

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



Audit Committee

Agenda

Tuesday, 16th January, 2024
at 4.30 pm

in the

**Council Chamber
Town Hall
Saturday Market Place
King's Lynn**

Available to view on You Tube:

<https://www.youtube.com/user/WestNorfolkBC>



King's Court, Chapel Street, King's Lynn, Norfolk, PE30 1EX
Telephone: 01553 616200

8 January 2024

Dear Member

Audit Committee

You are invited to attend a meeting of the above-mentioned Committee which will be held on **Tuesday, 16th January, 2024 at 4.30 pm** in the **Council Chamber, 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 - 17)

To approve the minutes from the Audit Committee held on 27 November 2023.

3. Declarations of Interest (Page 18)

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. 2019/2020 Audit Results Report - ISA 260 (Pages 19 - 78)

8. Statement of Accounts for 2019/2020 (Pages 79 - 243)

9. Annual Governance Statement 2019/2020 (Pages 244 - 300)

10. Corporate Risk Register Update (August 2023) (Pages 301 - 331)

11. Business Continuity - Annual Update (Pages 332 - 336)

12. Internal Audit Follow Up Recommendations Half Year Report (Pages 337 - 352)

13. Cabinet Forward Decisions List (Pages 353 - 356)

14. Committee Work Programme 2023/2024 (Pages 357 - 363)

To note the Committee's Work Programme for 2023/2024.

15. Date of Next Meeting

To note that the date of the next meeting of the Audit Committee will take place on 11 March 2023.

To:

Audit Committee: Councillors S Bearshaw, R Coates, S Dark, T de Winton, P Devulapalli, S Everett (Vice-Chair), B Jones, A Ryves (Chair) and D Sayers

Portfolio Holders:

Councillor C Morley, Finance
Councillor T Parish, Leader

Officers:

Alexa Baker, Monitoring Officer
Michelle Drewery, Assistant Director Resources/Management Team Representative

Ged Greaves, Climate Change Manager
Jamie Hay, Senior Internal Auditor
Carl Holland, Financial Services Manager

By Invitation:

Vicky Chong, Audit Manager, Ernst and Young for Item 7

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

Minutes from the Meeting of the Audit Committee held on Monday, 27th November, 2023 at 4.30 pm in the Council Chamber, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT: Councillor A Ryves (Chair)
Councillors S Bearshaw, S Dark, T de Winton, P Devulapalli,
S Everett (Vice-Chair) and B Jones

Portfolio Holders:
Councillor C Morley, Finance

Under Standing Order 34:
Councillors A Beales, M de Whalley and T Parish (in person)
Councillor R Coates (Zoom)

Officers:
Michelle Drewery, Assistant Director Resources/Management Team Representative
Jamie Hay, Senior Internal Auditor
Carl Holland, Financial Services Manager
Wendy Vincent, Democratic Services Officer

A122 **APOLOGIES**

There were no apologies for absence.

A123 **MINUTES**

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The minutes of the Audit Committee held on 18 September 2023 were agreed as a correct record and signed by the Chair.

A124 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

A125 **URGENT BUSINESS UNDER STANDING ORDER 7**

There was no urgent business.

A126 **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

Councillors A Beales, R Coates, M de Whalley and T Parish were present under Standing Order 34.

A127 **CHAIR'S CORRESPONDENCE (IF ANY)**

There was no Chair's correspondence.

A128 **INTERNAL AUDIT HALF YEAR PROGRESS REPORT**

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The Senior Internal Auditor presented the report and reminded the Committee that it received updates on progress made against the Annual Internal Audit Plan. The report formed part of the overall reporting requirements to assist the Council in discharging its responsibilities in relation to the internal audit activity.

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

- Key Issues.
- Significant changes to the approved Internal Audit Plan.
- Progress made in delivering the agreed audit work.
- The outcome arising from Internal Audit's work.
- Appendix 1 – Progress in completing the Agreed Audit Work.
- Appendix 2 – Executive Summaries 2023/2024.

The Chair thanked the Senior Internal Auditor for the detailed report and invited questions and comments from the Committee, a summary of which is set out below.

In response to questions from Councillor Dark on the summary of key recommendations for starters, movers and leavers, the Senior Internal Auditor explained that there had been no previous audit undertaken and that the overall objective of the audit was to gain assurance that appropriate controls were in place in respect of systems and procedures.

The Committee was advised that there were different processes to follow when commencing employment with the Borough Council and it was important that the appropriate procedures was in place for the first day of employment. The Senior Internal Auditor explained that when an employee left the Council it was important and needed to be timely. Ideally the access to systems should be removed on the first working day after the employee left the organisation.

Councillor Dark commented on the starters, movers and leavers on the two medium priority recommendations and an overarching procedure document to be introduced and to review the list of system administrator recipients.

In response to questions from Councillor Jones on reviewing/removing all permissions to systems when an employee left the authority, the Senior Internal Auditor explained that a discussion was held with the appropriate line manager to review/remove permissions. The Committee was informed that a wider decision on licensing requirements would be needed to determine if additional licences should be purchased if employees transferred to another service area, etc.

In response to questions from Councillor de Winton on conducting a full review of assets and equipment across the organisation, the Senior Internal Auditor explained that currently there was a lack of information recorded in some instances and it had been recommended the asset register be updated where required which would also include ICT Loan agreements within the review process.

Following further questions from Councillor de Winton, the Senior Internal Auditor explained that equipment issued to individual employees varied from role to role.

In response to questions from Councillor Bearshaw as to why the Organisational Development – Training audit had been deferred, the Senior Internal Auditor explained that the audit would not be undertaken during the current financial year. The audit had been deferred to 2024/2025 so that assurance could be gained from work shortly being undertaken corporately.

Following further questions from Councillor Bearshaw on whether the audits were based on foundation topics within ISA 9001, the Senior Internal Auditor explained that the audit plan was undertaken in compliance with the Public Sector Internal Audit Standards (PSIAS).

Councillor Bearshaw asked if the Council had a spreadsheet which showed trends. In response, the Senior Internal Auditor explained that the Council had a Corporate Risk Register and that Internal Audit maintained a Fraud Risk Register and an Operational Risk List and monitored the performance indicators to highlight risks any trends.

Councillor Everett asked what was the feasibility to circulate the leavers list on a more frequent basis to ensure that staff leaving the Council did not have access to any systems. In response, the Senior Internal Auditor explained that this was under discussion yet no decision had yet been made on the frequency.

Councillor Dark commented that Councillors had discussed the staff pay award including the challenges to recruit and retain employees at the Corporate Performance Panel. Councillor Dark outlined the content of the report for the previous year and provided an overview of his understanding. Councillor Dark then referred to the report now being considered by the Audit Committee and added that the Council

needed to tighten up on the processes on employees leaving the Council. In conclusion, Councillor Dark advised that he would be taking up this important issue elsewhere within the Council.

In response to questions from Councillor de Winton on the Freedom of Information (FOI) requests, the Council's policy specifically in relation to dealing with vexatious requests, the Senior Internal Auditor explained that the Council had taken the decision to transfer to an in-house team (the Corporate Governance Team) in order to centralise the process. The central team received requests and would check if it was vexatious. It was highlighted that the number of FOI requests received suggested that they were not vexatious.

Under Standing Order 34, Councillor Coates addressed the Committee and referred to page 21 – 129 days of programmed work had been completed, resulting in 43% of the total Internal Audit Plan for 2023/24 and asked how the remainder of the audits would be completed during the current financial year. In response, the Senior Internal Auditor advised that the progress report was up to 30 September 2023 and that in his opinion, Internal Audit were on track to complete the remaining work within the current year.

At the invitation of the Chair, Councillor Morley, Portfolio Holder for Finance addressed the Committee and stated that in relation to the comments made above by Councillor Dark on the staff pay award and challenges faced in recruiting and retention of staff that there was no direct link to the processes for starters and leavers and added that if this was to be explored further that this should be done through the Human Resources professionals and not the audit process.

The Chair, Councillor Ryves commented that it would be more appropriate for these points to be considered by the Corporate Performance Panel. Councillor Dark agreed.

RESOLVED: The Committee received the Progress Report on Internal Audit Activity.

A129

2023/2024 FRAUD AND ERROR HALF YEAR PROGRESS REPORT

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

The Senior Internal Auditor explained that the report was aimed to provide the following in respect of the period April 2023 to September 2023 for areas such as Council Tax, Council Tax Reduction Scheme, Business Rates, Housing Waiting List, Duplicate invoices, False payments, Debtor Tracing activities and Internal Fraud where it arises:

- Progress towards the Anti-Fraud and Anti-Corruption Key Performance Indicators assigned to the Internal Audit Department.

- Statistical information in respect of fraud and error detection for applications and claims received by the Council deemed to have been false, incorrect, or where a relevant change in circumstances has failed to be declared resulting in a financial gain or where an error has been identified and amended.
- Statistical information in respect of traced debts where the Internal Audit Team have been contacted for assistance.
- Statistical information in respect of fraud and error detection for grants retrospectively identified as having been paid to customers/businesses who were not eligible.
- Statistical information in respect of data matching activities undertaken through the National Fraud Initiative (NFI) and Norfolk Fraud Hub.
- A look forward for the remainder of the financial year's anti-fraud and anti-corruption related activities.

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

- Key Issues.
- Fig 1 – Fraud and Error comparison year to date against previous years.
- Report overview.
- Key Performance Indicators.
- Fig 2 – KPI Target
- Fig 3 – Overall investigation processing progress.
- Overview of Fraud/Error Detection.
- Detailed Overview of Fraud/Error Detection.
- Other Identified Errors
- Debtor Tracing Activities.
- Data Matching Activities.
- Single Persons Discount Project.
- Overall Data Matching Activities.
- Covid-19 Business Grants.
- Other Schemes.
- Anti-Fraud and Ant-Corruption Culture.
- Projects/Future Pipeline of Activities.

The Chair, Councillor Ryves thanked the Senior Internal Auditor for the report and invited comments and questions from the Committee, a summary of which is set out below.

The Senior Internal Auditor clarified the definition of fraud and advised that there had been no serious incidents of fraud and this was a compliance approach.

Councillor Bearshaw drew attention to Figure 1 – fraud and error comparison year to date against previous years and commented that it would be useful to see the previous four years data illustrating increases. In response, the Senior Internal Auditor explained that

generally there was a rise in the number of cases due to the increase in population within the Borough but not to the level reported and added it would be necessary to look at the data to determine why it had happened. The Senior Internal Auditor highlighted the importance of undertaking the exercise and added that the data set out at Figure 1 helped to identify fraudulent/errors in activities and advised that efficiencies had been found in the process.

Councillor Dark asked the following questions:

- 1) Where the Borough Council was the organisation that draws money in for other preceptors, for example, Parish Councils, Norfolk County Council and the Police, what was the risk and had this been included in the total figures reported?
- 2) Fraud and Error – relating to both external and internal threats and what was the Council's system/process on the protection of fraud included in the report or subject to a separate report.

The Senior Internal Auditor responded to the above questions as set out below:

- 1) The Senior Internal Audit explained that Figure 1 illustrated the overall value of precepts including council tax, etc The last time the figures were checked - 6.91% the Borough Council received from the council tax bill included precepts paid to the Internal Drainage Board. The Committee was informed that the figures in the report were the full total encompassing council tax, benefit values and anything else identified.
- 2) If whistleblowing cases were brought to the attention of Internal Audit the cases would be included in the report. However, if cases were dealt another way, for example by a service area the figures would not be included in the report. The Committee was given an example of one incident relating to invoice payments which came out of data matching activities and explained there had been incidents when Internal Audit had been involved in whistleblowing activities and undertaken an investigation.

At the Invitation of the Chair, Councillor Morley, Portfolio Holder for Finance addressed that Committee and commented that the report was unclear and that an explanatory note setting out the fraud and error analysis would provide a better understanding for Councillors. In response to the comments made by Councillor Dark, the Borough Council had paid out £80.1m Covid-19 business grants and only a small proportion of error had been detected. In conclusion, Councillor Morley commented that it would be beneficial if the report could be set out on laymen's terms.

In response to questions and comments from Councillor Devulapalli on the time and cost incurred in relation to chasing and recovery of debt, the Senior Internal Auditor explained that Internal Audit did its best to trace figures to departments and any debt identified would be passed back to the relevant department(s) for discussion and Internal Audit

would provide the tools/software for those departments to undertake the required work themselves. It was noted that the Council would not spend more than it would recover.

Councillor Devulapalli asked if in the vast majority of cases was it that there were multiple people in households. In response, the Senior Internal Auditor explained that it was often more than one person in a household and outlined the other streams of work being undertaken in relation to the SPD project being funded by Norfolk County Council. The Senior Internal Auditor invited Councillor Devulapalli to contact him to discuss further details following the meeting.

In response to a question from Councillor de Winton, the Senior Internal Auditor explained that the total cost of fraud related spend during 2022/2023 was £34,051.67 to Internal Audit.

Following questions from the Chair on the net cost of fraud detected, the Senior Internal Auditor drew the Committee's attention to Figure 5 which set out a detailed overview of fraud and error detected in 2023/2024.

In response to questions from Councillor Jones on data matching, staff resource required and progress made to save time, the Senior Internal Auditor outlined the work undertaken by the Council and highlighted that the authority used the data to go through a sifting process where data was being matched. Spreadsheets were used to liaise with the revenues systems, etc to carry out the required checks which resulted in a more manageable workload.

Councillor Bearshaw referred to sections 3.6 and 4.1 and asked if there was any direct correlation. In response, the Senior Internal Auditor explained that this allowed the Council to look at other projects and be more proactive with fraud but would need to try and devise a plan to see what it might look like but this would take time to develop.

The Portfolio Holder, Finance responded to questions from Councillor Bearshaw on the Internal Drainage Board figures not being consistent as discussed at the June meeting and advised that it was his error.

Under Standing Order 34, Councillor Coates addressed the Committee and referred to a recent published article reporting on West Suffolk Council be defrauded £52,000 and asked if further information was available. A link to the article is set out below:

<https://www.bbc.co.uk/news/uk-england-suffolk-67530165>

The Senior Internal Auditor explained that the Council ensured that staff were aware in their day to day role of the issues set out in the article through training and awareness and advised that he would highlight this incident in the next staff briefing to be scheduled.

The Senior Internal Auditor responded to questions from the Chair on the current level and future forecast of fraud and error detected.

The Chair drew attention to 13.2 – significant increase in the number of matches received from HMRC. The Senior Internal Auditor advised that this would require review and sifting. The Committee was informed that that Internal Audit had assessed the operational delivery plan and had factored in additional days for fraud in 2024/2.. Training had been rolled out across the internal audit team to undertake the required duties.

RESOLVED: The Committee noted the update of the ant-fraud and anti-corruption work.

A130

TREASURY MANAGEMENT QUARTER 2 REPORT 2023/2024

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

The Financial Services Manager presented the report and reminded the Committee that the Council had formally adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) that remained fully compliant with its requirements. One of the primary requirements of the Code was receipt by Council of a quarterly Review Report.

The Committee was informed that the Quarterly Review report had been prepared in compliance with CIPFA's Code of Practice, and covered the following:

- A review of the Treasury Management Strategy.
- The Council's capital expenditure (prudential indicators).
- An economic update for the first six months of 2023/2024.

Additional Supporting Information:

- Appendix 1 – Economic Update.
- Appendix 2 – Interest Rates forecasts.
- Appendix 3 – Prudential and Treasury Indicators for 2023/2024.
- Appendix 4 – Investment Portfolio.
- Appendix 5 – Approved countries for investment.

The Chair, Councillor Ryves thanked the Financial Services Manager for the report and invited comments and questions from the Committee, a summary of which is set out below.

The Financial Services Manager provided clarification on how internal borrowing was defined.

Councillor Dark informed the Committee that the Corporate Performance Panel had previously received a presentation on the

Council's investments and referred to a recent article in the media on ethical investments by another local authority and asked how regularly the council reviewed its investments noting that the last report had provided reassurance to Councillors at that point.

The Financial Services Manager explained that Appendix 5 set out the approved countries for investments as at 30 June 2023 and was presented to Cabinet and Full Council in February of each year. The Committee was advised that the list could be reviewed at any time but normally practice was on an annual basis.

In response to questions from Councillor de Winton relating to Environmental Social Governance Reporting, the Financial Services Manager explained this was not currently set out as a priority in the Council's Treasury Management Strategy. The Assistant Director, Resources commented that this was a hot topic for local authorities but was not a mandatory requirement at this time. ESG was in its early days of development and the Council would continue to monitor the guidance and take into account any actions which may be required in future reports. The Assistant Director, Resources advised that clarification would be sought on the timeframe and be brought back through the correct democratic process.

Under Standing Order 34, Councillor Beales commented the Council was responsible to the taxpayer for public money and this responsibility did not change whatever the political leadership may be.

Councillor Dark added that these were comments made by Councillors under the previous Administration relating to investments using a lot of public money that may be placed in companies/areas that were questionable. Officers had provided a satisfactory response at that time but it may be prudent for the Council to undertake another review of the investment portfolio.

At the invitation of the Chair, the Portfolio Holder for Finance advised that ESG was mentioned at the previous meeting and the Assistant Director, Resources had provided an explanation.

The Portfolio Holder for Finance drew the Committee's attention to page 66 and the capital expenditure budget approved by Council in February 2023 £58m and the actual spend as at 30 September 2023 £12m and commented that the Council was continuously overestimating the capital programme and asked if there was headroom to review the programme. In response, the Financial Services Manager confirmed the figures as set out in the report and advised that the increased frequency of reporting on a quarterly basis would enable the performance indicators to be picked up to see if there was an increase, exceedance or lower spend than that forecast.

The Financial Services Manager responded to questions from the Chair on the income received on the Council's investment portfolio.

In response to a question from Councillor Bearshaw, the Financial Services Manager confirmed that the Council's maximum borrowing limit was £81m.

The Financial Services Manager and Assistant Director, Resources responded to further questions from Councillor Bearshaw on the funding of the Capital Programme.

RESOLVED: The Committee noted the report and the treasury activity.

