b>	<b>140,141</b>
<b>(1,561)</b>	<b>487</b>	<b>(1,074)</b>	<b>(Deficit)/Surplus arising during the year</b>	<b>2,000</b>	<b>(2,211)</b>	<b>(211)</b>
1,011	2,797	3,808	(Deficit)/Surplus brought forward 1st April 2019	(550)	3,284	2,734
<b>(550)</b>	<b>3,284</b>	<b>2,734</b>	<b>(Deficit)/Surplus carried forward 31 March 2020</b>	<b>1,450</b>	<b>1,073</b>	<b>2,523</b>

## General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The Collection Fund has been prepared on an accruals basis.

### C1 Income from Business Ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/2014, the administration of NNDR changed with the introduction of a business rates retention scheme which aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates and the impact of changes and appeals. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In 2019/2020 the Borough Council of King's Lynn and West Norfolk participated in a Norfolk-wide pilot of the 75% Business Rate Retention scheme, increasing the local share from 40% to 42.5% plus retainable renewable energy contributions. The remainder is distributed to preceptors and for the pilot year the shares are 25% to Central Government and 32.5% to Norfolk County Council.

The business rates shares payable for 2019/2020 were estimated before the start of the financial year as £11.0m to Central Government, £14.3m to Norfolk County Council and £21.2m (including Renewable Energy Contributions) to the Borough Council of King's Lynn and West Norfolk.

When the scheme was introduced Central Government set a baseline level for each council identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities are payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding, unless the council is part of a Business Rates Pool or Pilot in which case the tariff is paid to the Pool or Pilot lead. As the Borough Council of King's Lynn and West Norfolk was part of a Pilot in 2019/2020 a tariff to the value of £11.2m was paid to Norfolk County Council as the lead authority.

Additional growth above the agreed baseline is split between the council and the Business Rates pool/pilot. In 2019/2020 the Borough Council of King's Lynn and West Norfolk was part of the 75% Business Rates pilot with other Norfolk Councils (lead by Norfolk County Council). Growth of £4.2m above the baseline was achieved and distributed in accordance with the pilot Governance Agreement.

In addition to the local management of business rates, authorities are required to make a provision for refunds and losses as a consequence of successful appeals made in respect of rateable values as defined by VOA. Appeals are charged and provided for in proportion of the precepting shares. The total provision for 2019/2020 has been calculated at £3.2m.

For 2019/2020, the total non-domestic rateable value at the year-end is £119.3m (£118.5m in 2018/2019). The national multipliers for 2019/2020 were 49.1p for qualifying Small Businesses, and a standard multiplier of 50.4p for all other businesses (48.0p and 49.3p respectively in 2018/2019).

The table below shows the total contribution to the NNDR Pool for the year.

<b>Contribution to the NNDR Pool</b>	<b>2018/2019 £'000</b>	<b>2019/2020 £'000</b>
Gross non-domestic rates payable	57,402	58,295
Less Allowances and other adjustments	(10,572)	(12,166)
		236
<b>Net Contribution to NNDR pool</b>	<b>46,830</b>	<b>46,365</b>

<b>Non-Domestic Rates Appeals Provision</b>	<b>2018/2019 £'000</b>	<b>2019/2020 £'000</b>
<b>In Year Appeals</b>		
Balance at 1 April	1,509	725
Adjustment in Year inc Settled Appeals	-	(205)
Adjustment in year	(834)	197
<b>Balance at 31 March</b>	<b>675</b>	<b>717</b>
<b>Back Dated Appeals</b>		
Balance at 1 April	3,568	4,606
Adjustment in Year inc Settled Appeals	-	(134)
Adjustment in year	1,088	(1,991)
<b>Balance at 31 March</b>	<b>4,656</b>	<b>2,481</b>
<b>NNDR Appeals Provision</b>	<b>5,331</b>	<b>3,199</b>

## C2 Council Tax

Each Council calculates the amount of its Council Tax by dividing its requirements for the year by its tax base.

The tax base is the number of dwellings in the area belonging to each valuation band, modified to take account of the multipliers applying to dwellings in each band and the discounts, reductions and proportion of the Council Tax which the Council expects to be able to collect.

Valuation Band	Range of values at 1 April 1991	Total Dwellings	Number of Chargeable Dwellings	Dwellings after Discounts & Exemptions	Ratio to Band D	Band D Equivalent
A*	*			49	5/9	27
A	Up to £40,000	24,308	23,019	16,028	6/9	10,685
B	£40,001-£52,000	17,548	17,106	14,299	7/9	11,122
C	£52,001-£68,000	13,560	13,252	11,728	8/9	10,425
D	£68,001-£88,000	9,580	9,323	8,516	9/9	8,516
E	£88,001-£120,000	4,958	4,814	4,479	10/9	5,474
F	£120,001-£160,000	2,498	2,442	2,327	11/9	3,361
G	£160,001-£320,000	1,094	1,073	1,017	12/9	1,695
H	More than £320,000	109	108	97	13/9	193
<b>Total</b>		<b>73,655</b>	<b>71,137</b>	<b>58,491</b>		<b>51,498</b>
MOD Dwellings						482
<b>Total Taxbase</b>						<b>51,980</b>

\*Entitled to a disabled relief reduction

The council set a precept of £6,441,840 representing a Band D Council Tax charge of £125.87 for its services. In addition special expenses under section 34(1) of the Local Government Finance Act 1992, totalling £697,910 and Parish Precepts totalling £2,551,950 were levied, averaging £63.50 for a Band D property. Norfolk County Council set a precept of £69,717,400 representing a Band D charge of £1,362.24 and the Norfolk Police and Crime Commissioner set a precept of £12,952,255 representing a Band D charge of £253.08. The total average Band D Council Tax charge for 2019/2020 is £1,804.69. Reductions are made under the Council Tax Support Scheme regulations for people on lower incomes.

### C3 Share of Balance

The balance of the Collection Fund at 31 March 2020 stands at £2.5m Surplus (2018/2019 £2.7m Surplus). This amount is shared as follows:

Collection Fund Balance Sheet						
Non Domestic Rates	Council Tax	TOTAL		Non Domestic Rates	Council Tax	TOTAL
31-Mar-19	31-Mar-19	31-Mar-19		31-Mar-20	31-Mar-20	31-Mar-20
£'000	£'000	£'000		£'000	£'000	£'000
5,842	1,895	7,737	Cash held by KLWNBC	4,223	(651)	3,587
674	4,005	4,679	Debtors	1,208	4,493	5,701
(426)	(1,542)	(1,968)	Receipts in Advance	(518)	(1,549)	(2,067)
(331)	(1,074)	(1,405)	Impairment Provision	(399)	(1,220)	(1,619)
(5,331)	-	(5,331)	Appeals Provision	(3,199)	-	(3,199)
550	(3,284)	(2,734)	Fund Surplus	(1,450)	(1,073)	(2,523)
(1,021)	0	(1,021)	EZ & Renewable Energy	136	-	136
43	-	43	Transitional Protection Payment	(16)	-	(16)
<b>0</b>	<b>0</b>	<b>0</b>	<b>Total</b>	<b>-15</b>	<b>0</b>	<b>0</b>

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## C4

Collection Fund Representation of Debtor, Creditor & Appeals balances in BCKLWN Accounts						
NNDR £'000	31-Mar-19			31-Mar-20		
	Council Tax £'000	Total £'000		NNDR £'000	Council Tax £'000	Total £'000
269	420	689	Debtors	513	470	983
(170)	(162)	(332)	Receipts in Advance	(220)	(162)	(382)
(132)	(113)	(245)	Impairment Provision	(170)	(128)	(298)
(2,132)	-	(2,132)	Appeals Provision	(1,359)	-	(1,359)
(486)	(1,696)	(2,182)	Creditors - Local Government	(1,462)	585	(877)
(2,441)	-	(2,441)	Creditors - Central Government	(1,057)	-	(1,057)
(793)	(344)	(1,137)	Fund Surplus to Collection Fund Adjustment Account	(483)	66	(417)
<b>(5,885)</b>	<b>(1,895)</b>	<b>(7,780)</b>	<b>TOTAL</b>	<b>(4,238)</b>	<b>831</b>	<b>(3,407)</b>

NNDR £'000	31-Mar-19			31-Mar-20		
	Council Tax £'000	Total £'000		NNDR £'000	Council Tax £'000	Total £'000
(220)	344	124	Borough Council	312	-	312
(55)	2,481	2,426	Norfolk County Council	517	809	1,326
-	459	459	OPCCN	-	150	150
(275)	-	(275)	Central Government	621	114	735
<b>(550)</b>	<b>3,284</b>	<b>2,734</b>		<b>1,450</b>	<b>1,073</b>	<b>2,523</b>

# ANNUAL ACCOUNTING POLICIES

## Accounting Policies in respect of Concepts and Principles

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts under the Accounts and Audit (England) Regulations 2015, preparing them in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2019/20 and the Service Reporting Code of Practice 2019/20 supported by International Financial Reporting Standards (IFRS). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

An underlying assumption for the preparation of the statement of accounts is the concept of a local authority as a going concern, whereby, its functions and services will continue in operational existence for the foreseeable future.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of Non-current assets and financial instruments.

### Going concern

The accounts have been prepared on a going concern basis.

### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than necessarily the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a Receivable or Payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of Receivables is written down and a charge made to the revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that the commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

### **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The Council includes deposits with financial institutions classified as call accounts and notice accounts where the notice period is less than 3 months.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **Prior Period Adjustments, Changes in Accounting Policies and Estimate and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period

### **Charges to Revenue for Non-current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible Non-current Assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Council's method of calculating Minimum Revenue Provision is included within the Treasury Management Strategy Statement 2019/2020. Certain expenditure reflected within the debt liability is charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure, using equal annual instalments. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Events after the Balance Sheet Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statements of Accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period - the Statements of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements of Accounts. There have been no such events prior to the authorisation for issue date.