A131

**BUDGET MONITORING REPORT 2023/2024 - SEPTEMBER 2023
QUARTER 2**

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

The Financial Services Manager presented the Budget Monitoring Report for Quarter 2 and drew the Committee's attention to the following sections of the report:

- Summary.
- Revenue Budget 2023/2024.
- Turnover Savings.
- Opportunities/Risks.
- Grants.
- Capital Budget and Spend 2023/2024.
- Reserves.
- Age Debt Analysis.
- Council Tax and Business Rates.
- Treasury Management 2023/2024.
- Prudential Indicators.
- Loans.
- Investments as at 30 September 2023.
- Conclusion.

The Financial Services Manager highlighted the following sections of the report as set out below:

- Table at page 71 which set out the contribution from General Fund Reserves – the original budget was £2,641,520 and the forecast at 30 September 2023 was £3,145, 260 and a variance of £503,749 was reported. The Financial Services outlined the reasons why a variance was being reported.
- Capital Programme original budget £67m, the spend as at 30 September 2023 £12.7m and a revised capital programme of £36m.
- Sect 2.4 Risk and Opportunities.
- Appendix A – Budget Monitoring Variances 30 September 2023.

- Appendix B – Capital Programme.
- Appendix C – Age Debt Analysis 30 September 2023

The Chair, Councillor Ryves thanked the Financial Services Manager for the report and invited questions and comments from the Committee, a summary of which is set out below:

Councillor Morley, Portfolio for Finance responded to questions from Councillor Dark in relation to the expenditure on the Council's car parks and gave assurance that the Car Parking Strategy would be taken into account following receipt of the consultant's report.

The Financial Services Manager responded to questions from Councillor de Winton on the reduced level of planning income and volumes of planning applications received.

The Portfolio Holder, Finance responded to questions from Councillor de Winton on the planning income, solar panels and solar parks.

The Assistant Director, Resources advised that the planning income was expected to be £2m and it was around £1.1- £1.2 expected to achieve and there had been some turnover savings which had offset it.

The Portfolio Holder for Finance commented that there was an issue with planning revenue and also with Alive West Norfolk in the consuming levels of energy at the three swimming pools which presented a big risk to the Borough Council.

The Assistant Director Resources and Financial Services Manager responded to questions from the Chair in relation to the deficit of West Norfolk Property and the arrangement for the leases as an interim measure until the later part of 2024 when the loan facility would be in place.

The Chair referred to the electricity costs incurred and asked if the figures included leisure. The Financial Services Manager commented that he echoed the comments made by the Finance Portfolio Holder in relation to the costs incurred heating three swimming pools. The Committee was informed that there was pressure on the Council last year to increase the budget for utility costs and that consumption figures were being monitored. The best forecast was therefore £2.1m an increase of £90,000.

The Assistant Director responded to questions from Councillor Bearshaw on the Council's build and construction programme and loan arrangements available to the Council.

Following questions from Councillor Bearshaw on net zero and price increases, the Assistant Director, Resources referred to the Refit programme which looked at both air and ground source heat pumps and an increase had been factored in to the utility costs with the

potential to make a saving in the longer term. The Assistant Director explained that the utilities were procured and forward purchased under a contract with Crown Commercial Services and have indicated that it is expected that the cost would reduce by 30% from 1 April 2024.

Under Standing Order 34, Councillor Beales addressed the Committee and in relation to the comments made by the Portfolio Holder for Finance that the capital programme was optimistic but the build was not market driven and was an accelerated construction programme and that there was no issue with immediate funding. Currently 74 properties were available to provide rental income and some revenue would also be generated from the Florence Fields development.

The Financial Services Manager responded to questions from the Chair on the Council's 100% subsidiary companies and how the deficits were reflected in the budget and accounts.

RESOLVED: The Committee noted the contents of the Budget Monitoring Report of 30 September 2023.

A132 **CABINET FORWARD DECISIONS LIST**

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

The Committee noted the Cabinet Forward Decisions List.

A133 **WORK PROGRAMME 2023/2024**

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

The Committee noted the work programme.

In response to a question from Councillor Dark on whether the External Auditor's report would be available for the additional meeting on the 12 December, the Assistant Director, Resources provided an update and outlined the reasons why it would not be presented to the Committee on 12 December. A discussion would therefore be held with the Chair and the Vice Chair to decide if the 12 December meeting should be cancelled. The Committee was advised that a meeting would be scheduled with the Council's Statutory Officers and a follow up letter expressing the Council's concerns be sent to the Minister, Local Government. The draft follow up letter would be discussed with the Chair. A separate letter would also be sent to the local MP setting out the Council's concerns.

A134 **DATE OF NEXT MEETING**

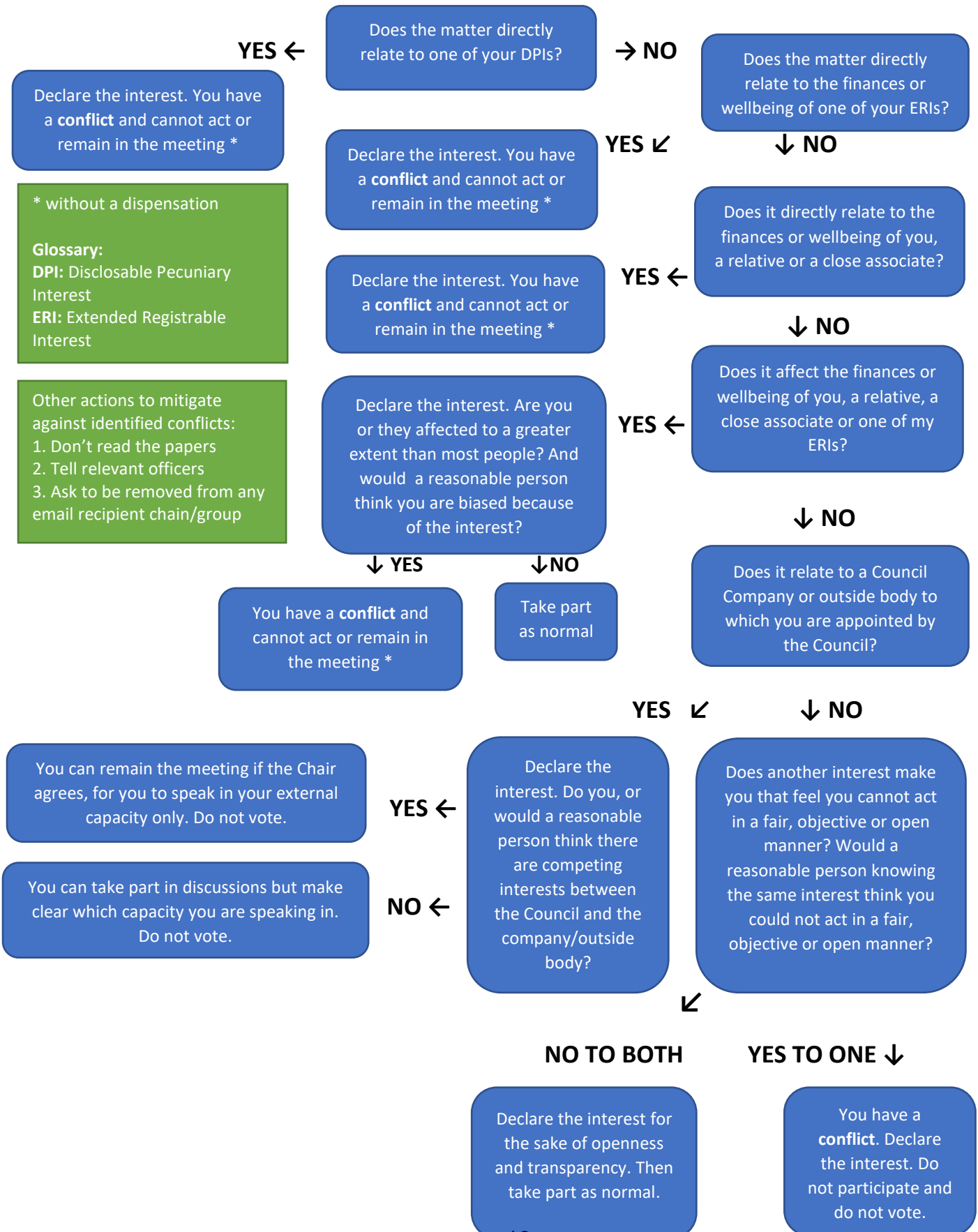
The next meeting of the Audit Committee will take place on 12 December 2023 at 4.30pm in the Council Chamber, Town Hall, King's Lynn.

The meeting closed at 6.53 pm

DECLARING AN INTEREST AND MANAGING ANY CONFLICTS FLOWCHART



START



Declare the interest. You have a **conflict** and cannot act or remain in the meeting *

* without a dispensation

Glossary:

DPI: Disclosable Pecuniary Interest

ERI: Extended Registrable Interest

Other actions to mitigate against identified conflicts:

1. Don't read the papers
2. Tell relevant officers
3. Ask to be removed from any email recipient chain/group

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

Audit Results Report

Year ended 31 March 2020

30 November 2023

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Audit Committee
Borough Council of King's Lynn and West Norfolk

30 November 2023

Dear Committee Members

We are pleased to attach our Audit Results Report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Borough Council of King's Lynn and West Norfolk for 2019/20. We plan to issue our final report after the Borough Council of King's Lynn and West Norfolk Audit Committee meeting scheduled for 16 January 2024.

We have substantially completed our audit of Borough Council of King's Lynn and West Norfolk for the year ended 31 March 2020. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3. We have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting 16 January 2024.

Yours faithfully

MARK HODGSON

Mark Hodgson

Partner

For and on behalf of Ernst & Young LLP

Encl

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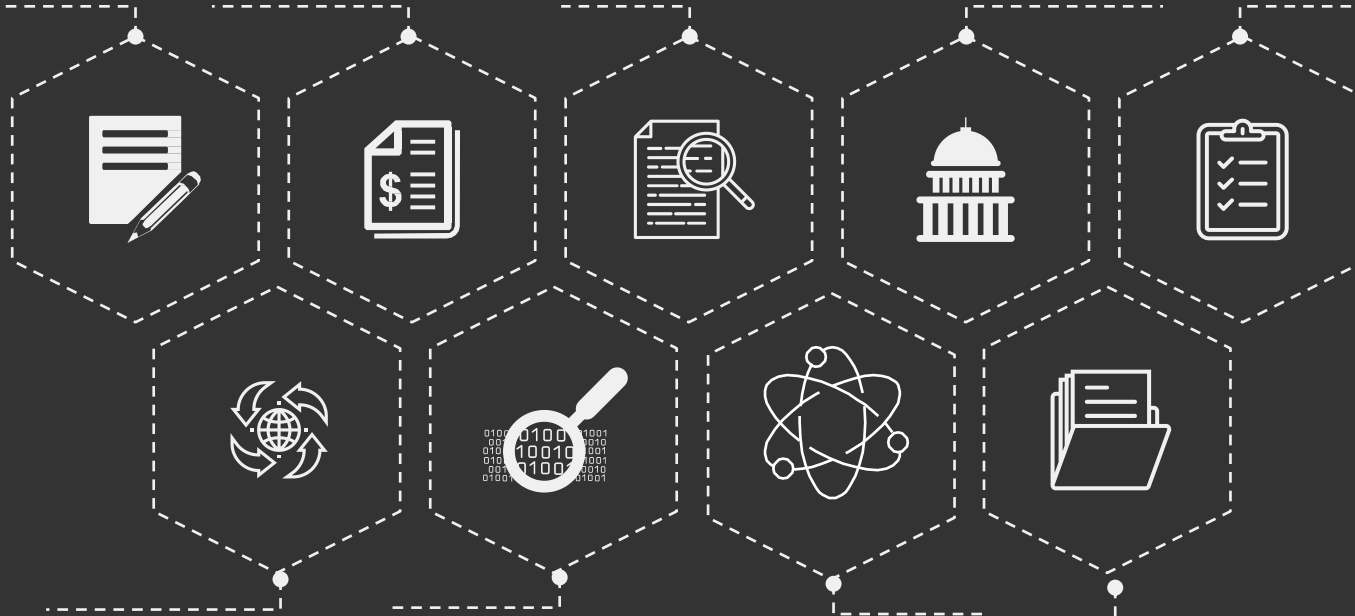
Audit Report

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Appendices

Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Scope update

In our Audit Plan dated 24 February 2021, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes in materiality - we updated our planning materiality assessment using the third version of the 2019/20 draft financial statements. Based on our materiality measure of 2% of gross expenditure on the provision of services, we have updated our overall materiality assessment as follows:

| | Council as a Single Entity | | Council Group | |
|-------------------------|----------------------------|----------------|----------------|----------------|
| | Planning | Final | Planning | Final |
| Materiality | £1.967 million | £1.834 million | £2.056 million | £1.923 million |
| Performance materiality | £0.984 million | £0.917 million | £1.028 million | £0.961 million |
| Reporting threshold | £0.098 million | £0.092 million | £0.103 million | £0.096 million |

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Information Produced by the Entity (IPE) - we identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk:

- ▶ Used the screen sharing function of Microsoft Teams and Zoom to evidence re-running of reports used to generate the IPE we audited; and
- ▶ Agree IPE to scanned documents or other system screenshots.

As disclosed in the audit plan, the procedures required to address the additional audit risks are likely to result in additional audit fees over and above the published scale fee which will be agreed in advance with S151 officer and then PSAA.



Executive Summary

Status of the audit

We have substantially completed our audit of the Council's financial statements for the year ended 31 March 2020 and have performed the procedures outlined in our Audit Plan. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

Closing Procedures:

- ▶ Review of the final version of the financial statements;
- ▶ Completion of subsequent events review;
- ▶ Final Manager and Engagement Partner reviews - which may result in additional queries to officers; and
- ▶ Receipt of the signed management representation letter.

Subject to satisfactory completion of the outstanding items above, we expect to issue an unqualified opinion on the Council's financial statements in the form which is included in Section 3. We expect to issue the Audit Certificate at the same time as the audit opinion.

Executive Summary

Audit differences

Unadjusted differences

To date, we identified the following unadjusted differences:

1. **REFCUS Expenditure** - in our REFCUS (Revenue Expenditure Funded as Capital Under Statute) testing, we identified an audit difference of £1,000 relating to the incorrect posting of a prior year invoice. As a result, this has led to a projected misstatement of £0.101 million based on the error rate in our sample.
2. **Pension Liability** - in the assurance letter that we received from the auditors of the Norfolk Pension Fund, it was noted that the investment assets at the Pension Fund level were understated, with an estimated impact on King's Lynn share of £0.515 million. Whilst there is no direct correlation to the impact on the Council's Pension Liability, the increase in Pension Fund assets does ordinarily reduce the Council's Pension Fund Liability by a not dissimilar number. The Council would need to get a further report from the actuary to be able to quantify the impact on the Pension Liability.
3. **Assets Held For Sales (AHFS) Additions** - our AHFS addition testing identified two items, consisting of a debit entry of £0.207 million and a credit entry of £0.105 million, which were related to a reallocation posting between Additions and Debtors for sales proceeds from a major housing project. However there was a lack of evidence and rationale to support the posting. This resulted in a net error of £0.102 million where we judged the additions were overstated.

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Adjusted differences

To date, we identified the following adjusted differences:

1. **Intangible Assets** - we identified an audit difference of £0.500 million relating to the 'Better Broadland for Norfolk' Project which was incorrectly recognised as an Intangible Asset within the accounts. The transaction should be classified as REFCUS as the asset was not owned by the Council. There is no impact from this reclassification on the bottom line of the Council's Comprehensive Income & Expenditure Statement (CIES) or on General Fund Reserves.
2. **Housing Benefits Payable** - our Housing Benefits Expenditure testing identified a year-end outstanding balance of £0.832 million which was owed by the Council to the Department for Work and Pensions. However, there was no accrual made for the outstanding amount. This resulted an understatement of £0.832 million in both 'Short-Term Payables' in the Balance Sheet and the 'Gross Expenditure' in CIES.
3. **Provision for bad debts on Council Tax** - our audit identified that the provision for bad debts on Council Tax was under-provided by £0.359 million. The difference was due to a lower than expected provision percentage being used in the original calculation. This resulted an understatement of £0.359 million in both 'Provision for Bad Debts' and the 'Gross Expenditure' in CIES.
4. **Capital Adjustment Account (CAA)** - the CAA was overstated by £0.500 million due to an incorrect amount being stated in Capital Grants and Contributions credited to the CIES that have been applied to capital financing. As a result, Capital Grants Unapplied within the Useable Reserve was also understated by £0.500 million.
5. **Long-Term Debtors** - we identified a misclassification error of £0.559 million between Long-term Debtors and Short-term Debtors, relating to the timing of an amount due from Norfolk County Council in relation to the NORA Housing Joint Venture.

Executive Summary

Audit differences

Adjusted differences (continued)

6. **Property, Plant and Equipment (PPE)** - a number of misstatements were identified during the audit as follows:

- Our PPE disposal testing found that the Assets Under Construction (AUC) was understated by £5.851 million, due to the incorrect derecognition of the Lynnsport New Access Road. The road was transferred to Norfolk County Council in December 2021 but it was incorrectly recorded in 2019/20.
- Our PPE valuation work identified that one asset, NORA Waterfront Development Land, was updated with an incorrect valuation for the 'Boal Quay Car Park' and as a result the OLB and the Revaluation Reserve were both understated by £1.938 million.
- Our PPE valuation testing identified an audit difference of £0.197 million relating to St Augustine Living Centre where an incorrect valuation was used to update the Fixed Assets Register (FAR). This resulted an overstatement of £0.197 million in Other Land and Buildings (OLB) and an understatement of £0.104 million in Revaluation Reserve and an understatement of £0.093 million in CIES.
- We identified a calculation error in the revaluation of two caravan sites, Vegas of £0.469 million and South Shore of £0.035 million. As a result the Other Land and Buildings was overstated by £0.570 million while the corresponding entry in the Revaluation Reserve was overstated by £0.469 million and CIES - Deficit on Revaluation of Non-Current Assets was understated by £0.101 million respectively.
- We also identified that the valuation of NEWS Depot was understated by £0.177 million due to a valuation movement in 2018/19 which was omitted in the Fixed Asset Register.
- In addition, Management identified an understatement of £0.628 million in Other Land and Buildings (OLB), relating to the valuation of two car parks, Boal Quay car park of £0.058 million and Baker Lane car park of £0.570 million. The difference was due to updated valuation information being provided by Management's Internal Valuer, subsequent to the preparation of the draft financial statements.

As a result of the errors above, PPE was understated by a net difference of £7.827 million while the Revaluation Reserve was understated by £2.170 million and the net expenditure within the CIES was overstated by £5.657 million.

7. **Assets Held For Sale (AHFS)** - our testing identified the following misstatements:

- The closing balance of AHFS was increased by the agreed/estimated sales prices of the assets at £4.031 million, which was not compliant with the Code of Practice on Local Authority Accounting and IFRS 5 accounting standards, which require the assets to be measured at the lower of carrying amount or the fair value less cost to sell. This resulted an overstatement of £4.031 million in both AHFS and Revaluation Reserve.
- We also found that the disposal derecognised in AHFS of £20.970 million was related to assets that were completed and sold during the year and therefore they do not meet the definition and criteria of AHFS. Hence, this was a misclassification error between AHFS and AUC.
- In addition, the disposals were written out as 'Sales proceeds' rather than the carrying amount of the assets of £18.822 million. This resulted a difference of £2.148 million which should be recorded as a Gain on Disposal in the CIES.
- Furthermore, there was a misclassification between AHFS and PPE - Assets Under Constructions (AUC) for additions of £7.503 million and assets newly classified as held for sale of £8.629 million. As a result, AHFS was overstated by £16.132 million.

As a result of the errors above, the AHFS was understated by a net difference of £0.807 million and the PPE - AUC was overstated by £2.690 million while the Revaluation Reserve was overstated by £4.031 million and the Gains on Disposal in CIES was understated by £2.148 million.

Executive Summary

Audit differences

Disclosure differences

During the audit we identified a large number of disclosure amendments in the draft financial statements which management have chosen to adjust. We do not deem majority of these merits bringing to your attention, with the exception of the following:

1. **Note 6 Assumptions made about the future and other major sources of estimation uncertainty** - The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty were included in the year-end valuation reports produced by the Council's valuer. We considered that the material uncertainties disclosed by the valuer gave rise to an increased risk relating to disclosures on the valuation of Property, Plant and Equipment and Investment Property valued using existing use value or fair value and thus we requested that further disclosure to be included within Note 6 in the accounts.
2. **Cash Flow Statement** - we identified a number of mis-mapping within the Cash Flow Statement where the figures did not match with other sections of the statement of accounts and supporting working papers. Consequently, management had to re-create the Cash Flow Statement.
3. **Operating Leases - Council as lessor** - our review of operating leases identified a duplicate operating lease of £9.621 million being included in the disclosure note (Note 23) and therefore overstating the future minimum lease payments receivable later than five years from £52.020 million to £61.661 million.

As set out previously, until all our audit work is complete, further amendments may arise.

Executive Summary

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial statements of Borough Council of King's Lynn and West Norfolk. This report sets out our observations and conclusions of these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is summarised within the "Areas of Audit Focus" section of this report.

| Area of audit focus | Findings and Conclusions |
|--|---|
| Fraud Risk: Misstatements due to fraud or error | We have completed our work in this area and have no matters to report. |
| Fraud Risk: Incorrect capitalisation of revenue expenditure | We have completed our work in this area and have no matters to report. |
| Significant Risk: Valuation of Land and Buildings and Investment Properties | We have completed our work in this area and have identified misstatements on a number of assets, resulting in an understatement of Property, Plant & Equipment of £7.827 million due to calculation errors and incorrect valuations were used in updating the Fixed Asset Register. Further details can be found in Section 2 of this report. |
| Inherent Risk: Pension Liability valuations | <p>We have reviewed the accounting entries and disclosures in the draft financial statements and assessed the work of the actuary.</p> <p>We have received IAS 19 assurances from the Pension Fund auditor. The Pension Fund auditor identified audit differences in relation to the valuation of investment assets which results in an estimated overstatement of the Council's Pension Liability of £0.515 million. The difference is a result of a timing difference between the estimate made by the Pension Fund Actuary, and information that has become available since the time of their initial report. The Council correctly used the information provided within the original IAS 19 report within its draft financial statements.</p> |
| Inherent Risk: Group consolidation | <p>We have completed our work in this area and have reviewed the group consolidation working papers. Management has made amendments to the revised group accounts as a result of the changes identified in the audited subsidiaries accounts. The amendments have no impact on the Group CIES and to the net assets in the Group Balance Sheet.</p> <p>This has been adjusted for by the Council - further details can be found in Section 2 of this report.</p> |
| Inherent Risk: Calculation of expected credit losses (NWES loan) | We have completed our work in this area and have no matters to report. |
| Inherent Risk: Classification of grant income | We have completed our work in this area and have no matters to report. |

Executive Summary

Areas of audit focus (cont.)

| Area of audit focus | Findings and Conclusions |
|--|--|
| Inherent Risk: Incorrect classification of Assets Held For Sale | We have completed our work in this area and have identified misstatements on a number of assets, resulting in an understatement of £0.807 million due to misclassification between Assets Held For Sale and Property, Plant & Equipment and also incorrect calculations of valuation movement and gains on disposal. Further details can be found in Section 2 of this report. |
| Inherent Risk: Preparation of Cash Flow Statement | We have completed our work in this area and have no matters to report. We identified a number of mis-mapping within the Cash Flow Statement where the figures did not match with other sections of the statement of accounts and supporting working papers. Consequently, Management had to re-create the Cash Flow Statement. |
| Inherent Risk: Impact of Covid-19 | The draft financial statements included going concern disclosures but the disclosure and supporting going concern assessment will need to be updated to cover a period of at least 12 months from the date of authorising the financial statements. At the time of this report, our work on this is in progress, given the timing of the update to the disclosure. |

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We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues;
- ▶ You agree with the resolution of the issue; and
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties.

Our planning procedures did not identify any value for money risks.

Following our planned procedures, we have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Correspondence from the Public

We did not receive any items of correspondence from members of the public during the year.

We did not receive any formal objections to the financial statements from members of the public.

Executive Summary

Control observations

We have adopted a fully substantive audit approach, so have not tested the operation of controls. However, we have the following overall observations to make about the Council's close-down process:

1. **Draft financial statement version control:** We received 3 different versions of the draft statements throughout the audit. Changes had to be made to version 1 of the statements to reflect the final adjustments as a result of concluding the 2018/19 audit. We were then informed that further changes had to be made to version 2 of the accounts as not all the relevant Property, Plant & Equipment and Investment Property journals had been processed. This caused inefficiencies in our audit as our materiality level had to be recalculated upon receiving version 3 of the accounts, which led in some cases to samples having to be re-selected. It also meant that we did not have the full population of journals from our data analytics extract, given the adjustments that were posted months after we had begun our audit. As a result, we had to spend significant amount of additional time trying to obtain and agree the full population of journals.
2. **Property, Plant and Equipment valuation original supporting documentation:** It is our understanding that the Council's Internal Valuer who prepared the valuations left the Council at some point before the audit commenced, and the new valuer was not able to retrieve some of the supporting documentation for that valuation that we requested for our testing of valuations. We were not provided with the supporting valuation sheet for one of the items in our sample. We were also not able to obtain a final version of the valuation report to corroborate the figures in the financial statements. We have therefore planned and executed alternative audit procedures in order to obtain sufficient appropriate assurance from the new valuers in respect of the 2019/20 valuations.
3. **Property, Plant and Equipment assets valuation programme:** The Council carries out a rolling programme to ensure that all Property, Plant and Equipment requested to be measured at fair value is revalued at least every five years. However, our review of the assets revaluation identified that a number of assets, totalling £2.573 million, were valued prior to 2016 and therefore they fall outside the 5-year valuation programme. While these assets remained materially accurate at year end 31 March 2020 and were subsequently valued in 2020/21, they were not compliant with the Code of Practice on Local Authority Accounting which requires assets must be revalued every five years as a minimum.
4. **IAS 19 pension agreement with subsidiary company:** When performing our IAS19 Pension procedures we noted that there was a difference between the level of contributions paid by the Council and the contributions disclosed in the Pension Fund Actuary report. Further enquiries determined that this difference was due to the fact that the Council is in a pooling arrangement for the LGPS scheme with some of its subsidiary companies, and the contributions paid in respect of this would appear in the Actuary report. However, there was no formal pooling agreement signed between the Council and Alive West Norfolk Ltd even though its contributions had been treated as if both entities had an agreement in practice. While the audit difference is below our reporting threshold (Section 4) this is clearly a control weakness.
5. **Long-term receivables:** The Council provided a drawdown facility to its subsidiary, New Norfolk Housing Ltd, during the year. Our testing identified a control weakness where there was no signed facility agreement in place when the first drawdown took place in November 2019. The agreement was later signed and dated on 22 March 2021, which was over 12 months from the date of the first drawdown.



Executive Summary

Other reporting issues

We have reviewed the information presented in the draft version of the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We are not required to carry out any procedures on the Authority's Whole of Governance Accounts (WGA) submission as the Authority falls below the National Audit Office (NAO) threshold of £500 million, and the NAO has formally closed the submission window.

We have no other matters to report.

Independence

Please refer to Section 8 for our update on Independence. There are no relationships from 1 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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02 Areas of Audit Focus



Areas of Audit Focus

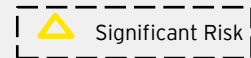
Significant risk

Misstatements due to fraud or error - management override of controls

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.



What did we do and what judgements did we focus on?

We performed the following audit procedures:

- ∞ Identified fraud risks during the planning stages.
 - Inquired of management about risks of fraud and the controls put in place to address those risks.
 - Understood the oversight given by those charged with governance of management's processes over fraud.
 - Considered the effectiveness of management's controls designed to address the risk of fraud.
 - Tested journals at year-end to ensure that there were no unexpected or unusual postings.
 - Reviewed accounting estimates for evidence of management bias.
 - Looked for and investigated any unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. We specifically reviewed any elements where judgement could influence the financial position or performance of the Authority in a more positive or more favourable way.

What are our conclusions?

We did not identify any material weaknesses in controls or evidence of material management override.

We did not identify any instances of inappropriate judgements being applied.

Our testing of journals was completed and we did not identify adjustments outside of the normal course of business. All journals tested were appropriate with supporting rationale.

We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.



Areas of Audit Focus

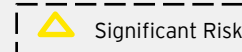
Significant risk

Misstatements due to fraud or error - incorrect capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

As the Council is more focused on its financial position over medium term, we have considered the risk of manipulation to be more prevalent in the inappropriate capitalisation of revenue expenditure on Property, Plant and Equipment and Investment Property given the extent of the Council's capital programme.



What did we do and what judgements did we focus on?

In order to address this risk we undertook the following audit procedures:

- ▶ Obtained an analysis of capital additions in the year, reconciled it to the Fixed Assets Register (FAR), and reviewed the descriptions to identify whether there are any potential items that could be revenue in nature;
- ▶ Sample tested additions to Property, Plant and Equipment and Investment Property to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised; and
- ▶ Used our data analytics tool to identify and test journal entries that move expenditure from revenue codes into capital codes.

What are our conclusions?

We completed our work on capital additions and identified an exception in our Assets Held For Sale additions testing, which consists a debit entry of £0.207 million and a credit entry of £0.105 million. They were related to a reallocation posting between addition and debtors for sales proceeds of a major housing project. However there was a lack of evidence and rationale to support the posting. This resulted a net error of £0.102 million, where we judged the additions were overstated.

Our testing of year-end journals did not identify any movements from expenditure to capital outside of the normal course of business.



Areas of Audit Focus

Significant risk

Valuation of Property, Plant & Equipment (PPE) and Investment Property

What is the risk?

The fair value of Property, Plant and Equipment (PPE) and Investment Properties represent a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. At 31 March 2020 the value of PPE totalled £145 million, and that of investment property £28 million.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do and what judgements did we focus on?

We have identified a specific risk of misstatement that could affect the Balance Sheet. We consider the risk applies to the valuation of Property, Plant and Equipment assets in the Balance Sheet. To address this risk we:

- ▶ Considered the work performed by the Authority's valuer, including the adequacy of scoping the work, their professional capabilities and the results of their work;
- ▶ Sample tested key asset information used by the valuer in performing their valuation;
- ▶ Engaged our internal specialists (EY Real Estates) to review a handful of assets in our sample;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within the appropriate time frame and any changes communicated to the valuer;
- ▶ Reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base was not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries had been correctly processed in the financial statements.



Areas of Audit Focus

Significant risk

Valuation of Property, Plant & Equipment (PPE) and Investment Property

(continued)

What are our conclusions?

We engaged our own experts, EY Real Estate, to support the work in relation to the valuation of land, buildings and investment properties, and to assess the impact of the material uncertainty issued by the Council's Internal Valuer in their valuation report due to the impact of Covid-19.

We selected for testing a sample size of 14 assets for PPE, totalling £32.325 million and a sample size of 15 assets for Investment Property, totalling £10.197 million. Of these assets, EYRE reviewed 3 PPE properties and 2 investment properties. We completed the work in this area and set out our findings below:

- Our own expert did not identify any issues with their review of both PPE and investment properties valuations.
- However our review of the work identified the following issues:
 - Our PPE disposal testing found that the Assets Under Construction (AUC) was understated by £5.851 million due to an incorrect derecognition of the Lynnsport New Access Road. The road was transferred to Norfolk County Council in December 2021 but it was incorrectly recorded in 2019/20.
 - Our PPE valuation work identified that one asset, NORA Waterfront Development Land, was updated with an incorrect valuation for the 'Boal Quay Car Park' and as a result the Other Land and Buildings (OLB) and the Revaluation Reserve were both understated by £1.938 million.
 - Our PPE valuation testing identified an audit difference of £0.197 million relating to St Augustine Living Centre where an incorrect valuation was used to update the Fixed Assets Register (FAR). This resulted an overstatement of £0.197 million in OLB and an understatement of £0.104 million in Revaluation Reserve and an understatement of £0.093 million in CIES.
 - We identified a calculation error in the revaluation of two caravan sites, Vegas of £0.469 million and South Shore of £0.035 million. As a result the OLB was overstated by £0.570 million while the corresponding entry in the Revaluation Reserve was overstated by £0.469 million and CIES - Deficit on Revaluation of Non-Current Assets was understated by £0.101 million respectively.
 - We also identified that the valuation of NEWS Depot was understated by £0.177 million due to a valuation movement in 2018/19 was omitted in the FAR.
- Furthermore, Management identified an understatement of £0.628 million in Other Land and Buildings (OLB), relating to the valuation of two car parks, Boal Quay car park of £0.058 million and Baker Lane car park of £0.570 million. The difference was due to updated valuation information being provided by Management's Internal Valuer subsequent to the preparation of the draft financial statements.

As a result of the errors above, PPE was understated by a net difference of £7.827 million while the Revaluation Reserve was understated by £2.170 million and the net expenditure within the CIES was overstated by £5.657 million.



Areas of Audit Focus

Significant risk

Valuation of Property, Plant & Equipment (PPE) and Investment Property

(continued)

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What are our conclusions?

We also found that there was a lack of disclosure made in the accounts concerning the estimation uncertainty relating to year-end valuations:

- Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty were included in the year-end valuation reports produced by the Council's valuer. We considered that the material uncertainties disclosed by the valuer gave rise to an increased risk relating to disclosures on the valuation of property, plant and equipment and investment property valued using existing use value or fair value and thus we requested that further disclosure to be included within Note 6 in the accounts.

In addition, we also have the following observations in relation to the Council's valuation process:

- PPE valuation original supporting documentation: It is our understanding that the Council's Internal Valuer that prepared the valuations left the Council at some point before the audit commenced, and the new valuer was not able to retrieve some of the supporting documentation for that valuation that we requested for our testing of valuations. We were not provided with the supporting valuation sheet for one of the items in our sample. We were also not able to obtain a final version of the valuation report to corroborate the figures in the financial statements. We have therefore planned and executed alternative audit procedures in order to obtain sufficient appropriate assurance from the new valuers in respect of the 2019/20 valuations.
- Property, Plant and Equipment assets valuation programme: The Council carries out a rolling programme to ensure that all Property, Plant and Equipment requested to be measured at fair value is revalued at least every five years. However, our review of the assets revaluation identified that a number of assets, totalling £2.573 million, were valued prior to 2016 and therefore they fall outside the 5-year valuation programme. While these assets remained materially accurate at year ended 31 March 2020 and were subsequently valued in 2020/21, they were not compliant with the Code of Practice on Local Authority Accounting, which requires assets must be revalued every five years as a minimum.

We deemed the above to be areas for improvements and have included further details in Section 07 of the report.



Areas of Audit Focus

Other Areas of Audit Focus - Inherent Risks

Pensions valuations and disclosures - Inherent risk

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £53.8 million. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.

Accounting for this scheme involves significant estimation and judgement.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do and what judgements did we focus on?

We have identified a specific risk of misstatement that could affect the balance sheet. We consider the risk applies to the valuation of the pension liability in the balance sheet and supporting disclosure notes. To address this risk we:

- 38 Liaised with the auditors of Norfolk Pension Fund to obtain assurances over the information supplied to the actuary in relation to Borough Council of King's Lynn and West Norfolk;
- ▶ Assessed the work of the Pension Fund actuary (Hymans) including the assumptions they used by relying on the work of PwC - Consulting Actuaries commissioned by National Audit Office (NAO) for all Local Government sector auditors, and considering the corresponding reviews performed by the EY actuarial team; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19, including the 31 March 2019 triennial valuation.

What are our conclusions?