### **Exceptional Items**

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-specific grant income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied account. Where it has been applied, it is posted to the Capital Adjustment account. Amounts in the Capital Grants Unapplied account are transferred to the Capital Adjustment account once they have been applied.

### **Interests in Companies and Other Entities**

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

### **Jointly Controlled Operations**

Jointly controlled operations are activities undertaken by the Council in conjunction with other organisations that involve the use of the assets and resources of the organisations, rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

## The Council as Lessee

### *Finance Leases*

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the lease property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

## The Council as Lessor

### *Finance Leases*

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received ), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset.

At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of Non-Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

#### *Operating Leases*

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit in the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for Non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council. These reserves are explained in the relevant policies.

### Revaluation Reserve

This reserve records the gains and losses arising on the revaluation the Council's Non-current assets from 1 April 2007. Previously, such gains and losses were taken to the Fixed Asset Restatement Account. The balance on the Fixed Asset Restatement Account as at 31 March 2007 was transferred to the Capital Adjustment Account on 1 April 2007.

The reserve records the accumulated gains on the Non-current assets held by the Council arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The reserve is also debited with amounts equal to the depreciation charges on assets that have been incurred only because the asset has been revalued i.e. the difference between depreciation charged and that which would have been charged if the asset was held at historic cost. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve thus represents the amount by which the current value of Non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

### Capital Adjustment Account

Established on 1 April 2007, the balance is the amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account as at that date. Consequently, the opening balance consists of:

- The consolidation of gains arising from the revaluation of Non-current assets (as previously taken to the Non-current assets Restatement Account);and
- Revenue funds set aside as a provision to repay external loans and the financing of capital payments from capital receipts and revenue reserves (formerly presented in the Capital Financing Account).

The Account accumulates the write-down of the historical cost of Non-current assets as they are consumed by depreciation and impairments or written off on disposal, and the resources that have been set aside to finance capital expenditure. The balance on the Account thus represents timing differences between the amount of the historical cost of Non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

### Financial Instruments Adjustment Account

This reserve contains the difference between financial instruments measured at fair value and the balances required to comply with statutory requirements.

### Pensions Reserve

Reconciles the payments made for the year to the defined benefits scheme in accordance with the scheme's requirements and the net change in the Council's recognised liability under IAS 19 – Retirement Benefits, for the same period.

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of Council Tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

### Accumulated Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

### **Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement, in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

## **Employee Benefits**

### Benefits Payable During Employment

Short Term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

### Post- Employment Benefits

Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme which is a funded defined benefits scheme administered by Norfolk County Council. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the pension scheme for employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations.

The Council complies fully with the requirements of IAS 19.

The policy is to recognise the full liability that the Council has for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated.

Charges to service revenue accounts are based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. In addition, the policy for accounting for discretionary benefits awarded on early retirement is by charging (as past service costs) the projected cost of discretionary awards to the appropriate service in the year that the award decision is made.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
  - the return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Norfolk Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

### Financial Liabilities

They are initially measured at fair value and carried at their amortised cost. Annual charges for interest payable are shown in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, and are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable, with accrued interest due within one year shown under short term borrowings; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12- month expected losses.

The Council has grouped the loans into three groups for assessing loss allowances:

- Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment.
- Group 2 – Loans to related parties. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.
- Group 3 – Money Market funds. Loss allowance will be assessed on market value of the investment in the fund.

#### Financial Assets measured at fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services

The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices in active markets for identical assets – the market price
- Other instruments with fixed and determinable payments in active markets for identical assets – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

#### Financial Assets Measured at Fair Value through Other Comprehensive Income

At initial recognition, an authority may make an irrevocable election to present in Other Comprehensive Income and Expenditure subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. These equity instruments shall be described as being designated to fair value through other comprehensive income.

Movements in amortised cost are debited/credited to the Surplus or Deficit on the Provision of Services, but movements in fair value debited/credited to Other Comprehensive Income and Expenditure. Cumulative gains/losses on fair value are transferred to the General Fund Balance on de-recognition

## **Soft Loans**

As part of its Private Sector Housing Policy the Council makes loans to private individuals at nil interest. These loans are secured by a charge on the individual's property. This means that market rates of interest have not been charged and these loans are classified as soft loans. When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. The Council calculates the loss based on the interest rate charged for borrowing with the Public Works Loan Board as at 1 April of the financial year for a new loan up to 20 years, with a 1% risk premium to cover the possible credit risk arising from non-repayment. Interest is credited at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net credit required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **Property, Plant and Equipment**

Assets that have physical substance are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

All expenditure over £10,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are the carried in the Balance Sheet using the following measurement bases:

- Infrastructure, assets under construction and community assets – depreciated historical cost
- All other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued every five years on the basis recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyor's Standards Valuation Manual (6<sup>th</sup> Edition), and an interim review is conducted annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service] Non-current assets are classified into the groupings required by the Code of Practice on Local Council Accounting. During the year assets within the Regeneration portfolio were revalued.

### Revaluations

The Council carries out a rolling programme that ensures that all its property, plant and equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in professional standards of the Royal Institution of Chartered Surveyors. All properties are valued by RICS qualified staff working for the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

Fair Value:	Land and buildings and investment properties.
Depreciated Historical Cost:	Vehicles, plant and equipment, infrastructure and intangibles.
Historic Cost:	Community Assets, assets under construction and assets held for sale.

Where decreases in value are identified, the revaluation loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Componentisation

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the asset and whose useful life differs, the components are depreciated separately, unless the componentisation makes no material difference to the overall depreciation charge. The following de-minimis levels have been set for componentisation of an asset (as the values are not considered significant in relation to componentisation):

- Assets with a total cost of £100,000 or less will not be subject to componentisation.
- Any components with a cost of 10% or less of the total cost of an asset will not be componentised separately.

Componentisation is considered for new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2010.

The Council recognises the following levels of components:

- Structure
- Roof
- External Works
- Internal Services

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service lines(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure

line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation or revaluations that would have been recognised had they not been classified as Assets Held for Sale and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written-off value of disposals is not a charge against Council Tax, as the cost of Non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is calculated on the following bases:

#### Asset Lives

Buildings (including Structures, Roofing and External works)	up to 99 years
Internal Services	up to 15 years
Equipment	up to 15 years
Vehicles	up to 7 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. The Council's heritage assets include historical buildings, civic regalia, museum collections, works of art and the Borough archives.

- Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.
- Acquisitions are made by purchase or donation. Purchases are initially recognised at cost and donation are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

The Council's collections of heritage assets are accounted for as follows:

### Civic Regalia and Art Collection

- The Council's Regalia and Art Collection is reported on the Balance Sheet at market value. The revaluation of these assets is undertaken every 10 years and the latest detailed valuation was carried out during 2011/2012. The valuation is undertaken by an external valuer. The valuers opinion is sought on an annual basis, as to whether it is considered that there has been any material change in the value of these assets.
- The Civic Regalia are on display in the Regalia Rooms at the Tales of the Old Gaol House, which is open to the public on specific days during the year. Full details of opening times are available on the Council website. The Art Collection is housed within King's Lynn Town Hall. There is not open public access to the Town Hall although conducted tours can be arranged for groups on request and the Town Hall is open during the annual National Heritage Day in September.
- The Council's Heritage Civic Regalia and Art Collection assets were undertaken by Bonhams 1793 Limited on the basis of Insurance.

### Historical Buildings

- Historic buildings owned by the Council include Greyfriars Tower, Red Mount Chapel and Southgates.
- Heritage Buildings are revalued by internal valuers every five years on a fair valued basis as recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyors Standards Valuation Manual (6th Edition), and an interim review is conducted annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. Greyfriars Towers has been revalued in 2018/2019 and Red Mount Chapel and Southgates were revalued in 2015/2016. These buildings are considered to be National Treasures and as a result are incapable of being valued. They are therefore recorded at nil valuation in the Council's accounts.

- Red Mount Chapel and Southgates are open to the public on specific days between April and September and during the annual National Heritage Day in September. Full details of opening times are available on the Council Website.

### Museum Collections

- The museums are run by the Norfolk Museums and Archaeology Service “NMAAS” which is regarded as one of the leaders in the museum sector. Through a Joint Committee established under delegated powers by the County and District Councils In Norfolk, the Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim of “bringing history to life”.
- The Norfolk County Council provides the secretary and treasurer to the joint committee, employs its staff, and owns a number of properties used by NMAAS. However, the majority of collections and related buildings are owned by the relevant District Councils.
- The museum collections are reported in the Balance Sheet on the basis of in-house valuations by the curators and have been undertaken for curatorial and insurance valuation purposes. The museum collection comprises over 43,000 individual items and the vast majority of these items are of relatively low value. Museums with large collections generally cannot afford to buy valuations from auction houses so valuations are made by curators using current information from auction sale catalogues, internet sites, etc. The valuation of the Council’s museum collections included in the Balance Sheet largely dates back to 1996 or acquisition cost. It is not considered practicable to obtain a more recent valuation as the cost is not considered to be commensurate with the benefits to users of the financial statements.
- Material items within the collections are stored in secure and controlled conditions and are therefore deemed to have indeterminate lives and a high residual value and the Council does not consider it appropriate to charge depreciation.
- The Lynn Museum is open to the public on specific days during the year.