- ▶ We have reviewed the assessment of the Pension Fund actuary by PwC and EY pensions and have undertaken the work required without identifying any further issues;
- ▶ We have agreed the IAS19 disclosure in the accounts to the relevant reports from the Pension Fund Actuary;
- ▶ We have received assurances from the Pension Fund Auditor around IAS 19 procedures and controls, and data submitted to the actuary. The work performed by the Norfolk Pension Fund auditor identified an increase in the value of the Pension Fund plan assets as at 31 March 2020. The estimated impact for Borough Council of King's Lynn and West Norfolk was an increase in asset valuation (and consequential reduction in the pension fund liability) of approximately £0.515 million. The Council did not obtain an updated version of the Actuary report to be able to fully quantify the reduction in the Council's Pension Liability. Whilst there is no direct correlation to the impact on the Council's Pension Liability, given that this is an estimation, our judgement is that this would not lead to a material misstatement within King's Lynn's pension fund liabilities or disclosures. We have highlighted this as an unadjusted audit difference in Section 4.



Areas of Audit Focus

Other Areas of Audit Focus - Inherent Risks

Pensions valuations and disclosures - Inherent risk

(continued)

What are our conclusions?

In addition, we also have the following observations in relation to the Council's valuation process:

When performing our IAS19 procedures we noted that there was a difference between the level of contributions paid by the Council and the contributions disclosed in the actuary report. Further enquiries determined that this difference was due to the fact that the Council is in a pooling arrangement on the LGPS scheme with some of its subsidiary companies, and the contributions paid in respect of this would appear in the actuary report. However, there was no formal pooling agreement signed between the Council and Alive West Norfolk Ltd even though its contributions had been treated as if both entities had an agreement in practice.

We deemed the above to be an area for improvement and have included further details in Section 07 of the report.

We have not identified any other issues with the Pension disclosures in the Financial Statements.



Areas of Audit Focus

Other Areas of Audit Focus - continued

Group Consolidation

What is the risk?

The Council prepares group accounts and has a new group structure in 2019/20. It consolidated three subsidiaries: Alive Management Ltd., Alive West Norfolk, and West Norfolk Housing Company.

In previous years, we identified a number of audit differences in relation to the group accounts, and the consolidation working papers provided were not of an appropriate standard. There is a risk that the consolidation of any subsidiaries within the Group Boundary is not undertaken in line with the relevant accounting standards and in line with the code of practice.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Reviewed the group assessment prepared by the Council, ensuring that the accounting framework and accounting policies are aligned to the group;
- ▶ Scoped the audit requirements for the subsidiaries based on the significance to the group accounts. Liaised with the external auditor of the subsidiaries and issued group instructions that detailed the required audit procedures they were to undertake in order to provide us with assurance for the opinion we issue on the group accounts;
- ▶ Reviewing the outcomes of the component auditor's work; and
- ▶ Ensuring that appropriate consolidation procedures are applied when consolidating relevant entities into the BCKLWN group accounts

What are our conclusions?

Our work has not identified errors on the inter-subsidiaries elimination.

Management has made amendments to the revised Group Accounts as a result of the changes identified in the audited subsidiaries accounts. The amendments have no impact on the Group CIES and to the net assets in the Group Balance Sheet.



Areas of Audit Focus

Other Areas of Audit Focus - continued

Calculation of Expected Credit Loss (NWES Loan)

What is the risk?

In November 2018 Norfolk & Waveney Enterprise Services (NWES) became indebted to the Council after failing to repay a loan for £2.75 million.

An agreement had been signed that the KLIC building to be treated as collateral against the loan. As a result, in the 2018/19 audit, we revisited the application of the expected credit loss model for the remaining loan with NWES. Following on from these procedures, an audit adjustment was required to recognise an 85% credit loss against the loan (£0.951 million).

There is a risk around the calculation of expected credit loss in the 2019/20 accounts and the reasonableness of methodology and assumptions.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Review the Council's calculation of the expected credit loss model; and
- ▶ Test that accounting entries have been correctly processed in the financial statements.

What are our conclusions?

We completed the work in this area and we did not identify any inappropriate calculation of expected credit loss model.

Our testing of journals was completed and we did not identify any instances where the accounting entries were incorrectly processed in the financial statements.



Areas of Audit Focus

Other Areas of Audit Focus - continued

Classification of Grant Income

What is the risk?

In the 2018/19 audit, we reported material audit differences as a number of grants were incorrectly classified as 'specific' in nature, resulting in the overstatement of Net Cost of Services and the understatement of Taxation & Non-specific Grant Income. This resulted in other disclosure adjustments required to update grant-related notes.

There is a risk that grant income may be misclassified resulting in the under/over statement of net cost of services income.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Sample test grant income to underlying central government (or other appropriate) notifications; and
- ▶ Review conditions of grants and check accounting treatment is appropriate.

What are our conclusions?

Our sample testing of Grant Income did not identify any instances where grants had been classified incorrectly, or an inappropriate accounting treatment had been used.

We have no matters to report as a result of completing our planned procedures.



Areas of Audit Focus

Other Areas of Audit Focus - continued

Incorrect classification of Assets Held for Sale (AHFS)

What is the risk?

In the 2018/19 audit we identified a number of errors relating to the classification of Assets Held for Sale (AHFS), where assets tested did not meet the criteria and the balance was overstated (with understatement of PPE).

Given the nature of errors identified in the prior year, and given the balance has increased from £0.934 million to £9.754 million as per version 3 of the 2019/20 Financial Statements, there is a risk that the balance may be misstated.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Sample test assets held for sale and check that items meet the criteria;
- ▶ Review sales documentation from after the year-end to check that assets classified as held for sale as at 31 March 2020 were subsequently sold.

What are our conclusions?

We completed the work in this area and set out our findings below:

- The closing balance of AHFS was increased by the agreed/estimated sales prices of the assets at £4.031 million, which was not compliant with the Code of Practice on Local Authority Accounting and IFRS 5 accounting standards which require the assets to be measured at the lower of carrying amount or the fair value less cost to sell. This resulted an overstatement of £4.031 million in both AHFS and Revaluation Reserve.
- We also found that the disposal derecognised in AHFS of £20.970 million was related to assets that were completed and sold during the year and therefore they do not meet the definition and criteria of AHFS. Hence this was a misclassification error between AHFS and Assets Under Construction.
- In addition, the disposals were written out as 'sales proceeds' rather than the carrying amount of the assets, £18.822 million. This resulted a difference of £2.148 million which should be recorded as gain on disposal in CIES.
- Furthermore, there was a misclassification between AHFS and PPE - Assets Under Constructions (AUC) for additions, £7.503 million and assets newly classified as held for sale, £8.629 million. As a result, AHFS was overstated by £16.132 million.

As a result of the errors above, the AHFS was understated by a net difference of £0.807 million and the PPE-AUC was overstated by £2.690 million while the Revaluation Reserve was overstated by £4.031 million and the Gains on Disposal in CIES was understated by £2.148 million.



Areas of Audit Focus

Other Areas of Audit Focus - continued

Preparation of Cash Flow Statement

What is the risk?

In the prior year, we identified a number of issues with the cash flow statement in the initial 2018/19 draft accounts where an incorrect format had been used and figures were inconsistent with the remainder of the Financial Statements. This resulted in a revised cash flow statement being prepared, and various adjustments were made across several line items.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Review cash flow statement and check internal consistency to the primary statements and disclosure notes; and
- ▶ Review presentation of the cash flow statement and associated notes are in line with the CIPFA Code of Practice.

What are our conclusions?

We have completed our work in this area and identified a number of mis-mappings within the Cash Flow Statement, where the figures did not match with other sections of the Statement of Accounts and supporting working papers. Consequently, Management had to re-create the Cash Flow Statement to ensure consistency within the Cash Flow Statement and to other parts of the Statement of Accounts.



Areas of Audit Focus

Other Areas of Audit Focus - continued

Impact of Covid-19 - going concern

What is the risk?

Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19.

We considered the unpredictability of the current environment gave rise to a risk that the Council may not appropriately assess and disclose the key factors relating to going concern, underpinned by managements assessment, with particular reference to Covid-19 and the Council's actual year end financial position and performance.

What did we do and what judgements did we focus on?

In order to address this risk we performed a range of procedures including:

- ▶ Obtaining management's going concern assessment and reviewing it for any evidence of bias and consistency with the accounts;
- ▶ Reviewing the financial forecasts prepared by the Council. This considered key assumptions, and the risk to cash flow up to the date of 12 months after the signing date of the accounts and opinion;
- ▶ Ensuring that an appropriate going concern disclosure has been made within the Financial Statements; and
- ▶ Considering the impact on our audit report and complying with EY consultation requirements.

What are our conclusions?

We have received Management's updated assessment of Going Concern for 2019/20, and have completed our planned procedures in this area, including a review of the update disclosure note.

We have no matters to report.



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03 Audit Report

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Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

Opinion

We have audited the financial statements of Borough Council of King's Lynn and West Norfolk for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Authority and Group Movement in Reserves Statement,
- ▶ Authority and Group Comprehensive Income and Expenditure Statement,
- ▶ Authority and Group Balance Sheet,
- ▶ Authority and Group Cash Flow Statement,
- ▶ the related notes 1 to 41 to the Authority Accounts and G1 to G3 to the Group Accounts,
- ▶ Collection Fund and the related notes C1 to C4; and
- ▶ The Significant Accounting Policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Borough Council of King's Lynn and West Norfolk and Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Audit Report - continued

Our proposed opinion on the financial statements

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the Assistant Director - Resources (S151 Officer)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Assistant Director - Resources (S151 Officer)m has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the "Statement of Accounts 2019/2020", other than the financial statements and our auditor's report thereon. The Assistant Director - Resources (S151 Officer) is responsible for the other information.

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Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Borough Council of King's Lynn and West Norfolk put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.



Audit Report - continued

Our proposed opinion on the financial statements

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Assistant Director - Resources (S151 Officer)

As explained more fully in the “Statement of the Responsibilities” set out on pages 1 and 2, the Assistant Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Assistant Director - Resources (S151 Officer) is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Audit Report - continued

Our proposed opinion on the financial statements

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether Borough Council of King's Lynn and West Norfolk had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Borough Council of King's Lynn and West Norfolk put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Borough Council of King's Lynn and West Norfolk had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Borough Council of King's Lynn and West Norfolk in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Borough Council of King's Lynn and West Norfolk, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



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04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of Adjusted differences

We highlight misstatements greater than our reporting threshold of £0.091 million which management have chosen to adjust within the revised financial statements.

1. Intangible Assets

We identified an audit difference of £0.500 million relating to ‘Better Broadland for Norfolk’ Project which was incorrectly recognised as Intangible Assets on the accounts. The transaction should be classified as REFCUS as the asset was not owned by the Council. There is no impact from this reclassification on the bottom line of the Council’s Comprehensive Income & Expenditure Statement (CIES) or on General Fund Reserves.

This has the following impact:

Dr Intangible Assets, £0.500 million
Cr REFCUS, £0.500 million

2. Housing Benefits Payable

We identified that the year-end outstanding balance of £0.832 million which was owed by the Council to Department for Work and Pensions. However, there was no accrual made for the outstanding amount. This resulted an understatement of £0.832 million in both Short-Term Payable in the Balance Sheet and the Gross Expenditure in CIES.

This has the following impact:

Dr CIES Gross Expenditure, £0.832 million
Cr Short-Term Payables, £0.832 million

3. Provision for bad debts on Council Tax

Our audit identified that the provision for bad debts on Council Tax was under-provided by £0.359 million. The difference was due to a lower than expected provision percentage being used in the original calculation. This resulted an understatement of £0.359 million in both Provision for Bad Debts and the Gross Expenditure in CIES.

This has the following impact:

Dr CIES Gross Expenditure, £0.359 million
Cr Provision for bad debts, £0.359 million

4. Capital Adjustment Account (CAA)

We found that the CAA was overstated by £0.500 million due to an incorrect amount in Capital grants and contributions being credited to the CIES, that should have been applied to capital financing. As a result, the Capital Grants Unapplied within the Useable Reserve was also understated by £0.500 million.

This has the following impact:

Dr Useable Reserves - Capital Grants Unapplied Account, £0.500 million
Cr Unusable Reserves - Capital Adjustment Account, £0.500 million



Audit Differences

Summary of Adjusted differences (continued)

5. Long-Term Debtors

We identified a misclassification error of £0.559 million between Long-term Debtors and Short-term Debtors, relating to the timing of an amount due from Norfolk County Council for the NORA Housing Joint Venture.

This has the following impact:

- Dr Short-Term Receivables, £0.559 million
- Cr Long-Term Receivables, £0.559 million

6. Property, Plant and Equipment (PPE)

A number of misstatements were identified during the audit as follows:

- Our PPE disposal testing found that the Assets Under Construction (AUC) was understated by £5.851 million due to the incorrect derecognition of the Lynnsport New Access Road. The road was transferred to Norfolk County Council in December 2021 but it was incorrectly recorded in 2019/20.
- Our PPE valuation work identified that one asset, NORA Waterfront Development Land, was updated with the incorrect valuation for Boal Quay Car Park and as a result the Other Land and Buildings (OLB) and the Revaluation Reserve were both understated by £1.938 million.
- Our PPE valuation testing identified an audit difference of £0.197 million relating to St Augustine Living Centre where an incorrect valuation was used to update the Fixed Assets Register (FAR). This resulted an overstatement of £0.197 million in OLB and an understatement of £0.104 million in Revaluation Reserve and an understatement of £0.093 million in CIES.
- We identified a calculation error in the revaluation of two caravan sites, Vegas of £0.469 million and South Shore of £0.035 million. As a result the OLB was overstated by £0.570 million while the corresponding entry in the Revaluation Reserve was overstated by £0.469 million and CIES - Deficit on Revaluation of Non-Current Assets was understated by £0.101 million respectively.
- We also identified that the valuation of NEWS Depot was understated by £0.177 million due to a valuation movement in 2018/19 was omitted in the FAR.
- In addition, Management identified an understatement of £0.628 million in Other Land and Buildings (OLB), relating to the valuation of two car parks, Boal Quay car park of £0.058 million and Baker Lane car park of £0.570 million. The difference was due to updated valuation information being provided by Management's Internal valuer subsequent to the preparation of the draft financial statements.

The above has the following impact:

- Dr PPE, £7.827 million
- Cr Revaluation Reserve, £2.170 million
- Cr CIES, £5.657 million



Audit Differences

Summary of Adjusted differences (continued)

7. Assets Held For Sale (AHFS)

Our testing identified the following misstatements:

- The closing balance of AHFS was increased by the agreed/estimated sales prices of the assets at £4.031 million, which was not compliant with the Code of Practice on Local Authority Accounting and IFRS 5 accounting standards which require the assets to be measured at the lower of carrying amount or the fair value less cost to sell. This resulted an overstatement of £4.031 million in both AHFS and Revaluation Reserve.
- We also found that the disposal derecognised in AHFS of £20.970 million were related to assets that were completed and sold during the year and therefore they do not meet the definition and criteria of AHFS. Hence this was a misclassification error between AHFS and AUC.
- In addition, the disposals was written out at sales proceeds rather than the carrying amount of the assets of £18.822 million. This resulted a difference of £2.148 million which should be recorded as gain on disposal in CIES.
- Furthermore, there was a misclassification between AHFS and PPE - Assets Under Constructions (AUC) for additions, £7.503 million and assets newly classified as held for sale, £8.629 million. As a result, AHFS was overstated by £16.132 million.

The above has the following impact:

Dr Assets Held For Sale, £0.807 million
Dr Revaluation Reserve, £4.031 million
Cr PPE, £2.690 million
Cr CIES - Gains on Disposal, £2.148 million

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Disclosure differences

During the audit we identified a large number of disclosure amendments in the draft financial statements which management have chosen to adjust. We do not deem majority of these merits bringing to your attention, with the exception of the following:

1. **Note 6 Assumptions made about the future and other major sources of estimation uncertainty** - Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty were included in the year-end valuation reports produced by the Council's valuer. We considered that the material uncertainties disclosed by the valuer gave rise to an increased risk relating to disclosures on the valuation of property, plant and equipment and investment property valued using existing use value or fair value and thus we requested that further disclosure to be included within Note 6 in the accounts.
2. **Cash Flow Statement** - we identified a number of mis-mapping within the Cash Flow Statement where the figures did not match with other sections of the statement of accounts and supporting working papers. Consequently, management had to re-create the Cash Flow Statement.
3. **Operating Leases - Council as lessor** - our review of operating leases identified a duplicate operating lease of £9.621 million being included in the disclosure note (Note 23) and therefore overstating the future minimum lease payments receivable later than five years from £52.020 million to £61.661 million.



Audit Differences

Summary of Unadjusted differences

To date, we have identified the following unadjusted differences:

1. REFCUS Expenditure

In our REFCUS (Revenue Expenditure Funded as Capital Under Statute) testing, we identified an audit difference of £1,000 relating to an incorrect posting of a prior year invoice. As a result, this has led to a projected misstatement of £0.101 million based on the error rate within our sample.

This has the following impact:

Dr REFCUS, £0.101 million

Cr Short-Term Payables, £0.101 million

2. Pension Liability

In the assurance letter that we received from the auditors of the Norfolk Pension Fund, it was noted that the investment assets at the Pension Fund level were understated, with an estimated impact on King's Lynn share of £0.515 million. Whilst there is no direct correlation to the impact on the Council's Pension Liability, the increase in Pension Fund assets does ordinarily reduce the Council's Pension Fund Liability by a not dissimilar number. The Council would need to get a further report from the actuary to be able to quantify the impact on the Pension Liability. Given that this is an estimation, our judgement is that this would not lead to a material misstatement within the Council's Pension Fund Liabilities or disclosures.

This has the following impact:

Dr CIES - Actuarial Gains/Losses, £0.515 million

Cr BS - Pension Liability, £0.515 million

3. Assets Held For Sales (AHFS)

Our AHFS addition testing identified two items, consisting a debit entry of £0.207 million and a credit entry of £0.105 million, which were related to a reallocation posting between Addition and Debtors for Sales Proceeds of a major housing project. However there was a lack of evidence and rationale to support the posting. This resulted a net error of £0.102 million where we judged the additions were overstated.

This has the following impact:

Dr Short-Term Receivables, £0.102 million

Cr AHFS, £0.102 million



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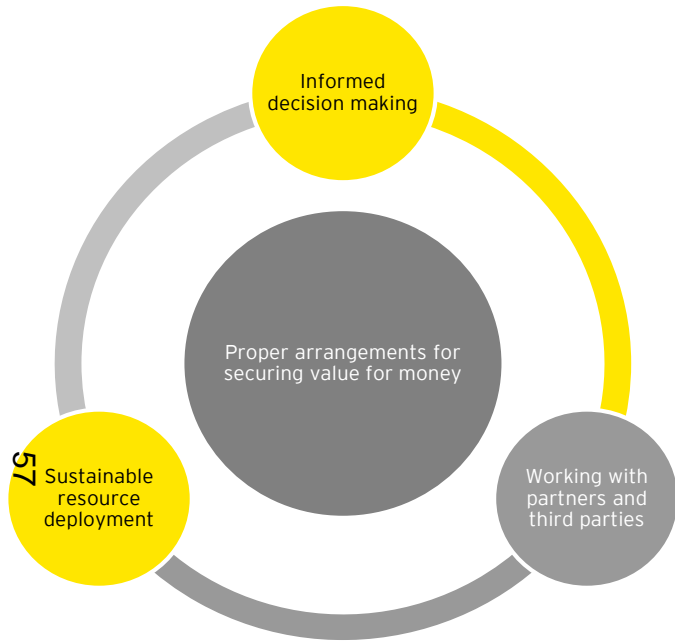
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Value for Money Risks





Value for Money



Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 Value for Money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 Value for Money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019/20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 VFM arrangements conclusion.

We did not identify any significant matters with those arrangements.

Overall conclusion

We did not identify any significant risks around these arrangements. We have considered our initial assessment and have not identified any new risks.

We therefore expect to be able to conclude positively about the Council's arrangements to secure economy, efficiency and effectiveness in your use of resources.



06 Other reporting issues



Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information within the Financial Statements 2019/20 with the audited financial statements. Financial information in the Financial Statements 2019/20 and published with the financial statements was consistent with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance. We have reviewed the Annual Governance Statement and confirm it is consistent with other information from our audit of the financial statements.

We have no other matters to report.

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Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are not required to carry out any procedures on the Authority's Whole of Governance Accounts (WGA) submission, as the Council falls below the National Audit Office (NAO) threshold, and the NAO has formally closed the submission window.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.


We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues and have had no reason to exercise these duties.

Other reporting issues - continued

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and

 Group Audits.

We have no matters to report on the above.

We do have matters to report in relation to the following:

- ▶ **Any significant difficulties encountered during the audit** - Our audit has suffered significant delay as we were not able to obtain all the required working papers and evidence in the time windows that we had originally planned and agreed with the Council and aligned our resources too.

In addition, it proved very difficult to run the necessary reports from the General Ledger (GL) system which would give us the Income and Expenditure populations for our sample testing, and that reconciled fully to the financial statements. We were provided with a third version of the accounts after a considerable amount of time had already been spent on the audit by our team, and this led us to need to revise our materiality levels with a resultant need to update all of our working papers accordingly. As a result of this, some top-up samples had to be selected for some account balance testing.

This also meant that we could not use our GL analyser for journals testing, as there was now an additional population of journals posted between version 2 and 3 of the financial statements that were not captured in the analytics transfer and which we had to consider. As we received version 3 of the accounts, we also received a new Fixed Asset Register (FAR), which meant that we had to revisit and re-do a significant amount of our Property, Plant & Equipment (PPE) and Investment Property (IP) work that we had previously completed, and it took our team a considerable amount of time to reconcile the new FAR to the accounts.

- ▶ **Written representations we have requested:** As a result of the control weaknesses reported in sections 1 and 7, we are requesting from Management an additional representation that they have performed the necessary assessment to satisfy themselves that the valuation of PPE and IP in the accounts is materially correct. See Appendix B of this report.

We have no other matters to report.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of Borough Council of King's Lynn and West Norfolk to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether Borough Council of King's Lynn and West Norfolk has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have the following overall observations to make about the close-down process:

- 1. Draft financial statement version control:** We received 3 different versions of the draft statements throughout the audit. Changes had to be made to version 1 of the accounts to reflect the final adjustments as a result of concluding the 2018/19 audit. We were then informed that further changes had to be made to version 2 of the accounts as not all the relevant Property, Plant & Equipment and Investment Property journals had been processed. This caused inefficiencies in our audit as our materiality level had to be recalculated upon receiving version 3 of the accounts, which led in some cases to samples having to be re-selected. It also meant that we did not have the full population of journals from our data analytics extract, given the adjustments that were posted months after we had begun our audit. As a result, we have had to spend more time trying to obtain and agree the full population of journals.

Recommendation: The Council should implement robust quality control procedures to ensure the accuracy and completeness of the 2023/24 draft financial statements.

- 2. PPE valuation original supporting documentation:** It is our understanding that the Council's Internal Valuer that prepared the valuations left the Council at some point before the audit commenced, and the new valuers were not able to retrieve some of the supporting documentation for that valuation that we requested for our testing of valuations. We were not provided with the supporting valuation sheet for one of the items in our sample. We were also not able to obtain a final version of the valuation report to corroborate the figures in the financial statements. We have therefore planned and executed alternative audit procedures in order to obtain sufficient appropriate assurance from the new valuers in respect of the 2019/20 valuations.

Recommendation: The Council should consider the processes currently used to support the valuation of properties, including to obtain all the supporting valuation sheets in a timely manner and to undertake a management review of the valuation report to determine if the assumptions and estimates included within the valuation report are reasonable and in line with expectations.

- 3. Property, Plant and Equipment assets valuation programme:** The Council carries out a rolling programme to ensure that all property, plant and equipment requested to be measured at fair value is revalued at least every five years. However, our review of the assets revaluation identified that a number of assets, totalling £2.573 million, were valued prior to 2016 and therefore they fall outside the 5-year valuation programme. While these assets remained materially accurate at year ended 31 March 2020 and were subsequently valued in 2020/21, they were not compliant with the Code of Practice on Local Authority Accounting which requires assets must be revalued every five years as a minimum.

Recommendation: The Council should ensure all assets are valued within the 5-year rolling programme in accordance with the Code requirements.



Assessment of Control Environment

Financial controls (continued)

4. **IAS 19 pension agreement with subsidiary company:** When performing our IAS19 Pension procedures we noted that there was a difference between the level of contributions paid by the Council and the contributions disclosed in the Pension Fund Actuary report. Further enquiries determined that this difference was due to the fact that the Council is in a pooling arrangement for the LGPS scheme with some of its subsidiary companies, and the contributions paid in respect of this would appear in the Actuary report. However, there was no formal pooling agreement signed between the Council and Alive West Norfolk Ltd even though its contributions had been treated as if both entities had an agreement in practice. While the audit difference is below our reporting threshold (Section 4) this is clearly a control weakness.

Recommendation: The Council should ensure that a formal agreement is approved and signed before the commencement of the pooling arrangement with its subsidiary companies.

5. **Long-term receivables:** The Council provided drawdown facility to its subsidiary, New Norfolk Housing Ltd, during the year. Our testing identified a control weakness where there was no signed facility agreement in place when the first drawdown took place in November 2019. The agreement was later signed and dated on 22 March 2021, which was over 12 months from the date of the first drawdown.

Recommendation: The Council should ensure that facility agreements offered to subsidiary companies are approved and signed before the commencement of the facility to which they relate.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We considered whether circumstances arising from COVID-19 resulted in a change to the overall control environment of effectiveness of internal controls, for example due to significant staff absence or limitations as a result of working remotely. We identified no issues which we wish to bring to your attention.



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08

Independence

Independence

Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our Audit Plan dated 24 February 2021.

We complied with the FRC Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit Committee on 28 February 2021.

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2020 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed in have been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

Fee Analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2020. We confirm that we have not undertaken any non-audit work.

| | Proposed Final Fee 2019/20 | Scale Fee 2019/20 | Final Fee 2018/19 |
|--|----------------------------|-------------------|-------------------|
| | £'s | £'s | £'s |
| Total Audit Fee - Code work (see note below) | 39,494 | 39,494 | 39,494 |
| Variations to the 2018/19 scale fee | | | 49,288 |
| Changes in work required to address professional and regulatory requirements and scope associated with risk (See Note 1) | 40,956 | - | - |
| Revised Proposed Scale Fee | 80,450 | - | - |
| Additional work required for additional audit risks, audit delays and in respect of Covid-19 financial reporting considerations (See Note 2) | TBC | - | - |
| Total Fees | TBC | 39,494 | 88,782 |

All fees exclude VAT

Notes:

Note 1 - For 2019/20 the scale fee has been re-assessed to take into account a number of risk factors as outlined below:

- Procedures performed to address the risk profile of the Council (including the 2 new entities that are now consolidated into the group): £20,277
- Additional work to address increase in Regulatory standards: £18,752
- Client readiness and IT support for Data Analytics: £1,927

This revised scale fee has been discussed with management and is subject to review and determination by the PSAA Ltd.

Note 2 - As set out in this report, we have had to perform additional audit procedures to respond to the financial reporting an associated audit risks pertaining to Covid-19, other additional audit risks and for the significant delays to our audit. As we are concluding our work in relation to these areas, we cannot quantify the fee impact at this time. We will provide an update on the additional fee implications at the conclusion of the audit and report this within the Annual Audit Letter.

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the Audit Committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)







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Appendices





Appendix A

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

|  Our Reporting to you | | |
|--|---|--|
| Required communications |  What is reported? |   When and where |
| Terms of engagement | Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Our responsibilities | Reminder of our responsibilities as set out in the engagement letter. | Audit Plan dated 24 February 2021 |
| 70 Planning and audit approach | Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. | Audit Plan dated 24 February 2021 |
| Significant findings from the audit | <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process | Audit Results Report presented to the Audit Committee on 16 January 2024 |






Appendix A - continued

| | |  Our Reporting to you |
|-------------------------|--|--|
| Required communications |  What is reported? |   When and where |
| Going concern | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements | No conditions or events were identified, either individually or together to raise any doubt about the Borough Council of King's Lynn and West Norfolk ability to continue for the 12 months from the date of our report. |
| Misstatements 71 | <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management | Audit Results Report presented to the Audit Committee on 16 January 2024 |
| Subsequent events | <ul style="list-style-type: none"> ▶ Enquiry of the Audit Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. | Audit Results Report presented to the Audit Committee on 16 January 2024 |
| Fraud | <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. | Audit Results Report presented to the Audit Committee on 16 January 2024 |

Appendix A - continued

| | | Our Reporting to you |
|---------------------------------------|---|--|
| Required communications | What is reported? | When and where |
| Related parties | <p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority | Audit Results Report presented to the Audit Committee on 16 January 2024 |
| 72 Independence | <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> | <p>Audit Plan dated 24 February 2021</p> <p>Audit Results Report presented to the Audit Committee on 16 January 2024</p> |
| External confirmations | <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures | We have received all requested confirmations |
| Consideration of laws and regulations | <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of | Audit Results Report presented to the Audit Committee on 16 January 2024 |
| Internal controls | <ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit | Audit Results Report presented to the Audit Committee on 16 January 2024 |

Appendix A - continued

| | |  Our Reporting to you |
|--|---|---|
| Required communications |  What is reported? |   When and where |
| Written representations we are requesting from management and/or those charged with governance | <ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance | Audit Results Report presented to the Audit Committee on 16 January 2024 |
| Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | <ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | Audit Results Report presented to the Audit Committee on 16 January 2024 |
|  Auditors report | <ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report | Audit Results Report presented to the Audit Committee on 16 January 2024 |
| Fee Reporting | <ul style="list-style-type: none"> ▶ Breakdown of fee information when the Audit Plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work | <p>Audit Plan dated 24 February 2021</p> <p>Audit Results Report presented to the Audit Committee on 16 January 2024</p> |



Appendix B – Request for a Management Representation Letter

Request for a Management Representation Letter



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Michelle Drewery
Assistant Director Resources/Section 151 Officer
Borough Council of King's Lynn & West Norfolk
Kings Court
Chapel Street
King's Lynn
Norfolk
PE30 1EX

30 November 2023

Ref:
Your ref:
Direct line: 01223 394547
Email: M.Hodgson@uk.ey.com

Dear Michelle,

Borough Council of King's Lynn & West Norfolk & Group – 2019/20 financial year Request for a letter of representation

International Standards on Auditing set out guidance on the use by auditors of management representations (ISA (UK&I) 580) and on possible non-compliance with laws and regulations (ISA (UK&I) 250). I have interpreted this guidance as it affects Local Government bodies and I expect the following points to apply:

- auditors may wish to obtain written representation where they are relying on management's representations in respect of judgemental matters (for example the level of likely incidence of a claim), which may not be readily corroborated by other evidence;
- auditors are likely to request written representations on the completeness of information provided;
- auditors may wish to obtain written representation on issues other than those directly related to the Statement of Accounts;
- the letter is dated on the date on which the auditor signs the opinion and certificate;
- the letter is signed by the person or persons with specific responsibility for the financial statements; and
- the letter is formally acknowledged as having been discussed and approved by the Audit Committee, as those charged with governance of the Group and Council.

I would expect the letter of representation to include the following matters.

General statement

That the letter of representations is provided in connection with our audit of the financial statements of Borough Council of King's Lynn & West Norfolk and Group ("the Group and Council") for the year ended 31 March 2020.

That you recognise that obtaining representations from you concerning the information contained in this letter is a significant procedure in enabling us to form an opinion as to whether the financial statements give a true and fair view of the financial position of the Group and Council as of 31 March 2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office.



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You understand that the purpose of our audit of your financial statements is to express an opinion thereon and that our audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent we considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, you make the following representations, which are true to the best of your knowledge and belief, having made such inquiries as you considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. That you have fulfilled your responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and Council the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. That you acknowledge as members of management of the Group and Council, your responsibility for the fair presentation of the Group and Council's financial statements. You believe the Group and Council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. You have approved the Group and Council financial statements.
3. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Group and Council, you believe that the Group and Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. You have disclosed to us any significant changes in your processes, controls, policies and procedures that you have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. That you believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, if relevant, accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

That you have not corrected these differences identified and brought to your attention by us because (please specify the reasons for not correcting the misstatements).



Appendix B – Request for a Management Representation Letter (continued)

Request for a Management Representation Letter

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B. Non-compliance with law and regulations, including fraud

1. That you acknowledge that you are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that you are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. That you acknowledge that you are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. That you have disclosed to us the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. You have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Group or Group and Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers") including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group and Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. You have provided us with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that we have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom we determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. That you have made available to us all minutes of the meetings of the Group and Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet



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been prepared) held through the year to the most recent meeting on the following date: 16 January 2024.

4. That you confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council related parties and all related party relationships and transactions of which you are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.
6. That you have disclosed to us, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of your last management representation letter to us, through the date of this letter, you have disclosed to us any unauthorized access to your information technology systems that either occurred or to the best of your knowledge is reasonably likely to have occurred based on your investigation, including of reports submitted to you by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to your information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to us and are appropriately reflected in the financial statements.
2. That you have informed us of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. That you have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements (please specify the Note) all guarantees that you have given to third parties.

E. Subsequent Events

1. That other than the disclosure described in Note X (insert Note) to the Group and Council's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Accounting Estimates

1. That you believe that the significant assumptions you used in making accounting estimates, including those measured at fair value, are reasonable.



Appendix B – Request for a Management Representation Letter (continued)

Request for a Management Representation Letter



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2. In respect of accounting estimates recognised or disclosed in the financial statements:

- That you believe the measurement processes, including related assumptions and models, you used in determining accounting estimates is appropriate and the application of these processes is consistent.
- That the disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
- That the assumptions you used in making accounting estimates appropriately reflects your intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

G. Expenditure Funding Analysis

1. You confirm that the financial statements reflect the operating segments reported internally to the Group and Council.

H. Going Concern

1. That the Group and Council has prepared the financial statements on a going concern basis and that Note X (insert note) to the financial statements discloses all of the matters of which you are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, your future financial plans and the veracity of the associated future funding allocations from the Department of Housing, Communities and Local Government, the sufficiency of cash flows to support those financial plans.

I. Ownership of Assets

1. That except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).

J. Reserves

1. You have properly recorded or disclosed in the Group and Council financial statements the useable and unusable reserves.



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K. Valuation of Property, Plant and Equipment Assets

1. That you agree with the findings of the experts engaged to evaluate the values of the Group and Council's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the Group and Council's financial statements and the underlying accounting records. That you did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and that you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
3. You confirm that the significant assumptions used in making the valuation of assets appropriately reflect your intent and ability to carry out specific courses of action on behalf of the entity.
4. You confirm that the disclosures made in the Group and Council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
5. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Group and Council financial statements due to subsequent events.
6. You confirm that you have performed a desktop review of all assets not subject to revaluation as part of the 5 year rolling programme for valuations and that each asset category is not materially misstated.
7. You confirm that for assets carried at historic cost, that no impairment is required.

L. Retirement benefits

1. That on the basis of the process established by you and having made appropriate enquiries, you are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with your knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and Group and Council financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
3. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.



Appendix B – Request for a Management Representation Letter (continued)

Request for a Management Representation Letter

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4. You confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. You confirm that the disclosures made in the consolidated and Group and Council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
6. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and Group and Council financial statements due to subsequent events.

M. Other information

1. You acknowledge your responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2019-2020.
2. You confirm that the content contained within the other information is consistent with the financial statements.

N. Group audits

1. There are no significant restrictions on your ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.
3. You confirm that entities excluded from the consolidated financial statements are immaterial on a quantitative and qualitative basis.

O. Use of the Work of a Specialist – Pension Liabilities

1. You agree with the findings of the specialists that you engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. You did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and you are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

P. Valuation of Pension Liabilities

1. You believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. You confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.



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3. You confirm that the disclosures made in the consolidated and council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

4. You confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and council financial statements due to subsequent events.