### Borough Archive

- The Borough Archive includes documents, plans, books, maps and manuscripts and is reported on the Balance Sheet at market value.
- The revaluation of these assets is undertaken every 10 years. The latest valuation of the following items was carried out during 2011/2012. The valuation was undertaken by Bonhams 1793 Limited, on basis of Insurance.
- The most significant items held in this category are:
 

○ Charter granted by King Canute	The Red Register
○ Charter granted by King Hardeknut	William Asshebourne’s book
○ Royal Charter and Letters Patent	Tolbooth Court orders
- In addition to the items listed above the Borough Archive contains some 1,250 boxes of diverse archive materials. The latest valuation was carried out during 2012/2013 by Bonhams 1793 Ltd, on basis of Insurance.

- The Borough Archive is located at King's Lynn Town Hall and is open for public access on Fridays throughout the year.

The carrying amounts of heritage assets are reviewed where there is evidence of an impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Council will occasionally dispose of heritage assets, the proceeds of such items are accounted for in accordance with the Council general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### **Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. However, unrealised gains and losses are not permitted by statutory arrangements to have an impact on the Balance. Therefore the gains and losses are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rental income received in relation to investment properties is credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

### **Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences and housing nomination rights) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (of up to 40 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

**Inventories**

Inventory is stated at the lower of cost, which is either computed on the basis of selling price less the appropriate trading margin (i.e. nursery stock) and net realisable value.

**Bad Debt Allowance**

General Fund

The following percentages determine the level of Bad Debt Allowance:

Up to 30 days	31-60 days	61-90 days	3-6 months	6-12 months	In excess of 12 Months
0%	5%	10%	15%	20%	50%

The level of allowance specifically for housing benefits bad debts was reviewed in 2019/2020, so that for bad debts in excess of 12 months there is now 100% cover and 44% cover for amounts less than 12 months.

Collection Fund

The respective Bad Debt Allowances are determined using the following percentages:

Council Tax

<b>2019/2020</b>	<b>2018/2019</b>	<b>2017/2018</b>	<b>2016/2017</b>	<b>2015/2016 &amp; previous years</b>
1.5%	10%	50%	70%	100%

Council Tax – Costs Outstanding

<b>2019/2020</b>	<b>2018/2019</b>	<b>2017/2018</b>	<b>2016/2017</b>	<b>2015/2016 &amp; previous years</b>
20%	50%	75%	90%	100%

## NNDR

2019/2020	2018/2019	2017/2018 & previous years
33%	50%	100%

## **VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenues and Customs. VAT receivable is excluded from Income.

## **The Collection Fund, Council Tax and Business Rates Income**

In its capacity as a billing Council, the Council acts as an agent collecting and distributing Council Tax and Business Rates income on behalf of the major preceptors and itself. The Council, as a billing authority, is statutorily required to maintain a separate agency Collection Fund account, into which all transactions relating to collection of business rate and council tax income from taxpayers and distribution to local government bodies and central government are made. This separate account, i.e. the Collection Fund, is accounted for separately from the General Fund.

The Council's share of both Council Tax income and Business Rates income is shown in the Comprehensive Income and Expenditure Account as accrued income. However the amount to be reflected in the General Fund is determined by regulation. Therefore there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

## **Provisions and Contingent Liabilities**

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires a financial settlement and a reliable estimate of the obligation can be made. Provisions are debited to the Comprehensive Income and Expenditure Statement and are measured at the best estimate of the expenditure that is likely to be required. When payments are made they are charged to the provision.

### Contingent Liabilities

A contingent liability arises from an event which is too uncertain or the amount of the obligation cannot be reliably estimated. The liability is disclosed as a contingent liability within the notes to the accounts. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

# GROUP ACCOUNTS

## Group Arrangements and Accounts

### 1 Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts. For further information on these Joint Arrangements please see note 12.

The Council does have interests in three companies that are classified as a subsidiary, all of which have been considered for consolidation. Three of these are considered to be material to the financial statements. These include Alive Management Ltd, Alive West Norfolk, West Norfolk Housing Company. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Alive Management Ltd.

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No material entities meet these criteria to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Alive Management Ltd	Subsidiary	Consolidated
Alive West Norfolk Ltd	Subsidiary	Consolidated
West Norfolk Housing Company Ltd	Subsidiary	Consolidated
West Norfolk Property Ltd	Subsidiary	Not Commenced Trading

## 2 Subsidiaries

### **Alive Management Ltd**

The company was formed on 9 October 2013 and its principal activity is that of a sports facilities operation company. The Company commenced trading on 1 September 2014.

The Borough Council of King's Lynn and West Norfolk holds 100% of the allotted ordinary shares in Alive Management Ltd. The Company's accounting period for 2018/2019 is from 1 April 2018 to 31 March 2019. The final accounts of the Company for the period ended 31 March 2019 have been audited by Ensors Accountants LLP. Copies of the accounts may be obtained from Companies House or by request to the Council.

The delivery arrangements for the provision of leisure services will change with effect from 1 July 2019. These services will continue to be operated by a wholly owned not-for profit Local Authority Company, Alive West Norfolk. Alive Management Accounts have therefore been prepared on a break-up basis. This has no impact on the preparation of the Group Financial Statements.

### **Alive West Norfolk**

The company was incorporated on 1 February 2019, its principal activity is to provide the operational day to day services for four sports facilities and a theatre including all the catering functions at the facilities.

Sports facilities:

- Alive Downham Leisure
- Alive Lynnsport
- Alive Oasis
- Alive St James Pool

Theatre:

- Alive Corn Exchange

### **West Norfolk Housing Company Ltd**

West Norfolk Housing Company Ltd was set up by the Council and incorporated on 12<sup>th</sup> September 2016. During 2018/2019 the transactions were not material, during 2019/20 these transactions have become more substantial and the Company will now be consolidated within the Group Accounts of the Council

As a registered provider of social housing, the principal activity of the company is the provision of social housing in the borough of King's Lynn and West Norfolk.

### **West Norfolk Property Ltd**

The Company was incorporated on 12<sup>th</sup> April 2018. The Company as at the 31 March 2019 has not commenced trading. The Borough Council of Kings Lynn & West Norfolk holds 100% of the allotted ordinary shares in West Norfolk Property Ltd.

## Group Movement in Reserves Statement

Movements in Reserves during 2019/2020	Council's Usable Reserves £'000	Subsidiary Usable Reserves £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
<b>Balance at 1 April 2019</b>	<b>(39,334)</b>	<b>(16)</b>	<b>(39,350)</b>	<b>(84,796)</b>	-	<b>(84,796)</b>	<b>(124,146)</b>
Group (Surplus)/Deficit	12,224	(826)	11,398		-	-	11,398
Other Comprehensive Expenditure and Income			-	(37,725)		(37,725)	(37,725)
<b>Total Comprehensive Expenditure and Income</b>	12,224	(826)	11,398	(37,725)	-	(37,725)	(26,327)
Adjustments between Accounting Basis and Funding Basis under Regulations	(11,641)		(11,641)	11,641	-	11,641	-
<b>Increase / Decrease in Year 2019/2020</b>	582	(826)	(243)	(26,084)	-	(26,084)	(26,327)
<b>Balance at 31 March 2020 carried forward</b>	<b>(38,752)</b>	<b>(842)</b>	<b>(39,592)</b>	<b>(110,880)</b>	-	<b>(110,880)</b>	<b>(150,473)</b>

Movements in Reserves during 2018/2019	Council's Usable Reserves £'000	Subsidiary Usable Reserves £'000	Total Group Usable Reserves £'000	Council's Unusable Reserves £'000	Subsidiary Unusable Reserves £'000	Total Group Unusable Reserves £'000	Total Group Reserves £'000
<b>Balance at 1 April 2018 Brought Forward</b>	<b>(34,364)</b>	<b>(18)</b>	<b>(34,382)</b>	<b>(99,209)</b>	-	<b>(99,209)</b>	<b>(133,591)</b>
Group (Surplus)/Deficit	5,536	2	5,538	-	-	-	5,538
Other Comprehensive Expenditure and Income	-	-	-	3,905	-	3,905	3,905
<b>Total Comprehensive Expenditure and Income</b>	5,536	2	5,538	3,905	-	3,905	9,443
Adjustments between Accounting Basis and Funding Basis under Regulations	(10,506)	-	(10,506)	10,506	-	10,506	-
<b>(Increase)/Decrease in Year 2018/2019</b>	(4,970)	2	(4,968)	14,411	-	14,411	9,443
<b>Balance at 31 March 2019 Carried Forward</b>	<b>(39,334)</b>	<b>(16)</b>	<b>(39,350)</b>	<b>(84,796)</b>	-	<b>(84,796)</b>	<b>(124,146)</b>

## Group Comprehensive Income and Expenditure Statement

2018/2019			Note		2019/2020		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
1,488	(179)	1,309		Corporate Services	5,933	(430)	5,503
1,600	(25)	1,575		Democratic Services	1,796	(271)	1,525
		-		<u>Service Heads</u>			-
9,527	(3,158)	6,369		Central and Community Services	8,391	(2,882)	5,509
2,338	(1,054)	1,284		Chief Executive Services	2,504	(756)	1,748
25,741	(18,980)	6,761		Commercial Services	25,045	(16,749)	8,295
4,657	(2,771)	1,886		Environment and Planning Services	4,305	(2,572)	1,733
40,562	(37,372)	3,190		Finance Services	35,131	(33,476)	1,655
				<b>Group</b>			-
				Alive Management Ltd	362	(389)	(27)
				West Norfolk Housing Company Ltd	191	(190)	-
				Alive West Norfolk Ltd	4,336	(4,188)	148
<b>85,913</b>	<b>(63,539)</b>	<b>22,374</b>		<b>Cost of Services</b>	<b>87,993</b>	<b>(61,904)</b>	<b>26,089</b>
		4,864	9	Other Operating Income and Expenditure			11,204
		1,633	10	Financing and Investment Income and Expenditure			188
		(23,333)	11	Taxation and Non-Specific Grant Income			(26,081)
		<b>5,538</b>		<b>(Surplus) or Deficit on provision of Services</b>			<b>11,400</b>
		(8,351)		Surplus on revaluation of fixed assets (def cap rec/gov grants/ggd)			(18,027)
		12,256	20	Actuarial gains / losses on pensions assets / liabilities			(19,698)
		3,905		<b>Other Comprehensive Income and Expenditure</b>			(37,725)
		<b>9,443</b>		<b>Total Comprehensive income and Expenditure</b>			<b>(26,325)</b>