Q. Specific Representations

We require the following specific representations in addition to those above.

1. You confirm that you have reviewed the work of the new Internal Valuer and that their view, judgements and conclusion is complete and fully replaces that of the previous Internal Valuer upon which the draft financial statements were prepared and whose final report and some supporting documentation was not provided for audit.

I would be grateful if you could provide a letter of representation, which is appropriately signed and dated (by the s151 officer and Chair of Audit Committee) on the proposed audit opinion date (to be confirmed) on formal headed paper.

Yours sincerely

Mark Hodgson
Partner
Ernst & Young LLP
United Kingdom

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ED None

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| | | | |
|-----------------|--|---|----|
| REPORT TO: | AUDIT COMMITTEE | | |
| DATE: | 16 January 2024 | | |
| TITLE: | Audited Statement of Accounts 2019/2020 | | |
| TYPE OF REPORT: | Mandatory | | |
| PORTFOLIO(S): | Cllr C Morley, Portfolio Holder for Finance | | |
| REPORT AUTHOR: | Carl Holland, Financial Services Manager | | |
| OPEN/EXEMPT | Open | WILL BE SUBJECT TO A FUTURE CABINET REPORT: | No |

| |
|---|
| PURPOSE OF REPORT/SUMMARY: |
| To provide the Statement of Accounts 2019/2020 for consideration and approval for publication. |
| RECOMMENDATIONS: |
| That members of the Audit Committee:- 1. Approve the attached 2019/2020 Statement of Accounts. 2. Delegate authority to the Council's Section 151 officer and the Council's Chair of Audit Committee to sign-off the final and complete Statement of Accounts. 3. Note the "Letter of Representation". |
| REASONS FOR RECOMMENDATIONS: |
| To comply with the Accounts and Audit Regulations 2015 and provide an audited statement of accounts for our residents. |

1. Introduction

- 1.1 The Accounts and Audit Regulations 2015 ("the 2015 Regulations") set out detailed requirements for local authorities in relation to its annual audit and accounting processes.
- 1.2 The current version of the final statement of accounts 2019/20 are attached for the Committee's review and consideration.

2. Background

- 2.1 The statement of accounts for the year 2019/20 are based on all amendments agreed and reported in the "2019/2020 Audit Results report" also presented by Ernst and Young on today's Committee Agenda. Once approved by Audit Committee the Council's external auditors can complete their final processes before they sign the accounts.
- 2.2 Following completion of the auditors processes there may be some changes to the version reported today. A decision is therefore sought to permit the Council's Section 151 Officer in agreement with the Council Chair of Audit Committee to sign off the accounts including any subsequent changes identified during the finalisation of the audit to enable conclusion of the audit and publication of the accounts. This is reflected in this report's recommendation.

2.3 In addition to the 2019/2020 Statement of Accounts, The papers include a “Letter of Representation” that the Section 151 officer must sign to provide assurance to the external auditors that all relevant and related matters at the Council and in respect of its related Group Accounts have been disclosed. This is provided for information to the Audit Committee.

3. Financial Implications

3.1 The costs to finalise and publish the accounts are incorporated within existing staff capacity.

4. Any other Implications/Risks

4.1 Closure of the 2019/2020 audit enable the Councils Section 151 Officer to prepare plans for audit and closure of the subsequent sets of accounts due since 2019/20.

5. Equal Opportunity Considerations

5.1 None, this is not a new policy, function or service being considered.

6. Background Papers

[The Accounts & Audit Regulations 2015](#)

Borough Council of
King's Lynn &
West Norfolk



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 Ryves, 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 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)

Date:

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



78%

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

West Norfolk has a population of

151,383*



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 2018/2019

6,145



Total business rates properties at 31/3/2019

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 2018/2019

Amount collectable re BCKLWN **£6.2m**

74,043



Total domestic properties at 31/3/2019

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

£30.6 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 527,200 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).

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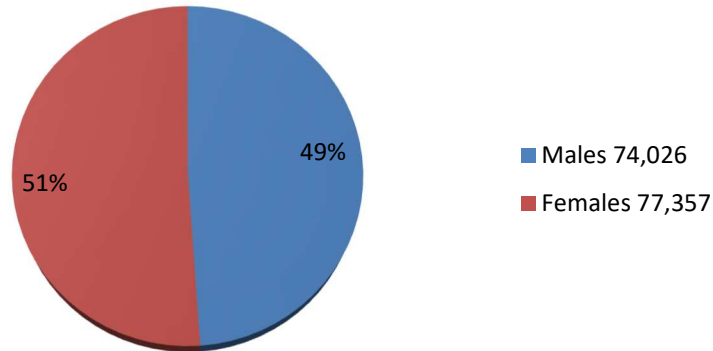
The COVID-19 outbreak and consequent 'lockdown' of parts of society and the economy had an immediate and continuing negative impact on our local economy broadly in line with the effects felt throughout the country as a whole. It is too early to be able to understand completely but what is clear is that 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.

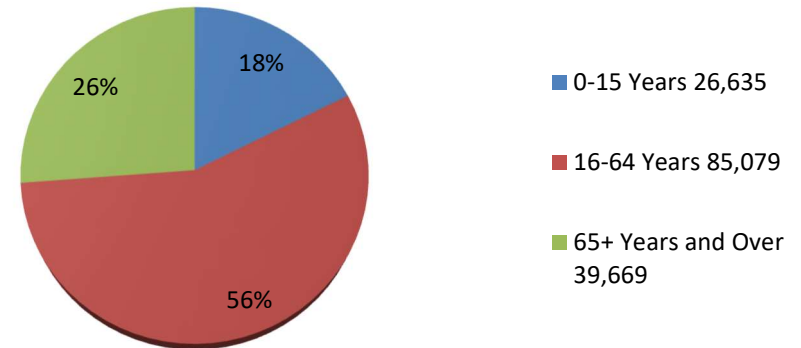
Population

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 79th (lower number indicates higher deprivation) out of 317 local authorities for overall deprivation – for Education, Skills and Training West Norfolk ranks 17th and for Health and Disability West Norfolk ranks 63rd.

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

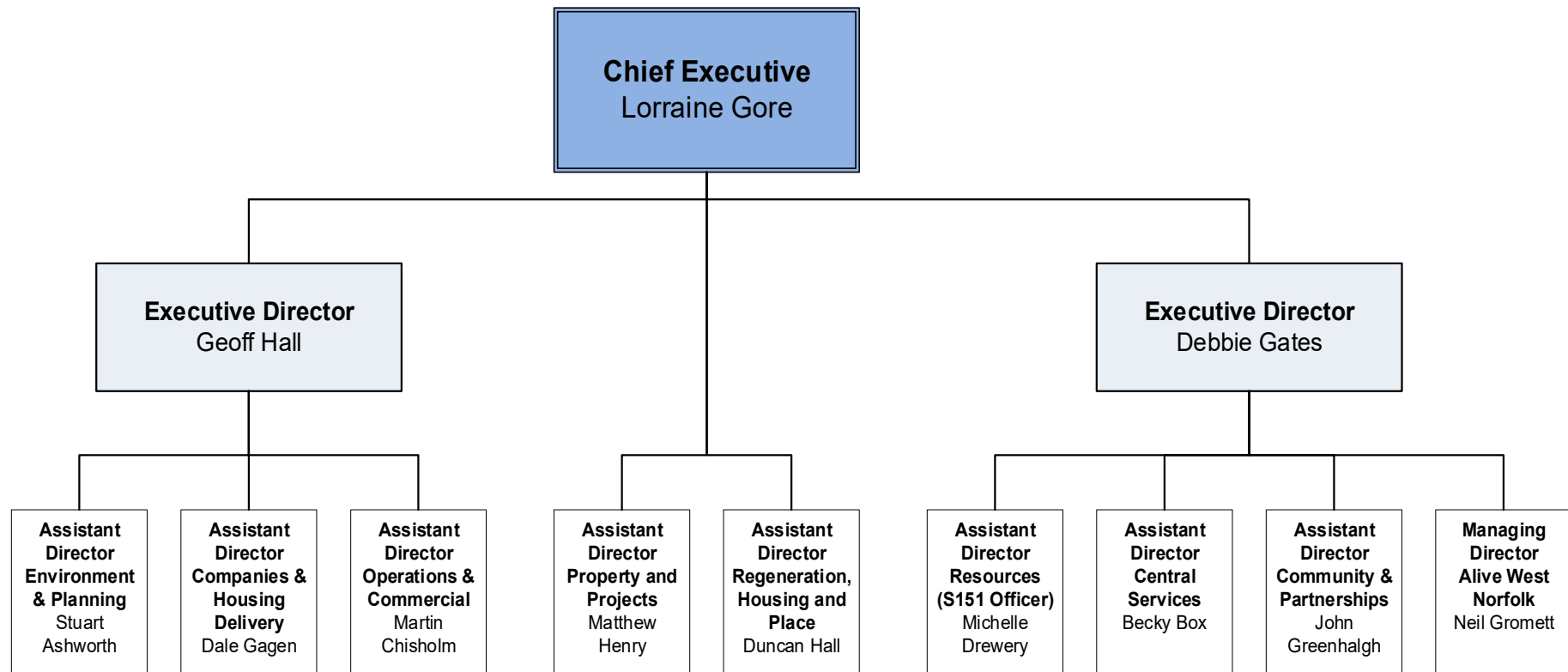
The Cabinet makes recommendations to the Council on the policy and budget framework. It also carries out all the executive functions of the Council which are not reserved to the full Council, exercised by another committee or delegated to an officer.

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."

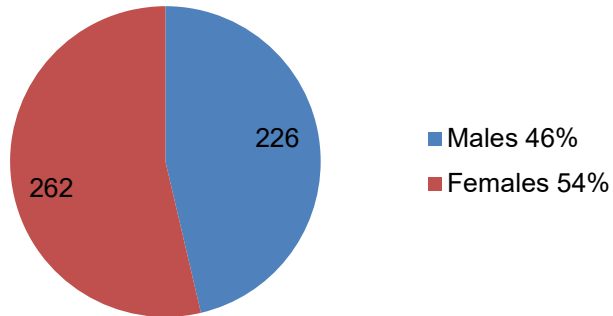
Our People

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

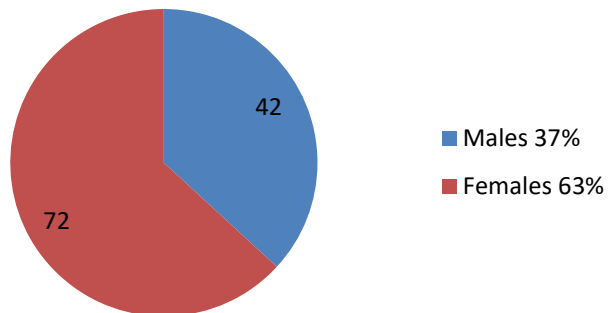


The Council's permanent establishment is currently 488 posts of which 346 are full time and 142 are part time, giving an establishment FTE of 452.35. As at 31st March 2020 the headcount (ie number of people in post) is 467.



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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 31st 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:

| 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 |
|--|--|--|---|--|--|
| 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 | | | |

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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 £17,656,356. A contribution to the General Fund reserve of £1.517m was made in 2019/20 to reimburse for the lump sum payment of £4.250 made in 2017/18. Following which it was forecast to move £204,120 from its General Fund balance, to give a Budget Requirement of £19,097,930.

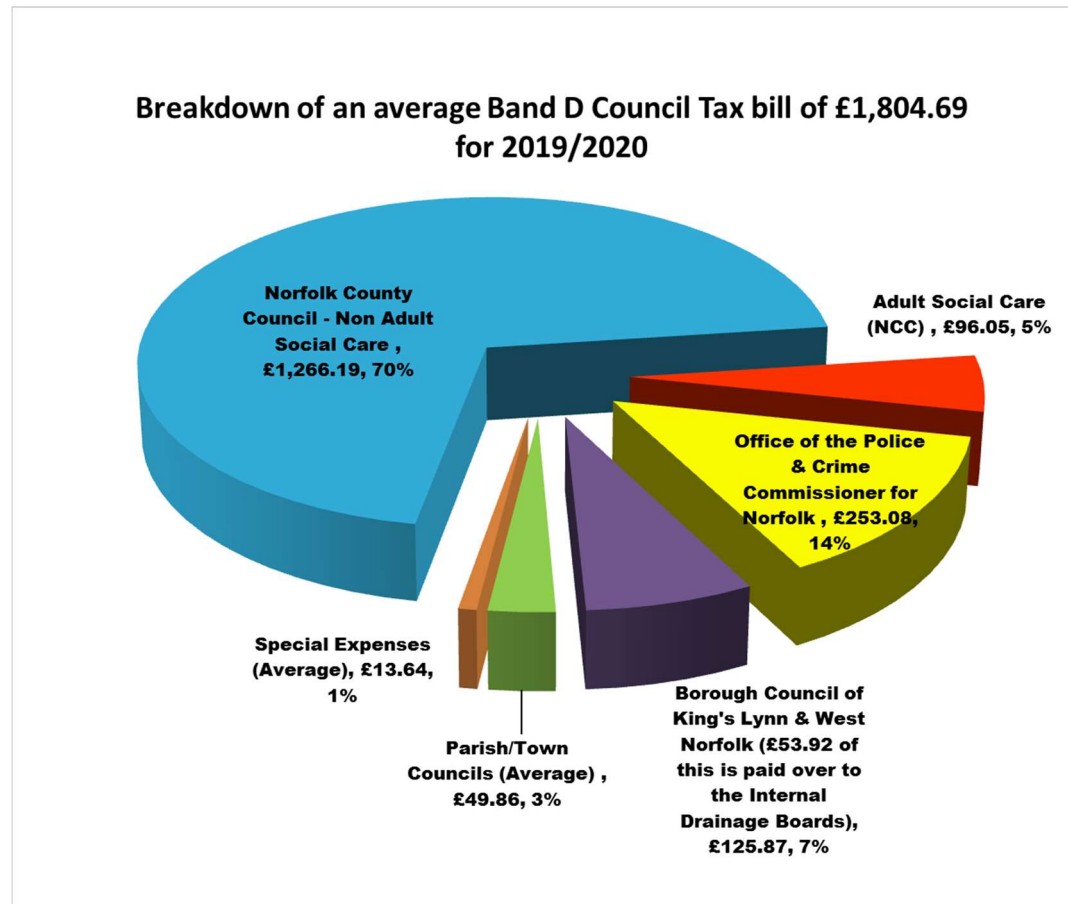
The outturn position for the year shows expenditure of £17,595,062, a contribution to the General Fund reserve of £1,517,000 was made in 2019/20 to reimburse for the lump sum payment of £4,250,000 made in 2017/18 and a transfer of £14,132 from the General Fund Balance thereby meeting the Budget Requirement 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 |
| Balance brought forward | | (7,610) | | (7,610) | | (7,610) |
| 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 |
| Balance carried forward | | (7,509) | | (9,052) | | (9,113) |
| Adjustments required after reporting the outturn to Cabinet | | | | | | (137) |
| Balance carried forward | | | | | | (9,250) |

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

| Revenue Outturn | Revised Estimate 2019/20 £ | Actual Outturn 2019/20 £ | (Surplus)/ Deficit £ |
|---|---|---|-------------------------------------|
| Corporate | 4,254,562 | 4,757,541 | 502,979 |
| Democracy | 1,253,930 | 1,258,730 | 4,800 |
| Services Areas: | | | 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) |
| Service Area Totals | 13,088,106 | 17,276,490 | 4,188,384 |
| 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 |
| Subtotal | 17,656,356 | 17,595,062 | (61,294) |
| 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 |
| Borough spend for 2019/2020 | 19,097,930 | 19,097,930 | 0 |
| Additional contribution to Balances | 0 | 0 | 0 |
| Revenue Outturn 2019/2020 | 19,097,930 | 19,097,930 | 0 |

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

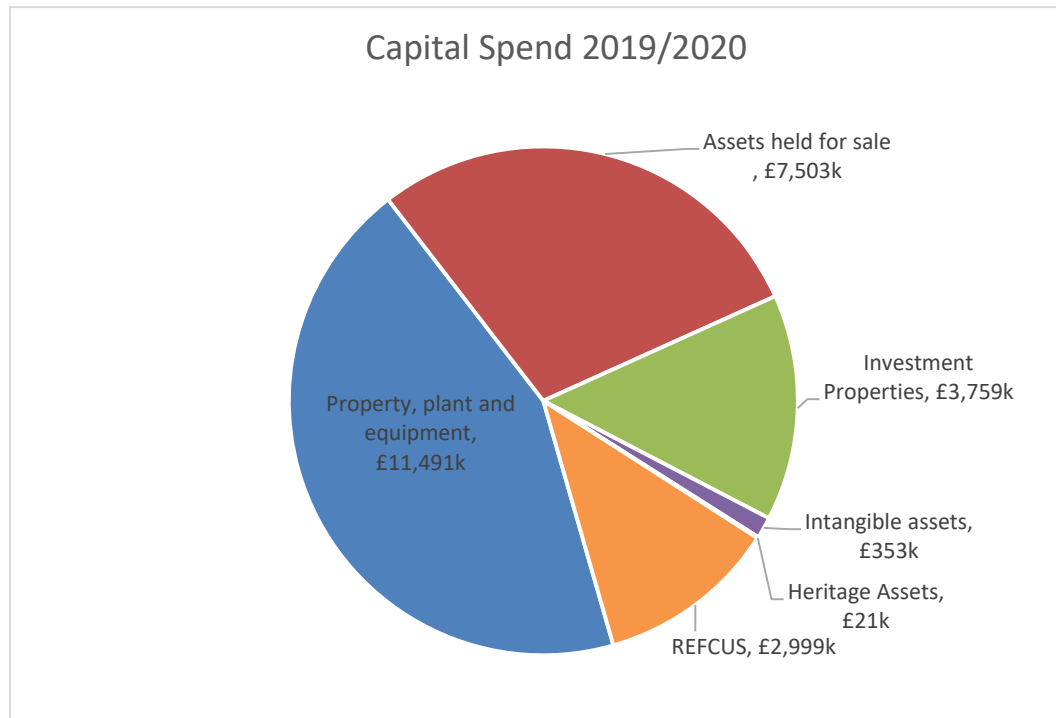


Financial Performance – Capital

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 £26.1m on capital schemes. The areas of expenditure included



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

| Capital Programme 2019/2020 | | | | | |
|------------------------------------|-----------------------------------|---|---|------------------------------------|---|
| Scheme Title | Budget 2019/2020 £ | Rephasing (to)from 2020/2021 £ | Revised Budget 2019/2020 £ | Outturn 2019/2020 £ | Variance from Revised Budget £ |
| Major Projects | | | | | |
| 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 |
| Total Major Projects | 19,460,000 | (3,425,070) | 16,034,930 | 17,072,247 | 1,037,317 |
| Operational Schemes | | | | | |
| Central and Community Services | 3,343,440 | 206,630 | 3,550,070 | 3,631,618 | 81,548 |
| 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 |
| Total Operational Schemes | 6,162,560 | (2,014,610) | 4,147,950 | 4,294,557 | 146,607 |
| | | | | | |
| Capital Loans | - | - | - | 1,819,528 | 1,819,528 |
| | | | | | |
| Total Capital Programme | 25,622,560 | (5,439,680) | 20,182,880 | 23,186,332 | 3,003,452 |
| | | | | | |
| Exempt Schemes | 4,809,300 | (1,049,510) | 3,759,790 | 3,759,795 | 5 |

King's Lynn Innovation Centre (KLIC)



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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 £1,214,356. 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 councils 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 £219,328 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.