## Group Balance Sheet

31-Mar-19 £'000		31-Mar-20 £'000
152,124	Property, Plant and Equipment, Heritage & Intangible	146,949
17,954	Heritage Assets	17,975
23,760	Investment Property	28,126
529	Intangible Assets	1,200
10,000	Long Term Investments	-
1,929	Long Term Receivables	1,949
<b>206,296</b>	<b>Long Term Assets</b>	<b>196,199</b>
150	Short Term Investments	8,181
128	Inventories	141
8,881	Short Term Receivables	9,147
5,127	Cash and Cash Equivalents	13,386
934	Assets Held for Sale	9,754
<b>15,220</b>	<b>Current Assets</b>	<b>40,609</b>
(2,132)	Provisions	(1,359)
(3,199)	Short Term Borrowing	(6,126)
(14,382)	Short Term Payables	(14,705)
	Current Tax Liability	(81)
<b>(19,713)</b>	<b>Current Liabilities</b>	<b>(22,272)</b>
(12)	Grants Receipts in Advance	(13)
(10,000)	Long Term Borrowing	(10,000)
(247)	Other Long Term Liabilities	(236)
(67,398)	Pension Liabilities	(53,814)
<b>(77,654)</b>	<b>Long Term Liabilities</b>	<b>(64,063)</b>
<b>124,146</b>	<b>Net Assets</b>	<b>150,473</b>
(39,350)	Usable Reserves	(39,592)
(84,796)	Unusable Reserves	(110,880)
<b>(124,146)</b>	<b>Total Reserves</b>	<b>(150,473)</b>

## Group Cash Flow Statement

2018/19 £'000		2019/20 £'000
(2,389)	Net Surplus or (Deficit) on the Provision of Services	(11,518)
33,324	Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	42,662
(14,828)	Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(22,786)
<b>16,107</b>	<b>Net Cash flows from Operating Activities</b>	<b>8,358</b>
(13,676)	Investing Activities	(554)
(1,333)	Financing Activities	86
<b>1,098</b>	<b>Net Increase or Decrease in Cash and Cash Equivalents</b>	<b>7,890</b>
4,025	Cash and Cash Equivalents at the beginning of the Reporting Period	5,496
<b>5,123</b>	<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>13,386</b>

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## Notes to the Group Accounts

### G1 Accounting Policies

#### G1.1 General Principles

The Accounting Policies of the Group are the same as those applied to the Council's single entity accounts except for the following policies which are specific to the Group Accounts.

#### G1.2 Tax Expense

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is calculated, without discounting, based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

### G2 Tax Expenses of Group Entities

The taxation figure included in the Group Comprehensive Income and Expenditure Statement is zero.

### **G3 Defined Contribution Pension Schemes**

Alive Management Ltd and Alive West Norfolk are participating employer in the Norfolk Pension Fund.

Borough Council of King's Lynn and West Norfolk employees who transferred from Alive Management Ltd to Alive West Norfolk on the 1st July 2019 were already part of the Local Government Pension Scheme.

The Local Government Pension Scheme is funded by contributions from employee and employer. Members of the Local Government Pension Scheme may also contribute added years to that scheme or take out an Additional Voluntary Contribution scheme, each of which is funded by the employee alone. New Alive West Norfolk employees who are not in the Local Government Pension Scheme are automatically enrolled into the Local Government Pension Scheme unless they have exercised their right to opt out of scheme membership.

Alive Management Ltd and Alive West Norfolk Pension Scheme is accounted for as a defined contribution scheme. The Norfolk County Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies it is highly improbable that such a liability will ever fall to Alive Management Ltd or Alive West Norfolk. As per the pension fund pooling agreement put in place to stabilise future pension contributions from the trust, all such liabilities would fall to the Borough Council of King's Lynn and West Norfolk.

The employer's contributions rate was 14% of pensionable pay and employee's contribution of:

The contribution rate was reviewed at the scheme's last valuation date, 31 March 2019.

**SECTION FOR AUDIT REPORT**

**Page 1**

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**Section for AGS**

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# GLOSSARY

## Glossary

Balances	Working balances are needed to finance expenditure in advance of income from precepts and grant. Any excess may be applied, at the discretion of the Authority, to reduce the Council Tax precept or to meet unexpected costs during the year. Balances on holding accounts and funds are available to meet expenditure in future years without having an adverse effect on revenue expenditure.
Budget	A statement of the income and expenditure plan of the Authority over a specified period. The most common is the annual Revenue budget expressed in financial terms which can include other information, e.g. number of staff.
Capital Adjustment Account	Introduced in the 2007 Statement of Recommended Practice, and reflecting the difference between the cost of Non-current assets consumed and the capital financing set aside to pay for them.
Capital Expenditure	Payments made for the acquisition or provision of assets of Long Term value to the Authority e.g. land, buildings and equipment.
Capital Financing	The raising and application of money to pay for capital expenditure. Usually the cost of capital assets is met by borrowing but capital expenditure may also be financed by other means such as leasing or contributions from the revenue accounts, the proceeds of the sale of capital assets, capital grants, and other contributions.
Capital Grants	Grants from the Government or other bodies toward capital expenditure on a specific service or project.
Capital Receipts	Receipts from the sale of Non-current assets. These may be used to finance capital expenditure.
Capital Reserves	An internal account used as an alternative to external borrowing to finance capital expenditure.
Carrying Amount	The value included in the Balance Sheet for Non-current assets is the carrying amount. This is the original cost of the Non-current asset less any depreciation, amortisation or impairment costs and increases/decreases in value or revaluation.

Counterparty	A party to a contract
Current Assets	Assets whose value tends to vary on a day to day basis. It is reasonable to expect that assets under this heading in a balance sheet would be consumed or realised during the next accounting period, e.g. stocks, cash, bank balances and receivables.
Current Expenditure	Expenditure on the day-to-day running of services.
Current Liabilities	Those amounts which will become payable or could be called upon within the next accounting period., e.g. payables, cash overdrawn
Fair Value	An estimate of the market value of an asset or liability for which a market price cannot be determined.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial Instruments Adjustment Account	Contains the difference between financial instruments measured at fair value and the balances required to comply with equipment
Non-Current Assets	These are assets that are likely to be in use by the Authority for more than one year, such as land and buildings and plant and equipment.
General Fund	The main revenue fund of an Authority into which is paid the precept and Government grants and from which is met the cost of providing services.
Government Grants	Payments by Central Government towards local Authority expenditure. They may be specific e.g. Housing Benefits or general e.g. Revenue Support Grant.
Heritage Asset	Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art.
Housing Advances	Loans previously given by an Authority to individuals towards the cost of acquiring or improving their homes.

Housing Benefit	Subsidy payments from the Government to persons on low income to reduce rent and / or Council Tax payments due to the Authority or private landlords.
Impairment	A downward revaluation of non-current assets to ensure the carrying value is equal to the recoverable amount.
Intangible Assets	Intangible items may meet the definition of an asset when access to the future economic benefits is controlled by the Authority, either through custody or legal protection. Intangible items include software licences and housing nomination rights.
Irrecoverables	Amounts due from Receivables finally deemed lost to an Authority and written out of the accounts.
Outturn	The actual level of expenditure and income in a particular year.
Precepts	The charge made by County, Police, Borough and Parishes on the Collection Fund to meet their net expenditure.
Rateable Value	The notional annual rental value of a premise to which the rate poundage is applied to determine the rates payable.
Rate Levy	The number of pence in the pound which is applied to the rateable value to determine the rates.
Renewals Reserve	An account an Authority can establish to meet the cost of replacing and renewing its vehicles, plant and equipment.
Revaluation Reserve	Introduced in the 2007 Statement of Recommended Practice, for recording the net gain (if any) from revaluations, depreciation and impairment made after the 1 April 2007.
Revenue Contributions to Capital	The use of revenue monies to finance capital expenditure instead of financing the expenditure from loan, capital receipts, lease or unsupported borrowing.
Revenue Expenditure Funded from Capital under Statute	Capital expenditure that does not result in a new or enhanced asset in the Authority's accounts. An example is improvement grants made to individuals. These are charged to the Income and Expenditure Account.
Revenue Expenditure	Expenditure on day-today expenses – principally employees, running expenses of buildings and equipment and capital financing charges.
Revenue Support Grant	A grant paid by Central Government to aid Local Authority expenditure generally.
Soft Loans	Loans made at less than market value rates are classified as soft loans.
Trading Operations	Services which are operated partly or wholly on commercial lines, e.g. markets.

Transferred Debt	The amounts in the Authority's Balance Sheet which are still owed to or by other bodies to repay the debt outstanding on assets transferred to or from those authorities. (See Transferred Services).
Transferred Services	Those services which were once administered by one Authority but which, for a variety of reasons, have been transferred into the control of another Authority. It is sometimes necessary for the original Authority to continue to repay loans and this expenditure, together with associated costs is then recovered from the Authority to which the services have been transferred. (See Transferred Debt).
Unsupported Borrowing	A form of capital finance funded by revenue either by increased income or a reduction in costs. There is no Government grant to support this form of funding.

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Borough Council of  
**King's Lynn &  
West Norfolk**



420-66-10



# **The Budget 2020/2021**

## **Monitoring Report**

### **March 2021**

**Michelle Drewery  
Assistant Director Resources  
Section 151 Officer**

# The Budget 2020/2021

## Monitoring Report – February 2021

### Summary

A revised budget for 2020/2021 was presented to Cabinet on 2 February 2021 and approved by Council on 25 February 2021 in accordance with the process for approving the financial plan 2020-2025. This incorporated an update to the current year budgets since the last detailed review was undertaken and approved by Council in December 2020 which reflected the financial impact emerging from the COVID-19 pandemic based on the period to 31 October 2020.

Since then, there have continued to be various restrictions put in place and the country is currently in another lockdown period. However, the situation is changing as restrictions are gradually set to ease in the coming months in line with the Governments roadmap plans for the country. Uncertainty continues around the monitoring and forecasting of budgets as the situation remains extremely volatile in these unprecedented times.

This monthly budgetary control monitoring summary report has been prepared and provides a summarised update of any variances against the previous reported budgets for 2020/2021. The next budget monitoring report will be based on the draft outturn position for 2020/2021.

The estimated draw on the General Fund Reserve balance that will be needed to fund the budget is now at £1,257,540.

A target for Turnover Savings of £510,000 was approved and set for 2020/2021. Details of Turnover savings are included in section 2.3 of this report.

The Capital Programme 2019/2024 was presented to Cabinet on 4 February 2020 and has been amended in line with the revised budget estimates approved by Council on 25 February 2021. Section 7 includes details of the Revised Capital Programme for 2020/2021.

Appendix 1 notes the cash limit rules which apply to all budgets.

**If further information relating to any budget highlighted within this report is required, please do not hesitate to contact Michelle Drewery on Ext. 6432**

## 1. Introduction

- 1.1 This report covers the period to 28 February 2021.
- 1.2 As previously reported to Cabinet, the council has been required to make rapid adjustments to respond to the pandemic which have resulted in significant additional expenditure. At the same time, some of the council's key income streams have been severely damaged by the restrictions put in place and the subsequent and continued impact on the local economy.
- 1.3 Central Government have provided additional funding through various packages of support to councils, which has been extremely welcome. However, this does not sufficiently meet the increased pressures faced by the council which inevitably requires addressing by an increased drawdown on the general fund reserve balances to meet the gap.
- 1.4 As such, further financial pressures may still emerge as a result of the current lockdown. These impacts are not yet fully apparent and will need to be closely monitored, scrutinised and reported accordingly. At this time, there have been no further announcements for any additional emergency Covid funding to support the council for the financial impact of the current lockdown period. However, other funding streams have been made available to support various Covid related workstreams (see paragraph 2.2.4).

## 2. Revenue Budget 2020/2021

### 2.1 Budget Summary

- 2.1.1 A summary of the budget position as at 28 February 2021 is shown below.

	January Budgetary Control Monitoring Report 2020/2021	February Budgetary Control Monitoring Report 2020/2021	Report Variance (fav)
	£	£	£
Central Services	2,775,770	2,565,610	(210,160)
Community and Partnerships	289,400	266,390	(23,010)
Companies and Housing Delivery	267,090	252,090	(15,000)
Environment and Planning	1,688,570	1,713,130	24,560
Operations and Commercial	2,627,090	2,679,390	52,300
Property and Projects	(1,459,410)	(1,445,380)	(14,030)
Regeneration Housing & Place	771,200	762,200	(9,000)
Resources	8,095,630	7,968,060	(127,570)
Chief Executive	303,350	299,350	(4,000)
Culture and Leisure	4,085,100	2,862,100	(1,223,000)
Financing Adjustment	1,762,980	1,955,480	192,500
Internal Drainage Boards	2,819,160	2,819,160	
Council Tax Support to Parishes	20,970	20,970	
<b>Borough Spend</b>	<b>24,046,900</b>	<b>22,690,490</b>	<b>(1,356,410)</b>

	<b>January Budgetary Control Monitoring Report 2020/2021</b>	<b>February Budgetary Control Monitoring Report 2020/2021</b>	<b>Report Variance (fav)</b>
Contributions to/(from) General Fund Balance	(2,613,950)	(1,257,540)	1,356,410
<b>Borough Requirement</b>	<b>21,432,950</b>	<b>21,432,950</b>	<b>0</b>
Revenue Support Grant	(624,220)	(624,220)	0
Rural Service Delivery Grant	(470,700)	(470,700)	0
New Homes Bonus	(898,180)	(898,180)	0
Other Government Grants	(3,994,190)	(3,994,190)	0
<u>Taxation</u>			
Business Rates Retention Baseline Funding	(5,491,230)	(5,491,230)	0
Business Rates Funding From Growth	(914,080)	(914,080)	0
Business Rates Renewable Energy	(2,640,260)	(2,640,260)	0
Council Tax	(6,400,090)	(6,400,090)	0
<b>Funding Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 2.2 Impact of pandemic

2.2.1 A review of the latest forecast expenditure due to COVID has resulted in an estimated cost of £2,667,066 to the council. These costs are summarised below:

<b>Additional Expenditure</b>	<b>Total £</b>
Homelessness	325,753
Car Parking Expenditure	4,527
Sports and Leisure (Includes AWN Support of £950k)	989,449
Crematorium Service Online Provision	3,008
Additional Provision of Refuse and Recycling Services	106,213
ICT Support (Remote Working/Virtual Meetings)	103,950
Corporate Costs (Covid Compliant Offices)	330,268
Shielding Support (Community Hub)	88,734
Lockdown Compliance and Reopening Support	194,743
Public Health – Testing, contact tracing and outbreak	44,421
Cost Reduction Savings Target Not Met	476,000
<b>Total Expenditure</b>	<b>2,667,066</b>

2.2.2 The following summarises the latest update on loss of income due to COVID which is currently estimated at £3,488,884:

<b>Expected loss of income</b>	<b>Total £</b>
Events and Bookings	78,620
Management Fee/Service Level Agreement (AWN)	641,380
Printing Services	19,262
Careline	36,053
Housing Development Interest	98,605
Rental Income from Commercial Properties	100,000
Refuse and Recycling	115,783
Car Parking Fees	2,316,977
Licensing	63,891
Food Hygiene Courses	18,313
<b>Total Income</b>	<b>3,488,884</b>

2.2.3 The council has to date received or claimed the following amounts from Central Government to support the above pressures:

Emergency Covid Funding	£2,705,804
Sales, Fees and Charges Funding	£1,288,388
<b>Total</b>	<b>£3,994,192</b>

2.2.4 In addition to the funding above, the council has also received the following funds in support of various Covid related workstreams:

<b>Funding</b>	<b>Total £</b>	<b>Purpose</b>
Local Outbreak Control Plan	100,000	To support increased work around environmental health regulations and community support of high risk individuals
Local Compliance & Enforcement Grant	83,636	To support local compliance and enforcement activities
COMF Allocation Phase 1	361,000	To support enhanced contact tracing, covid compliant measures which include additional capacity for Marshalls, support for individuals moving from institution type settings
COMF Allocation Phase 2	250,000	Discretionary self-isolation funding
COMF Allocation Phase 2	465,845	To support further measures to contain/control the outbreak
COMF Allocation - Additional	40,000	To reimburse for surfacing works at Lynnsport for testing station
Clinically Extremely Vulnerable Funding	42,000	To support those that are clinically extremely vulnerable with fuel and heating support and other general expenses
<b>TOTAL</b>	<b>1,342,481</b>	

## 2.3 Turnover Savings

2.3.1 An original target for Turnover Savings of £510,000 was set for 2020/2021. Turnover savings of £1,142,220 were previously reported in the period to 31 January 2021. At 28 February 2021, a further £179,290 turnover savings have been identified bringing the total turnover savings to £1,321,510, exceeding the target by £811,510. The movement of £179,290 across the service areas are shown below:

Service Area	Amount £
Central Services	(48,060)
Chief Executive	(4,000)
Community & Partnerships	(23,010)
Companies & Housing Delivery	(15,000)
Environment and Planning	24,560
Operations & Commercial	(53,000)
Property & Projects	(6,000)
Regeneration Housing & Place	(9,000)
Resources	(45,780)
<b>Total</b>	<b>(179,290)</b>

2.3.2 It should be noted that the increase in turnover savings can be attributable to holding numerous vacancies across the council during the pandemic. It is expected that these vacancies will be filled in due course.

## 2.4 Budget Monitoring variances

### 2.4.1 All Service Areas

Movements within each service area other than turnover savings are set out in detail below with a summary table of all movements provided in 2.4.3:

#### Central Services

Overall, there are savings of £162,100 which made up from the following areas:

Training - savings due to COVID restrictions £106,300

Councillors allowance and expenses – savings of £36,250 have arisen from a reduction in face to face meetings and training events. This has resulted in a reduction in travel and training expenses whilst Councillors have been attending meetings and events remotely instead during the pandemic

Register of Electors – savings from office costs £17,200

Civic functions – savings due to events not taking place due to COVID £2,350

#### Operation and Commercial

Refuse & Recycling reduction in income due to latest COVID lockdown £76,000

Play areas additional expenditure £26,300

CCTV reduction in income from Breckland contract £3,000

## Property and Projects

Industrial estates remedial works to ventilation system health and safety - £8,710  
DWP transfer from reserves for DWP furniture – (£16,740)

## Culture and Leisure

Sports Centres and Corn Exchange savings on maintenance - £173,000  
AWN reduction in grant due to AWN securing external grant funding - £1,050,000

## Resources

### **Revenue and Benefits**

Additional Benefit Administration Subsidy due to Covid - £40,840  
Additional Housing Benefit Subsidy due to Covid - £40 950

### **Financing Adjustment**

Reduction in interest received £192,500

## **2.4.2 Assistant Director Area Movements**

There were no movements between Assistant Director areas in this monitoring period.