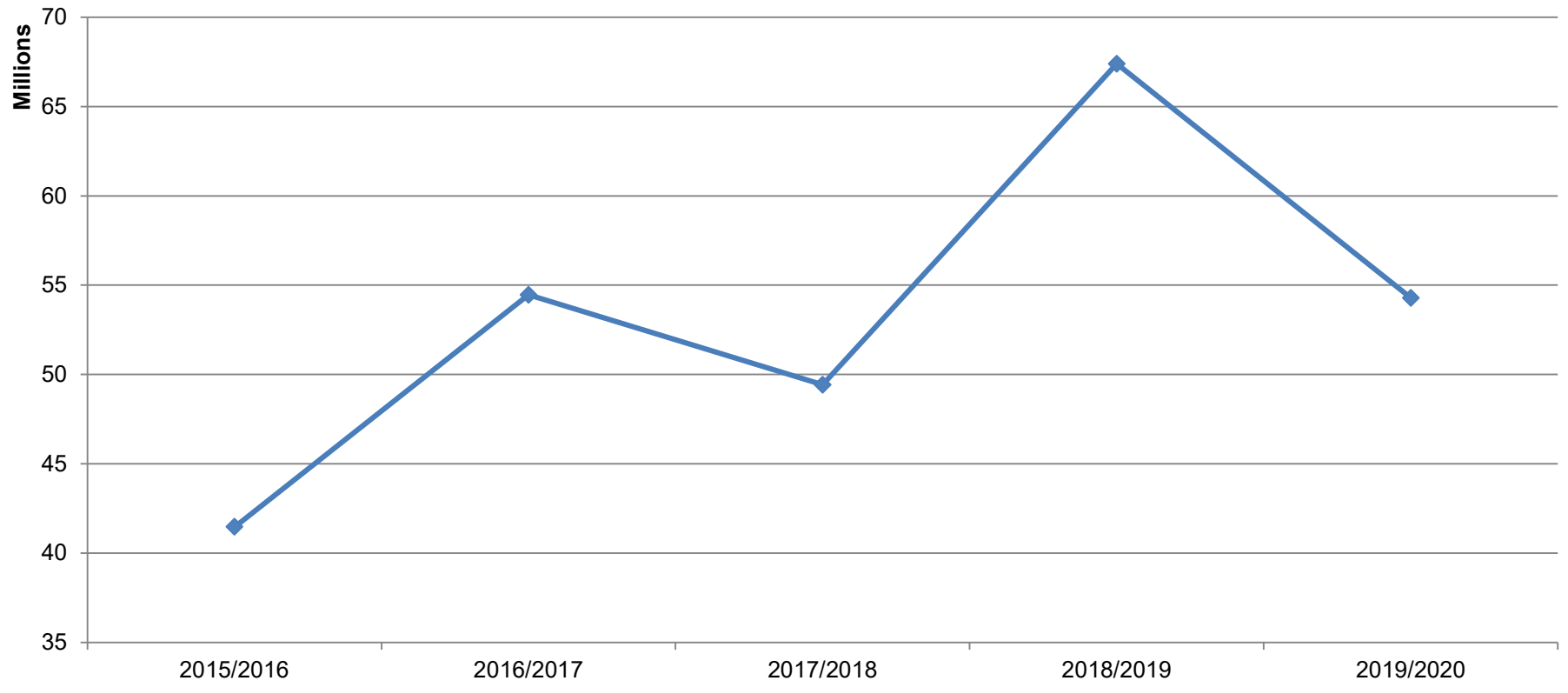
Fixed term external borrowing may be taken and drawn down as expenditure is required and rates are favourable. External borrowing will be sourced through market loans or PWLB depending on the most favourable rates.

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 £53.8million. 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.

Deficit in the Pension Scheme



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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 | Earmarked General Fund Reserves | Usable Capital Receipts | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Council Reserves |
|------|--|----------------------|---------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Balance at 1 April 2019 Brought Forward | (7,610) | (25,476) | (5,409) | (839) | (39,334) | (84,796) | (124,130) |
| CIES | (Surplus)/Deficit on Provision of Services | 5,788 | - | - | - | 5,788 | - | 5,788 |
| CIES | Other Comprehensive Expenditure and Income | - | - | - | - | - | (36,553) | (36,553) |
| CIES | Total Comprehensive Expenditure and Income | 5,788 | - | - | - | 5,788 | (36,553) | (30,765) |
| 7 | Adjustments between Accounting Basis and Funding Basis under Regulations | (4,077) | - | (744) | (53) | (4,874) | 4,874 | - |
| | Net (Increase)/Decrease before Transfers to Reserves | 1,711 | - | (744) | (53) | 914 | (31,679) | (30,765) |
| 8 | Transfer to/from Reserves | (3,351) | 3,351 | - | - | - | - | - |
| | (Increase)/Decrease in Year 2019/2020 | (1,640) | 3,351 | (744) | (53) | 914 | (31,679) | (30,765) |
| | Balance at 31 March 2020 Carried Forward | (9,250) | (22,125) | (6,153) | (892) | (38,420) | (116,475) | (154,895) |

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 | Earmarked General Fund Reserves | Usable Capital Receipts | Capital Grants Unapplied Account | Total Usable Reserves | Unusable Reserves | Total Council Reserves |
|------|--|----------------------|---------------------------------|-------------------------|----------------------------------|-----------------------|-------------------|------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | Balance at 1 April 2018 Brought Forward | (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 | Total Comprehensive Expenditure and Income | 5,536 | - | - | - | 5,536 | 3,905 | 9,441 |
| 7 | Adjustments between Accounting Basis and Funding Basis under Regulations | (10,180) | - | (554) | 228 | (10,506) | 10,506 | - |
| | Net (Increase)/Decrease before Transfers to Reserves | (4,644) | - | (554) | 228 | (4,970) | 14,411 | 9,441 |
| 8 | Transfer to/from Reserves | 2,771 | (2,771) | - | - | - | - | - |
| | (Increase)/Decrease in Year 2018/2019 | (1,873) | (2,771) | (554) | 228 | (4,970) | 14,411 | 9,441 |
| | Balance at 31 March 2019 Carried Forward | (7,610) | (25,476) | (5,409) | (839) | (39,334) | (84,796) | (124,130) |

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 | Gross Income | Net Expenditure | | | Gross Expenditure | Gross Income | Net Expenditure |
| £'000 | £'000 | £'000 | | | £'000 | £'000 | £'000 |
| 1,488 | (179) | 1,309 | | Corporate Services | 6,433 | (430) | 6,003 |
| 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 | 25,661 | (16,197) | 9,465 |
| 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 | (32,644) | 2,487 |
| 84,962 | (62,590) | 22,372 | | Cost of Services | 84,222 | (55,781) | 28,441 |
| | | 4,864 | 9 | Other Operating Expenditure | | | 3,205 |
| | | 1,633 | 10 | Financing and Investment Income and Expenditure | | | 188 |
| | | (23,333) | 11 | Taxation and Non-specific Grant Income | | | (26,046) |
| | | 5,536 | | (Surplus)/Deficit on Provision of Services | | | 5,788 |
| | | (8,351) | | Deficit/(Surplus) on revaluation of fixed assets | | | (16,855) |
| | | 12,256 | 20 | Actuarial (gains)/losses on pensions assets/liabilities | | | (19,698) |
| | | 3,905 | | Other Comprehensive Income and Expenditure | | | (36,553) |
| | | 9,441 | | Total Comprehensive Income and Expenditure | | | (30,765) |

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 | 154,249 |
| 17,954 | 26 | Heritage Assets | 17,975 |
| 23,760 | 24 | Investment Property | 28,126 |
| 529 | 25 | Intangible Assets | 700 |
| 10,000 | 36 | Long Term Investments | |
| 1,929 | 31 | Long Term Receivables | 3,176 |
| 206,296 | | Long Term Assets | 204,225 |
| 150 | 36 | Short Term Investments | 8,197 |
| 101 | | Inventories | 79 |
| 8,065 | 30 | Short Term Receivables | 10,172 |
| 5,496 | 14 | Cash and Cash Equivalents | 11,990 |
| 934 | 29 | Assets Held for Sale | 7,234 |
| 14,746 | | Current Assets | 37,672 |
| (2,132) | 34 | Provisions | (1,360) |
| (3,199) | 36 | Short Term Borrowing | (6,127) |
| (13,924) | 32 | Short Term Payables | (15,452) |
| (19,255) | | Current Liabilities | (22,939) |
| (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) |
| (77,657) | | Long Term Liabilities | (64,063) |
| 124,130 | | Net Assets | 154,895 |
| (39,334) | MIR | Usable Reserves | (38,420) |
| (84,796) | 13 | Unusable Reserves | (116,475) |
| (124,130) | | Total Reserves | (154,895) |

I certify that the 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)

Date: _____

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 | (5,788) |
| 33,615 | 38 Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements | 35,098 |
| (14,828) | 38 Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | (24,613) |
| 16,400 | Net Cash flows from Operating Activities | 4,697 |
| (13,674) | 39 Investing Activities | 1,748 |
| (1,333) | 40 Financing Activities | 49 |
| 1,393 | Net Increase or Decrease in Cash and Cash Equivalents | 6,494 |
| 4,103 | Cash and Cash Equivalents at the beginning of the Reporting Period | 5,496 |
| 5,496 | 14 Cash and Cash Equivalents at the End of the Reporting Period | 11,990 |

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 | 7,790 | (1,786) | 6,003 |
| 1,443 | 132 | 1,575 | Democracy | 1,499 | 25 | 1,525 |
| 593 | 5,777 | 6,369 | Central & Community Services | 1,273 | 4,236 | 5,509 |
| 1,204 | 80 | 1,284 | Chief Executive | 1,264 | 455 | 1,719 |
| 5,688 | 1,071 | 6,759 | Commercial Services | 1,541 | 7,923 | 9,465 |
| 2,048 | (162) | 1,886 | Environment & Planning | 339 | 1,395 | 1,733 |
| 2,564 | 626 | 3,190 | Finance Service | 1,824 | 663 | 2,487 |
| 11,499 | 10,873 | 22,372 | Net Cost of Services | 15,530 | 12,912 | 28,441 |
| (13,372) | (3,464) | (16,836) | Other Income and Expenditure | (25,095) | 2,442 | (22,653) |
| (1,873) | 7,409 | 5,536 | Surplus or Deficit | (9,565) | 15,354 | 5,788 |
| (5,737) | | | Opening General Fund Balance as at 1 April 2019 | (7,610) | | |
| (1,873) | | | Surplus/(Deficit) on General Fund in year | (1,640) | | |
| (7,610) | | | Closing General Fund Balance as at 31 March 2020 | (9,250) | | |

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

| 2019/20 | Adjustments for capital Purposes £'000 | Net charge for the Pensions £'000 | Transfer to Earmarked Reserves £'000 | Adjustments for Investment £'000 | Other Differences £'000 | Total Adjustments £'000 |
|--|---|--|---|---|-------------------------------|-------------------------------|
| Corporate Services | (3,473) | (243) | 5,332 | | 170 | 1,786 |
| Democracy | - | (146) | 120 | | | (25) |
| Central & Community Services | (3,131) | (1,049) | (56) | | | (4,236) |
| Chief Executive | (6) | (260) | (189) | | | (455) |
| Commercial Services | (5,969) | (1,531) | (424) | | | (7,923) |
| Environment & Planning | (15) | (715) | (665) | | | (1,395) |
| Finance Services | (22) | (733) | 92 | | | (663) |
| Net Cost of Services | (12,616) | (4,676) | 4,210 | - | 170 | (12,912) |
| Other Income and Expenditure | (905) | (1,079) | (858) | | 399 | (2,442) |
| Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement | (13,521) | (5,755) | 3,352 | - | 570 | (15,354) |

| 2018/19 | Adjustments for capital Purposes | Net change for the Pensions Adjustment | Transfer to Earmarked Reserves | Adjustments for Investment Properties | Other Differences | Total Adjustments |
|--|--|---|--------------------------------------|--|----------------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'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) |
| Net Cost of Services | (9,864) | (3,663) | 1,627 | 923 | 104 | (10,873) |
| Other Income and Expenditure | 4,903 | (2,046) | 1,144 | (923) | 386 | 3,464 |
| Differences between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement | (4,961) | (5,709) | 2,771 | - | 490 | (7,409) |

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 | (6,717) |
| (20,476) | Income from Retained Business Rates | (21,844) |
| (47,697) | Government Grants and Contributions | (43,414) |
| (101,713) | Total Income | (93,565) |
| 19,122 | Employee Expenses | 20,904 |
| 53,556 | Other Service Expenses | 50,490 |
| 12,377 | Business Rates Tariff and Levy | 12,511 |
| 3,070 | Support Service Recharges | (1,411) |
| 11,456 | Depreciation, Amortisation and Impairment | 8,995 |
| 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 | (2,883) |
| | | - |
| 107,249 | Total Expenditure | 99,353 |
| | | - |
| 5,536 | Surplus/Deficit on the Provision of Services | 5,788 |
| | | - |

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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 21 June 2023. 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.

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. | <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.</p> <p>The net book value of the Council's property, plant and equipment assets is £154.2m 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.</p> |
| 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. | <p>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.</p> <p>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.</p> |

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|-----------------------|---|---|
| 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. |
| 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 £32,000. |

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 and RICS UK National Supplement ('Red Book'), the valuer has declared a 'material valuation uncertainty' in their valuation report.

This is on the basis of uncertainties in markets caused by COVID-19. The valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Council. The RICS disclosure itself observes that 'the 'material valuation uncertainty' declaration does not mean that the valuation cannot be relied upon. However, less certainty and a higher degree of caution should be attached to the valuation. As at the end of the financial reporting period, it was not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy. Therefore, values have been based on the situation prior to Covid-19 on the assumption that values will be restored when the real estate market becomes more fluid.

Of the £87.3m net book value property, plant and equipment subject to valuation, the main elements are:

- £16,810,360 of specialist assets valued at depreciated replacement cost. We expect these assets to have a lower risk of material misstatement, as valuations are not based on movements in the market but on the cost to the Council of replacing the service potential of the assets.
- £42,358,003 of asset valued at existing use value. These assets have a higher risk of valuation uncertainty as a result of the impact of Covid-19. A reduction in value of 5% would result in valuations being £2.127m lower than stated.

The Council also holds Investment Properties to the value of £28.126m which are subject to an annual fair value revaluation adjustment. £2.653m (approximately 9% of the portfolio value) of this relates to retail properties that are categorised at relatively high risk of valuation uncertainty as at 31st March 2020. A reduction in value of 5% would result in valuations being £0.226m lower than stated.

As far as retail assets are concerned, the general weakening of that market, particularly in town centres, has been taken into account in the valuations of these assets. Covid-19 is likely to exacerbate the impact on values with downward pressure on rents and a softening of investment yields as funds look elsewhere. As such, there is uncertainty as to where the retail market is heading, particularly as the impact of the pandemic evolves. However, it should be noted that the Council holds a very limited number of town centre retail premises so overall impact on the investment portfolio is limited.

At the date of valuation there was no significant evidence of any negative impact from Covid-19 on the value of the industrial estate portfolio, with rents having grown slowly during the year and investment yields hardening as funds look to expand investment in this sector. This has been borne out in terms of low void levels and ongoing rental growth. As such, there is no material uncertainty in relation to this element of the Council's investment portfolio.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If funding streams were reduced, in so far that it results in the reduction of service delivery or closure of facilities, this could result in the impairment of assets due to obsolesce. However, the Council has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.

Car Parks - in specific relation to the Council's car parks, there has been a material effect on car parks' income following the start of the Covid Pandemic. However, at the date of valuation this impact was unknown and at that point anticipated to be short term and of limited effect. As such there were no material changes made in relation to the 2019/20 valuations.