## **2.4.3 Summary of movements**

	£	£
<b>Central Services</b>		
Training	(106,300)	
Councillors Allowances and Expenses	(36,250)	
Register of Electors	(17,200)	
Civic Functions	(2,350)	
Turnover Savings	(48,060)	
<b>Total Central Services</b>		<b>(210,160)</b>
<b>Chief Executive</b>		
Turnover Savings	(4,000)	
<b>Total Chief Executive</b>		<b>(4,000)</b>
<b>Community &amp; Partnerships</b>		
Turnover Savings	(23,010)	
<b>Total Community &amp; Partnerships</b>		<b>(23,010)</b>
<b>Companies &amp; Housing Delivery</b>		

	£	£
Turnover	(15,000)	
<b>Total Companies &amp; Housing Delivery</b>		<b>(15,000)</b>
<b>Environment &amp; Planning</b>		
Turnover	24,560	
<b>Total Environment &amp; Planning</b>		<b>24,560</b>
<b>Operations &amp; Commercial</b>		
Refuse and Recycling	76,000	
Play Areas	26,300	
CCTV	3,000	
Turnover Savings	(53,000)	
<b>Total Operations &amp; Commercial</b>		<b>52,300</b>
<b>Property &amp; Projects</b>		
Industrial Estates	8,710	
Offices	(16,740)	
Turnover Savings	(6,000)	
<b>Total Property &amp; Projects</b>		<b>(14,030)</b>
<b>Regeneration, Housing &amp; Place</b>		
Turnover Savings	(9,000)	
<b>Total Regeneration, Housing &amp; Place</b>		<b>(9,000)</b>
<b>Resources</b>		
Revenue and Benefits	(81,790)	
Turnover Savings	(45,780)	
<b>Total Resources</b>		<b>(127,570)</b>
<b>Culture &amp; Leisure</b>		
Maintenance of venues	(173,000)	
Reduction in grant AWN	(1,050,000)	
<b>Total Culture &amp; Leisure</b>		<b>(1,223,000)</b>
<b>Financing Adjustment</b>		
Interest	192,500	
<b>Total Financing Adjustment</b>		<b>192,500</b>
<b>Grand Total</b>		<b>(1,356,410)</b>

### 3. Movement on Balances

- 3.1 The previous monitoring report set out an estimated contribution from the General Fund Reserve of £2,613,950. The estimated contribution is now reduced to £1,257,540 as a result of the changes set out in this report. The revised impact on balances is detailed in the table below.

<b>Projected Movements in General Fund Balances</b>	<b>2020/21 £</b>
<b>Balance brought forward 1 April 2020 (to be updated following completion of audit of the accounts for 2019/2020)</b>	<b>9,998,740</b>
Estimated to/(from) Balances (Monitoring - February)	(1,257,540)
<b>Projected General Fund Balance 31 March 2021</b>	<b>8,741,200</b>

- 3.2 The projected balance for 2020/2021 remains above the minimum level of £1,071,648 required of the Council.
- 3.3 The General Fund Balance is held at a higher level than it might normally be to provide for a planned and measured response to the reduction in grant funding that will occur in the medium term. Significant draws from the general funding balance remain necessary in future years of the medium-term financial plan in order to set a balanced budget.

### 4. Cost Reduction Target

- 4.1 The cost reduction target was set at £476,000 in 2020/2021. At the onset of the pandemic, it was realised that this saving would not be achieved. There is also now significant uncertainty on whether the original plans for achieving these reductions are realistic in the current economic climate.
- 4.2 A detailed review of the cost reduction target plan is being undertaken to align with the latest budget proposals as part of the Financial Plan 2020-2025 approved by Council in February 2021. The refreshed plans will take account of existing initiatives that are deemed to remain viable as well as any newly identified cost saving or income generating initiatives in order to address an estimated budget gap of £3.4m in 2024/2025.

### 5. Fees and Charges

- 5.1 The Council has delegated authority to the Executive Director of the appropriate services (in consultation with the relevant portfolio holder and the Leader) to vary charges having regard to market conditions and the Council's policy framework. The 2020/2021 fees and charges were originally detailed in the Financial Plan 2019/2024 and submitted to Cabinet on 27 February 2020.
- 5.2 No additional changes to fees and charges are being reported in February 2021.

### 6. Treasury Management 2020/2021

- 6.1 The “Treasury Management Strategy Statement and Annual Investment Strategy 2020/2021” was approved by Council on 4 February 2020. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.
- 6.2 The monitoring report includes prudential indicators, updates on movements in borrowing and investments during the period, together with the credit rating changes of counter parties and average rate of return on investments.

### Prudential Indicators

Indicator	Original Limit 2020/2021	Actual Borrowing 28 February 21
Operational Boundary (Limit of borrowing)	£53m	£10m
Short-term and variable rates borrowing limits	40%	0%

### Loans

Institution	Principal £	Rate %
Short Term borrowing	0	
Total Short Term	0	
Barclays	5,000,000	3.81%
Barclays	5,000,000	3.81%
<b>Total Long Term</b>	<b>10,000,000</b>	
<b>Total borrowing</b>	<b>10,000,000</b>	

### Investments

Institution	Principal £	Rate %
Aberdeen Standard - MMF	4,000,000	0.01%
BNP (Banque Nationale de Paris) – MMF	4,000,000	0.03%
Federated PR – MMF	4,000,000	0.01%
HSBC Sterling – MMF	4,000,000	0.01%
LGIM Sterling - MMF	3,980,000	0.01%
<b>Total Money Market Fund Investment</b>	<b>19,980,000</b>	
Handlesbanken	4,000,000	0.10%
Santander	4,000,000	0.45%
Thurrock Council	4,000,000	0.20%
<b>Total Other Investments</b>	<b>12,000,000</b>	
<b>Overall Investments</b>	<b>31,980,000</b>	

- 6.3 Council treasury investment decisions are made in accordance with the Treasury Strategy and additional support and guidance is provided by the Council's treasury advisors, Link Asset Services.

### Credit Ratings

The Council uses independent ratings (Fitch) to derive part of its counterparty criteria, in accordance with the currently adopted Treasury Management Practices.

The BCKLWN minimum ratings for banks are:

Short term Rating <b>F1</b>	Viability Rating <b>BB+</b>	Support Rating <b>3</b>	Long Term Rating <b>A</b>
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**F1** = Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments.

Have an added "+" to denote any exceptionally strong credit feature.

**B** = A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

**3** = A bank, for which support from a state or from an institutional owner is likely but not certain.

**A** = A low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. There may be some vulnerability to changes in circumstances or in economic conditions than is the case for higher ratings.

## 7. Capital Programme 2020/2021

- 7.1 The Capital Programme 2020/2021 was updated at Cabinet on 2 February 2021, a summary position is shown in the table below.

	Revised Budget 2020/2021 Estimates to Cabinet £	Revised Budget 2020/2021 January Monitoring £	Spend to January 2021 £	Percentage %
Major Projects	11,590,610	11,670,710	7,104,301	60.87
Operational Schemes:				
Community and Partnerships	2,343,120	2,343,120	1,335,762	57.01
Resources (S151 Officer)	465,680	465,680	197,341	42.38
Regeneration	21,350	21,350	21,353	100.01

Property and Projects	42,000	42,000	40,695	96.89
Operational and Commercial Services	987,990	987,990	213,250	21.58
Alive West Norfolk	68,860	123,780	121,139	97.87
Central Services	-	-	-	-
<b>Total</b>	<b>15,519,610</b>	<b>15,654,630</b>	<b>9,033,841</b>	<b>57.71</b>
Exempt Corporate Schemes	5,122,840	5,427,440	4,986,576	91.88
<b>Total Capital Programme</b>	<b>20,642,450</b>	<b>21,082,070</b>	<b>14,020,417</b>	<b>66.50</b>

7.2 No further amendments are reported to the end of February 2021. All amendments and rephasing will be reported to Cabinet as part of the Capital outturn report for 2020/2021.

## **Appendix 1**

### **Cash Limits**

In all cases the Budget Cash Limit will be seen to be the 'bottom line' of a service cost centre as presented in the Financial Plan 2020/2025 and the financial ledger.

It will be the responsibility of the Assistant Director to make sure that any anticipated overspending in a cost centre, as a first option, is compensated by a reduction in the same service area. In the event that this is not possible the Assistant Director must as a second option look for compensating reductions within another service area under their responsibility. (It is accepted that this may mean changes across Portfolios).

If this is not possible then the Assistant Director must report the circumstances to the Management Team requesting the forecast overspend to be met from corporate resources.

The decision on how to meet the shortfall will be made by Management Team in consultation with the portfolio holder for Resources, before the overspending is authorised.

These cash limits rules will not apply to elements of the budget that are 'outside' of the control of the service manager. These will include;

- rent and rates
- insurances
- benefit payments
- support service charges
- capital financing
- asset rentals
- interest on capital receipts

Where there are increase/reductions in the above, it will be necessary for the Assistant Director to report to Management Team and complete the appropriate Exercise of Delegated Authority (EDA) form or Cabinet report.

In all other cases the cash limits rules will apply although Management Team, in consultation with the portfolio holder for Resources, will consider exceptions in particular cases. (As an example, this may be the case where the pressure comes from reduced levels of income from 'demand led' services).

In all cases Financial Regulations require the Assistant Director to gain Portfolio Holder(s) approval for them to complete the EDA form. A copy of the form must be sent to the Financial Services Manager for adjustments to be made to the budget records in the financial ledger.

Any budget transfer with a value of £500,000 or above is a 'key decision' and must be subject of a report to Cabinet.

In dealing with the overspending it will be the responsibility of the Executive Director to identify compensating reductions within one month of the issue being identified. This will form part of the Monthly Monitoring Report.

As a reminder, the Financial Regulations state;

- transfers must not be made into permanent staffing budgets;
- savings in non-recurring expenditure or income should not be used to finance additional recurring expenditure

**Michelle Drewery**

**Assistant Director Resources (s151 Officer)**

**REPORT TO CABINET**

<b>Open/Exempt</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Mandatory/	Be entirely within Cabinet's powers to decide	YES/NO	
	Discretionary /	Need to be recommendations to Council	YES/NO	
	Operational	Is it a Key Decision	YES/NO	
Lead Member: Cllr Stuart Dark (Leader) E-mail: cllr.stuart.dark@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted: Group Leaders and Deputies		
Lead Officer: Lorraine Gore E-mail: lorraine.gore@west-norfolk.gov.uk Direct Dial: 01553 616345		Other Officers consulted: Management Team Assistant Directors Executive Directors		
Financial Implications YES/NO	Policy/Personnel Implications YES/NO	Statutory Implications YES/NO	Equal Impact Assessment YES/NO If YES: Pre-screening/ Full Assessment	Risk Management Implications YES/NO

Date of meeting: 3<sup>rd</sup> August 2021

**COUNCIL MEETINGS – INTERIM ARRANGEMENTS**

**Summary**

Following the expiry of the powers granted by Section 78 of the Coronavirus Act 2020, from 7<sup>th</sup> May the council has reverted to face-to-face meetings for Members, supported by Democratic Officers in the room. This report considers the impact of the decision not to extend the facility of virtual meetings for councils and to recommend to Cabinet/Council, interim measures to enable the council to fulfil their statutory obligations in respect of council meetings whilst maintaining social distancing and COVID-19 safety measures at all times.

Although nationally, covid restrictions and legislation are being relaxed from Monday 19<sup>th</sup> July, in Norfolk, numbers of positive cases are growing to the extent they are doubling each week. The council is mindful that although regulations will no longer be in place, there is a responsibility to keep officers and members safe during this time until the impact of the relaxation of the rules is known.

**Recommendation**

- That Cabinet agree with the recommendations for the interim arrangements for council meetings
- It is recommended that Council and Scrutiny Panel meetings continue to meet at their current start times.
- Officers will attend meetings via Zoom to limit the number of people in the room at one time

- Members attending under SO34 may do so via Zoom or in person
- That a further review of council meetings is conducted at the end of September 2021, when the impact of the relaxing of national covid measures are more widely known

### **Reason for Decision**

To enable council meetings to proceed according to legislation whilst maintaining COVID-19 secure at all times, reducing any associated risk to officers, members or the public.

## **1. Background**

- 1.1 Under the powers granted by section 78 of the Coronavirus Act 2020, new regulations were introduced to allow local authorities to meet remotely or in hybrid format. The regulations came into force on 4 April 2020 and applied to meetings taking place before 7 May 2021.
- 1.2 The regulations were brought in specifically to make express provision for local authorities to deal with the challenges of holding physical meetings during the coronavirus pandemic. They have helped local authorities to redeploy resources to deal with the pandemic and ensure that essential business continues whilst protecting the health and safety of their members, officers and public.
  - 1.2.1 The regulations allowing hybrid meetings ended on 7 May 2021 and despite a High Court challenge, council meetings must be held in person. For hybrid meetings to continue, new primary legislation would be required.
- 1.4 Over the past few months, the borough council has worked hard with partners to manage the pandemic, deal with local outbreaks, and roll out the vaccination programme whilst providing business as usual services. We have also recently delivered a double set of COVID-secure elections and subsequent Annual General Meetings. The provision of virtual meetings has allowed for critical decisions to be made democratically and without undue delay. It has, without doubt, increased the transparency of the decision-making process and the equity of access for elected members and the public.
- 1.5 The Prime Minister has announced that all covid restrictions will be relaxed on Monday 19<sup>th</sup> July 2021. However, in Norfolk and across the country, cases of the Delta variant of covid continue to rise and are currently doubling each week. For west Norfolk, the number of positive cases are at similar levels to those seen in the middle of February 2021, despite the highly successful vaccination programme. It is with

this in mind that the council should proceed with caution and try to maintain social distancing wherever possible.

## **2. Options Considered**

- 2.1 With the covid legislation revoked, council meetings require physical attendance. The decision makers are required to be in the room for the meeting to be valid. The public can attend if they wish, subject to adherence to social distancing guidelines.
- 2.2 The legislation does not apply to working groups who may continue to meet remotely and Members attending under SO34 may also attend remotely as they are not the decision makers in the room.
- 2.3 There have been some significant benefits of remote meetings, including:
  - Increased flexibility for councillors e.g. travel/time constraints to attend physical meetings were overcome, particularly where there were consecutive meetings in one day.
  - Reduced vehicle uses with a positive impact of Co2 emissions related to each meeting
  - More efficient use of councillor time
  - Increased citizen engagement
  - Assisted councillors with caring responsibilities
- 2.4 Following a High Court decision that in-person meetings will go ahead following a challenge from several local authorities, the Government has held a 'Call for Evidence' consultation process to which the council has provided a response (Appendix A). In the intervening period, the council has reverted to face-to-face meetings.

## **3. Interim arrangements for council meetings**

- 3.1 Pending any outcome of the government's consultation process, the existing arrangements for council meetings will continue and will be reviewed again at the end of September 2021.
  - 3.1.1 Council meetings will be held in the Assembly Room or the Stone Hall at the Town Hall if necessary.
  - 3.1.2 Members of each committee or panel will be required to physically join the meeting or apologies should be sent
  - 3.1.3 Members attending under SO34 may do so in person, but alternatively may join via Zoom.
  - 3.1.4 Members of the public may attend in person or view via the YouTube channel. Public speakers in Council and Planning can join via Zoom as they do now.

- 3.1.5 Live streaming of all council meetings will continue
- 3.1.6 Democratic Services officers will attend the meetings in person, with support from ICT and other Democratic Services Officers will carry out the administration of the live stream remotely
- 3.1.7 All other council officers attending meetings will join remotely to keep numbers in the room to a minimum except for the member of senior management team supporting the panel.
- 3.1.8 Whilst not compulsory, we strongly recommend that all members undertake lateral flow testing prior to attending a meeting. If that test is positive, that Member should self-isolate until a PCN test can be carried out.

#### **4. Policy Implications**

- 4.1 Returning to face-to-face meetings will not require an amendment to currently policy. However, this may change if the government introduces new primary legislation for council meetings following the consultation process.

#### **5. Financial Implications**

- 5.1 Introducing hybrid meetings will inevitably lead to cost savings relating to both officers and members. Time spent on travel and travel expenses will reduce. The annual cost of Zoom is £3,262.80 which should be offset by the savings made in travel claims.

#### **6. Personnel Implications**

- 6.1 There will be benefits to council officers attending hybrid meetings as prior to the pandemic, an officer had to attend the face-to-face meeting at the start and wait for their agenda item. They can now be invited into the meeting at the appropriate time, negating the need for them to attend for items which they are not responsible for.
- 6.2 Hybrid meetings may also help with safety measures as officers will not be required to attend the meeting in person will be able to avoid travelling in poor weather/dark evenings across a rural area. This applies equally to members attending under SO34 and not required to attend the meeting in person.

#### **7. Statutory Considerations**

- 7.1 Implementing the recommendations will align with current statutory obligations.

#### **Equality Impact Assessment (EIA)**

Pre-screening equality Impact Assessment attached.

#### **8. Risk Management Implications**

8.1 There are two risks to the recommendations

1. Failure of the ICT systems streaming the meetings
2. A virtual attendee losing connection and not able to reconnect

8.2 Whilst the risks are significant, it is difficult to mitigate against them as we are unable to foresee if/when they occur. However, an ICT representative will be available at all meetings to try to resolve any issues as they arise. Officers and members will also be able to connect to the Teams/Zoom meeting by telephone should such an issue occur.

## **9. Environmental Considerations**

9.1 As noted previously in this report, the proposal will reduce Co2 emissions due to fewer people attending the meetings and the related reduction in vehicle usage.

## **10. Declarations of Interest / Dispensations Granted**

10.1 None

## **Background Papers**

Coronavirus Act 2020 Section 78

<https://www.localgov.co.uk/Virtual-council-meeting-challenge-dismissed-by-High-Court/52242>

[https://consult.communities.gov.uk/local-government-stewardship/local-authority-remote-meetings-call-for-evidence/consultation/my\\_response?user\\_id=ANON-N2UZ-453H-K&key=fbdecc3d1255befa6002f2249e65d89d4d6413ed](https://consult.communities.gov.uk/local-government-stewardship/local-authority-remote-meetings-call-for-evidence/consultation/my_response?user_id=ANON-N2UZ-453H-K&key=fbdecc3d1255befa6002f2249e65d89d4d6413ed)

# Pre-Screening Equality Impact Assessment



Name of policy/service/function	Council meetings				
Is this a new or existing policy/ service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations					
<b>Question</b>	<b>Answer</b>				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups <b>according to their different protected characteristic</b>, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p>		Positive	Negative	Neutral	Unsure
	Age	X			
	Disability	X			
	Gender	X			
	Gender Re-assignment	X			
	Marriage/civil partnership	X			
	Pregnancy & maternity	X			
	Race	X			
	Religion or belief	X			
	Sexual orientation	X			
Other (eg low income)	X				
<b>Question</b>	<b>Answer</b>	<b>Comments</b>			
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favoring a particular community or denying opportunities to another?	No	<p>Members of the public have an improved ability to observe and take part in the democratic process. They can physically attend the meetings and/or where they have access to the necessary technology can watch live via Zoom or Youtube and could be invited to participate via Zoom.</p> <p>The ability to access the meeting digitally from home or their choice of place may be beneficial for those reliant upon with public transport, those on low incomes or those with mobility issues.</p> <p>The ability to view/listen to the live/recorded proceedings may also provide a richer experience than relying upon the written agenda, reports and minutes.</p>			
3. Could this policy/service be perceived as impacting on communities differently?	No				
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No				
<p>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section</p>	No	<b>Actions:</b>			
		<b>Actions agreed by EWG member:</b> .....			
<b>Assessment completed by:</b> <b>Name</b>	235				
<b>Job title</b>	<b>Date</b>				

**Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.**



**FORWARD DECISIONS LIST**

<b>Date of meeting</b>	<b>Report title</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
3 August 2021						
	Provision of Monitoring Officer	Key	Cabinet	Leader Chief Executive		Public
	Members Enquiries arrangements	Non	Council	Leader Chief Executive		Public
	Parkway	Key	Council	Project Delivery Asst Dir Companies and Housing Delivery – D Ousby		Public
	Allocation of members budget for ward issues.	Non	Cabinet	Climate Change and Commercial Services Exec Dir – L Gore		Public
238	Staffing for Communications	Non	Cabinet	Leader Exec Dir – D Gates		Public
	Interim Arrangement for meetings	Non	Cabinet	Leader Chief Executive		Public

<b>Date of meeting</b>	<b>Report title</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
24 August 2021 - Special Meeting						
	Town Fund Submission	Key	Cabinet	Regeneration & Development Asst Dir Housing & Place – D Hall		Private - Contains exempt Information under para 3 – information relating to the business affairs of any person (including the

						authority)
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<b>Date of meeting</b>	<b>Report title</b>	<b>Key or Non Key Decision</b>	<b>Decision Maker</b>	<b>Cabinet Member and Lead Officer</b>	<b>List of Background Papers</b>	<b>Public or Private Meeting</b>
21 September 2021						
	Pay Award 2021-22	Non	Cabinet	Leader Exec Dir – D Gates		Public
	Review of Corporate Business Plan	Key	Council	Leader Chief Executive		Public
239	Update to the Major Project Board terms of reference	Non	Cabinet	Leader Asst Dir Property & Projects – M Henry		Public
	Balloon and Lantern Policy	Non	Cabinet	Corporate Services and Environment Asst – M Chisholm		Public
	Lynnsport One	Key	Council	Project Delivery Asst Dir Companies & Housing Delivery – D Ousby		Private - Contains exempt information under para 3 – information relating to the business affairs of any person (including the authority)
	Revenue Outturn 2020/2021	Key	Cabinet	Leader Asst Dir - M Drewery		Public
	Capital Programme and Resources 2020-2025 Outturn	Key	Cabinet	Leader Asst Dir - M Drewery		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
16 November 2021	Gambling Act – Statement of Principles	Non	Council	Environment Assistant Director – S Ashworth		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
11 January 2022						

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
8 February 2022						
240	Budget	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Capital Programme	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Treasury Management Strategy	Key	Council	Leader S151 Officer Asst Dir Resources		Public
	Capital Strategy	Key	Council	Leader S151 Officer Asst Dir Resources		Public

Date of meeting	Report title	Key or Non Key Decision	Decision Maker	Cabinet Member and Lead Officer	List of Background Papers	Public or Private Meeting
15 March 2022						

## AUDIT COMMITTEE WORK PROGRAMME 2021/2022

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
16 June 2021	Appointment of Vice Chair for the Municipal Year 2021/2022			To appoint a Vice Chair for the Municipal Year 2021/2022.
16 June 2021	Certification of Grant Claims and Annual Report for previous financial year	Annual		To receive the annual report from the previous financial year.
16 June 2021	Corporate Risk Register – Half Yearly Update	Update	G Greaves	To receive the half yearly update report
16 June 2021	Internal Audit Annual Report and Opinion covering the previous financial year	Annual	Audit Manager	To receive the annual report and opinion covering the previous financial year.
16 June 2021	Internal Audit Full Year Progress Report covering the previous financial year	Annual	Audit Manager	To receive the half-year progress report covering the previous financial year.
16 June 2021	Update on Audit Progress and Timetable	Update	Assistant Director	To receive an update.
16 June 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
16 June 2021	Work Programme 2021/2022			To identify any items for the work programme.

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Agenda Item 12

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
26 July 2021	Annual Governance Statement covering the previous financial year 2019/2020	Annual	G Greaves	To receive the draft Annual Governance Statement covering the previous financial year.
26 July 2021	Draft Statement of Accounts 2019/2020	Draft	M Drewery	To receive the draft statement of accounts.
26 July 2021	Quarterly Budget Monitoring	Quarterly	M Drewery	
26 July 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
26 July 2021	Work Programme 2021/2022			To identify any items for the work programme.
26 July 2021	Risk Based Verification – Changes to Policy	EXEMPT	Jo Stanton	
6 September 2021	Annual Governance Statement covering the previous financial year 20/21	Annual	G Greaves	To receive the draft Annual Governance Statement covering the previous financial year.
6 September 2021	Business Continuity Update	Annual Update -		To receive the annual update report.
6 September 2021	Insurance Claims		M Drewery	
6 September 2021	Quarterly Budget Monitoring	Quarterly	M Drewery	To receive the quarterly monitoring report.
6 September 2021	Major Projects Risks (6 month review)	Review	M Henry	To receive a 6 month review.

6 September 2021	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
6 September 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
6 September 2021	Work Programme 2021/2022			To identify any items for the work programme.
22 November 2021	External Auditors’ report and ISA 260 for the previous financial year ( <i>in a Covid year</i> )	Annual	External Auditors	
22 November 2021	Statement of Accounts for previous financial year ( <i>in a Covid year</i> )		M Drewery	
22 November 2021	Annual Governance Statement covering the previous financial year ( <i>in a Covid year</i> )		G Greaves	To receive the Annual Governance Statement covering the previous financial year.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
22 November 2021	Draft Annual Governance Statement current financial year	Annual – Draft	G Greaves	To receive the draft Annual Governance Statement for the current financial year
22 November 2021	Corporate Risk Register – half yearly update	Update	G Greaves	The Committee to receive the half yearly update report.
22 November 2021	Internal Audit Half Year Progress Report	Progress	Internal Audit Manager	To receive the half year progress report.
22 November 2021	Mid-Year Treasury Report	Mid-Year	M Drewery/ R Wilson	The Committee to receive the mid-year report.
22 November 2021	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
22 November 2021	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
22 November 2021	Work Programme 2021/2022			To identify any items for the work programme.
28 February 2022	Draft Annual Governance Statement covering the current financial year	Annual – Draft	G Greaves	To receive the draft Annual Governance Statement for the current financial year.
28 February 2022	Quarterly Budget Monitoring Report	Monitoring – Quarterly	M Drewery	To receive the quarterly budget monitoring report.
28 February 2022	Strategic External Audit Plan for the following Financial Year	Strategic	External Auditors	External Auditors to present the strategic external audit plan.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
28 February 2022	Strategic Internal Audit Plan for the following Financial Year	Strategic	Internal Audit Manager	To receive the Strategic Internal Audit Plan for the following Financial Year.
28 February 2022	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
28 February 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.
28 February 2022	Work Programme 2021/2022			To identify any items for the work programme.
14 March 2022	External Audit Plan	Annual	External Auditors – Ernst and Young	
14 March 2022	Internal Audit Plan	Annual	Internal Audit Manager	
11 April 2022	Insurance Claims		M Drewery	
11 April 2022	Major Projects Risks – (6 month review)	Review	M Henry	To receive a 6 month review report.
11 April 2022	<b>EXEMPT:</b> Risk Base Verification Policy update	Update Exempt –		To receive the exempt report on the Risk Base Verification policy.
11 April 2022	Major Projects Board – Update	Update	Chair	To receive an update from the Chair.
11 April 2022	Cabinet Forward Decisions List			To identify any items to be considered by the Audit Committee.

DATE OF MEETING	TITLE	TYPE OF REPORT	LEAD OFFICER	OBJECTIVES AND DESIRED OUTCOMES
11 April 2022	Work Programme 2021/2022			To identify any items for the work programme.

### **Potential Future Training Sessions**

Alternatives for service delivery (services in house and those contracted out)  
 Companies and Structures  
 Corporate Risk Register

### **Forthcoming Items – Date to be Identified**

Additional Audit Work – RIPA Desktop Inspection and GDPR legislation  
 General overview on the Council's various sources of funding  
 Housing Benefit Subsidy Report  
 Internal Audit Terms of Reference  
 Audit Committee Terms of Reference (revised draft from 17 December 2020)  
 Audit Committee Effectiveness Report 2020/2021 (2019/2020 report went to AC 27 July 2020)  
 Final Report of the Cross Party Working Group  
 Continuation of the Cross Party Working Group  
 Risk Management Policy and Strategy Review  
 Record Retention and Disposal Policy Review

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