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 | Usable Capital Receipts | Capital Grants Unapplied | Movement in Unusable Reserves | | General Fund Balance | Usable Capital Receipts | Capital Grants Unapplied | Movement in Unusable Reserves |
| £'000 | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 |
| | | | | Adjustments Involving the Capital Adjustment Account | | | | |
| | | | | Reversal of items Debited/(Credited) to the CIES: | | | | |
| (6,722) | - | - | 6,722 | Charges for Depreciation and Impairment of Non-Current Assets | (8,801) | - | - | 8,801 |
| (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 | (4,760) | | | 4,760 |
| (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 | (18,884) | | | 18,884 |
| (51) | - | - | 51 | Soft Loans – Adjustments | (54) | | | 54 |
| 1,376 | - | - | (1,376) | Capital Grants and Contributions Applied | 4,708 | | | (4,708) |
| - | | | - | | - | | | |
| 125 | | | | Insertion of items not Debited/(Credited) to the CIES | | | | |
| 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) |
| - | | | - | | - | | | |
| | | | | Adjustment primarily involving the Capital Grants Unapplied Account | | | | |
| - | - | 556 | (556) | Application of Grants to Capital financing transferred to the Capital Adjustment Account for Revenue Expenditure Funded from Capital under Statute | - | - | 7 | (7) |
| - | - | (328) | 328 | Capital Grants & Contributions unapplied credit to the Comp I & E | 60 | | (60) | - |
| - | | | - | | - | | | |
| | | | | Adjustment Primarily Involving the capital Receipts Reserve | | | | |
| 19,695 | (19,695) | - | - | Transfer of cash sale proceeds credited as part of the gain/loss on disposal of the CIES | 21,672 | (21,672) | | - |
| - | 19,190 | - | (19,190) | Use of Capital Receipts Reserve to Finance New Capital Expenditure | - | 20,965 | | (20,965) |
| 49 | (49) | - | - | Repayment of improvement Grant and Release of Covenant | 37 | (37) | | |
| - | | | - | | - | | | |

| 2018/19 | | | | | 2019/20 | | | |
|----------------------|-------------------------|--------------------------|-------------------------------|---|----------------------|-------------------------|--------------------------|-------------------------------|
| General Fund Balance | Usable Capital Receipts | Capital Grants Unapplied | Movement in Unusable Reserves | | General Fund Balance | Usable Capital Receipts | Capital Grants Unapplied | Movement in Unusable Reserves |
| £'000 | £'000 | £'000 | £'000 | | £'000 | £'000 | £'000 | £'000 |
| - | | | - | Adjustments Involving the Financial Instruments Adjustment Account: | - | | | |
| 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) |
| - | | | - | | - | | | |
| (7,941) | - | - | 7,941 | Adjustments Involving the Pensions Reserve: | - | | | |
| | | | | 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) |
| - | | | - | | - | | | |
| - | | | - | Adjustments Involving the Collection Fund Adjustment Account: | - | | | |
| 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) | (268) | | | 268 |
| 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 |
| - | | | - | | - | | | - |
| - | | | - | Adjustment Involving the Accounting Compensated Absences Adjustment Account: | - | | | |
| 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 |
| - | | | - | | - | | | |
| (10,180) | (554) | 228 | 10,506 | Total Adjustments | (4,077) | (744) | (53) | 4,874 |

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 |
|-------------------------------------|--|----------------------------------|---------------------------------|--|----------------------------------|---------------------------------|--|
| General Fund: | | | | | | | |
| Amenity Areas Reserve | 259 | - | 2 | 261 | - | 2 | 263 |
| Capital Programme Resources Reserve | 9,774 | (2,567) | 3,508 | 10,715 | (7,731) | 3,456 | 6,440 |
| 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) | 1,039 | 2,398 |
| 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 |
| Total | 22,705 | (4,007) | 6,778 | 25,476 | (9,892) | 6,541 | 22,125 |

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 | (2,821) |
| 4,864 | | 3,204 |

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) |
| 1,633 | | 188 |

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) | (9,760) |
| (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) |
| (23,333) | | (26,046) |

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 £24,384,000 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.

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Unusable Reserves

| 2018/19 £'000 | | 2019/20 £'000 |
|------------------|--|------------------|
| (68,840) | Revaluation Reserve | (82,542) |
| (82,684) | Capital Adjustment Account | (87,647) |
| 327 | Financial Instruments Adjustment Account | 230 |
| 67,398 | Pensions Reserve | 53,814 |
| (1,137) | Collection Fund Adjustment Account | (543) |
| 139 | Accumulating Compensated Absences Adjustment Account | 213 |
| (84,796) | | (116,475) |

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.

| 2018/19 £'000 | Revaluation Reserve Movements in Year | 2019/20 £'000 |
|------------------|--|------------------|
| (61,627) | Balance at 1 April | (68,840) |
| - | | |
| (8,502) | Upward Revaluation of Assets | (22,753) |
| 155 | Downward Revaluation of Assets | 5,898 |
| 155 | Impairment Losses | |
| (8,347) | In Year surplus on revaluation of non-current assets | (16,855) |
| 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 |
| | | |
| (68,840) | | (82,542) |

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.

| 2018/19 £'000 | Capital Adjustment Account Movements in year 2019- 20 | 2019/20 £'000 |
|------------------|--|------------------|
| (86,835) | Balance at 1 April | (82,684) |
| - | Opening Balance Adjustment | |
| 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 | 5,402 |
| 0 | Charges for Impairment of Non-Current Assets – Heritage Assets | |
| - | Derecognition of Assets | |
| 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 | 4,760 |
| 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 |
| 133 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 | 18,826 |
| - | Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the (Gain)/Loss on Disposal to the CIES Statement – Investment Properties | |
| (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 | (7) |
| (1,025) | Capital Grants from reserves applied to Capital Financing | (4,702) |
| (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 |
| (82,684) | Closing Balance 31st March | (87,647) |

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) | Balance at 1 April In Year fair value adjustment of Private Sector Housing Loans | 327 (97) |
| 327 | Balance at 31 March | 230 |

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 | Balance at 1 April | 67,398 |
| (12,256) | Actuarial (Gains)/Losses on Pensions Assets and Liabilities | (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) |
| 67,398 | Balance at 31 March | 53,814 |

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.

| Council Tax £'000 | 2018/19 | | | 2019/20 | | |
|-------------------------|---------------|----------------|--|-------------------------|---------------|----------------|
| | NNDR £'000 | Total £'000 | | Council Tax £'000 | NNDR £'000 | Total £'000 |
| (295) | (457) | (752) | Balance at 1 April | (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 | 269 | | 269 |
| - | (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 |
| (345) | (793) | (1,137) | Balance at 31 March | (76) | (467) | (543) |

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 |
|------------------|---|------------------|
| 154 | Balance at 1 April | 139 |
| (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 |
| 139 | Balance at 31 March | 213 |

14. Cash and Cash Equivalents

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

| 2018/19 £'000 | | 2019/20 £'000 |
|------------------|--|------------------|
| 9 | Cash held by Officers | 9 |
| 2,932 | Bank Current Accounts | 1,227 |
| 2,555 | Short Term Deposits | 10,755 |
| 5,496 | Total Cash and Cash Equivalents | 11,990 |

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.

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

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 | 770 |
| (4,021) | Receipts | (4,417) |
| (227) | Total For the Year | (3,647) |

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 Contributio ns £ | 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) ¹ | 37,539 | 3,088 | 5,256 | 45,883 |
| Interim Section 151 Officer ² | 67,818 | 86 | 0 | 67,904 |
| Executive Director Finance Services (Section 151 Officer) ³ | 5,847 | 100 | 818 | 6,765 |

* Includes remuneration from Election Duties. Part year cost, left post 31/08/19.

** Includes remuneration from Election Duties. Part year cost, commenced post 01/09/19.

*** Part year cost, left post 31/08/19.

**** Part year cost, commence 01/09/19, left 29/02/20.

*****Part year cost, commenced post 02/03/20.

There were no bonus payments to report.

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.

| 2018/19 | Salary, Fees and Allowance £ | Taxable Expenses £ | Pension Contributio ns £ | Total £ |
|---|---------------------------------------|--------------------------|-----------------------------------|------------|
| 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:

| Remuneration band | 2018/19 | 2019/20 |
|---------------------------|---------------------|---------------------|
| | Number of Employees | Number of Employees |
| £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 |
| Total of Employees | 29 | 29 |

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 | 0 | 1 | 1 | 0 | 1 | 1 | 19 | 7 |
| £20,001-£40,000 | 0 | 0 | 1 | 0 | 1 | 0 | 26 | 0 |
| £40,001-£60,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £60,001-£80,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £80,001-£100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £100,000-£150,000 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 139 |
| Total | 0 | 1 | 2 | 1 | 2 | 2 | 45 | 146 |

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 | - |
| (190,516) | Opening balance as at 1 April | (213,843) |
| (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 | - |
| (213,843) | Closing balance at 31 March | (189,459) |

| 31-Mar-19 £'000 | | 31-Mar-20 £'000 |
|----------------------------------|---|----------------------------------|
| 141,083 | Opening fair value of scheme assets balance as at 1 April | 146,445 |
| 3,775 | [I] The return on plan assets (Excluding amount included in net interest expense) | 3,491 |
| 3,922 | [III] 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) |
| 146,445 | Closing Balance at 31 March | 135,645 |
| (67,398) | TOTAL NET LIABILITIES | (53,814) |

| Net Movement In 2018/19 | | Net Movement In 2019/20 |
|--------------------------------|--|--------------------------------|
| - | | - |
| 2,232 | General Fund Charge - Employer Contributions | 2,364 |
| (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) |
| (17,965) | TOTAL MOVEMENT IN PENSION RESERVE FAVOURABLE/ (UNFAVOURABLE) | 13,584 |

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 % |
| Equity Securities: | | | | | | | | |
| 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% |
| Debt Securities: | | | | | | | | |
| UK Government | 1,678 | 0 | 1,678 | 1.1% | 1,576 | 0 | 1,576 | 1.2% |
| Private Equity: | | | | | | | | |
| All | 0 | 9,041 | 9,041 | 6.2% | 0 | 8,163 | 8,163 | 6.0% |
| Real Estate: | | | | | | | | |
| 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% |
| Investment Funds and Unit Trusts: | | | | | | | | |
| 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% |
| Derivatives: | | | | | | | | |
| Foreign Exchange | -40 | 0 | -40 | 0.0% | 0 | -190 | -190 | -0.1% |
| Other | 418 | 0 | 418 | 0.3% | 0 | 0 | 0 | 0.0% |
| Cash and Cash Equivalents: | | | | | | | | |
| All | 0 | 3,656 | 3,656 | 2.5% | 0 | 3,588 | 3,588 | 2.6% |
| Totals | 116,454 | 29,991 | 146,445 | 100% | 105,951 | 29,695 | 135,646 | 100% |

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 2019.

The principal assumptions used by the actuary have been:

| Local Government Pension Scheme | 2018/19 | 2019/20 |
|---|----------------|----------------|
| | £'000 | £'000 |
| Mortality Assumptions: | | |
| 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 |
| Deficit in the Scheme | (54,673) | (41,479) | (54,460) | (49,433) | (67,398) | (53,814) |

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. | - | 49 |
| Fees payable to the appointed auditor for the certification of grant claims and returns for the year | 15 | 22 |
| Total | 54 | 110 |

Additional fees for the audit of 2018/2019 of £50k were incurred and paid for in 2021/22.

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 £1,604,050 (£272,266 in 2018/2019) were commissioned from companies in which 15 Members and 4 officers (13 Members and 2 Officers in 2018/2019) had an interest. This includes companies owned by the Council as shown in the Group Arrangements and Accounts Section. 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

During 19/20 the transactions between the Council and Alive Management Ltd were: Expenditure of £141k and Income of £28k. There were also amounts owing to the company, at the year end totalling £2k. The company owed the council £6k at the year end.

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 12th 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 12th April 2018. There were no transactions in the financial year 2019/20.

Alive West Norfolk

Alive West Norfolk Ltd was incorporated on 1 February 2019, and is wholly owned by the Council. The company commenced trading in July 2019. During 19/20 the transactions between the Council and Alive West Norfolk were: Expenditure of £552k and Income of £355k. At the year end, there were amounts owing to the company, from the Council totalling £421k and amounts owing to the Council from the company totalling £435k.

West Norfolk Academies Trust

West Norfolk Academies Trust is an entity separate to the Council. The Trust does have appointed to its board of trustees a King's Lynn and West Norfolk Councillor. Transactions with the Trust include expenditure of £36,893.

The King's Lynn Development Partnership

The King's Lynn Development Partnership was formed in 2012/2013 with Norfolk County Council. 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 | 770 |
| (4,021) | Receipts | (4,417) |
| (227) | | (3,647) |

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 |
| Total | 3,469 | 3,338 |

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:

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

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

| | <i>Minimun Lease Payments</i> | | Finance Lease Liabilities | | Financial Costs | |
|---|-------------------------------|------------------|----------------------------------|------------------|------------------------|------------------|
| | 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 |
| Total | 388 | 380 | 154 | 152 | 234 | 228 |

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.

| | <i>Operating Lease Payments</i> | |
|---|---------------------------------|---------------------|
| | 31/03/2019 £'000 | 31/03/2020 £'000 |
| 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 |
| Total | 4,908 | 4,813 |

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:

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

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.

| | 31/03/2019 | 31/03/2020 |
|---|-------------------|-------------------|
| | £'000 | £'000 |
| 150 | | |
| 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 |
| Total | 58,310 | 70,348 |

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 |
| Direct cost of Investment Properties | (1,739) | (1,429) |
| Other Net Operating Costs | 1,101 | 889 |
| Net (Gain) | (638) | (540) |

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

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 | Other | Significant | Fair Value as |
|--|---|---|---|---------------|
| | Prices in active markets for identical assets (level 1) £'000 | significant observable inputs (level 2) £'000 | un- observable inputs (level 3) £'000 | |
| Recurring Fair Value Measurements Industrial Units | 0 | 18,039 | 0 | 18,039 |
| Commercial Units | 0 | 9,477 | | 9,477 |
| Land | 0 | 532 | 0 | 532 |
| Other | 0 | 78 | 0 | 78 |
| Total | 0 | 28,126 | 0 | 28,126 |

| 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 |
| Total | 0 | 23,760 | 0 | 23,760 |

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 £176,669 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 Rights | Total | Software Licenses | Housing Nomination Rights | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balances at start of the year | | | | | | |
| 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) |
| Net Carrying Amount at Start of Year | 271 | 109 | 380 | 427 | 103 | 530 |
| Additions: | | | | | | |
| Purchases | 259 | - | 259 | 353 | - | 353 |
| Impairment | - | - | - | - | - | - |
| Amortisation for the Period | (103) | (6) | (109) | (177) | (6) | (183) |
| Net Carrying Amount at End of Year | 427 | 103 | 530 | 603 | 97 | 700 |
| Comprising: | | | | | | |
| Gross Carrying Amounts | 1,756 | 303 | 2,059 | 2,109 | 303 | 2,412 |
| Accumulated Impairment | (51) | - | (51) | (51) | - | (51) |
| Accumulated Amortisation | (1,278) | (200) | (1,478) | (1,455) | (206) | (1,661) |
| | 427 | 103 | 530 | 603 | 97 | 700 |

*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 |

155 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 |
|--|------------------------------------|------------------------|--------------------------------|--------------------------------|-------------------|----------------|
| Cost or Valuation | | | | | | |
| 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 |
| Accumulated Depreciation and Impairment | | | | | | |
| Balance at start of year | - | - | - | (58) | - | (58) |
| Impairments recognised to CIES | - | - | - | - | - | - |
| Balance at end of year | - | - | - | (58) | - | (58) |
| NBV AS AT 31 MARCH 2020 | 237 | 6,580 | 6,292 | 21 | 4,845 | 17,975 |

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| 2018/19 | Public Art Collections £'000 | Civic Regalia £'000 | Museum Collections £'000 | Historic Buildings £'000 | Archives £'000 | Total £'000 |
|--|------------------------------------|------------------------|--------------------------------|--------------------------------|-------------------|----------------|
| Cost or Valuation | | | | | | |
| 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 | - | - | - | - | - | - |
| | 237 | 6,580 | 6,292 | 58 | 4,845 | 18,012 |
| Accumulated Depreciation and Impairment | | | | | | |
| Balance at start of year | - | - | - | (39) | - | (39) |
| Impairments recognised to CIES | - | - | - | (19) | - | (19) |
| Balance at end of year | - | - | - | (58) | - | (58) |
| NBV AS AT 31 MARCH 2019 | 237 | 6,580 | 6,292 | - | 4,845 | 17,954 |

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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 |
|---|-----------------------------------|--|--------------------------------|---------------------------|------------------------------------|---|
| Cost Valuation: | | | | | | |
| At 1 April 2019 | 121,277 | 20,869 | 1,530 | 173 | 32,256 | 176,105 |
| Adjustments to opening balance | 220 | - | (220) | - | 47 | 47 |
| Additions | 1,453 | 754 | 68 | 1 | 16,717 | 18,994 |
| Revaluation Increases/Decreases to Revaluation Reserve | 14,032 | - | - | - | - | 14,032 |
| Revaluation Decreases to Surplus/Deficit | (2,629) | - | - | - | - | (2,629) |
| Revalued Assets- no net increase (impairment reversals) | 20 | - | - | - | - | 20 |
| Depreciation - Disposals | - | - | (18) | (44) | (18,822) | (18,884) |
| Reclassification and Transfers | (2,509) | - | - | - | (3,547) | (6,056) |
| Balance as at 31 March 2020 | 131,864 | 21,623 | 1,360 | 130 | 26,651 | 181,629 |
| | | | | | | |
| Accumulated Depreciation and Impairment: | | | | | | |
| At 1 April 2019 | (4,138) | (15,936) | (131) | (93) | (3,683) | (23,981) |
| Adjustment to opening balance | | | | | | - |
| Depreciation Charge | (2,192) | (1,161) | (45) | - | - | (3,399) |
| At 31 March 2020 | (6,330) | (17,097) | (176) | (93) | (3,683) | (27,380) |
| | | | | | | |
| Net Book Value at 31 March 2020: | 125,534 | 4,526 | 1,184 | 37 | 22,968 | 154,249 |
| Net Book Value at 31 March 2019: | 117,355 | 4,933 | 1,183 | 80 | 28,573 | 152,124 |

| Movements in 2018/19 | 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 |
|---|-----------------------------------|--|--------------------------------|---------------------------|------------------------------------|---|
| Cost Valuation: | | | | | | |
| At 1 April 2018 | 118,287 | 19,591 | 1,394 | 1,157 | 27,970 | 168,399 |
| Adjustments to opening balance | - | - | - | - | - | - |
| Additions | 4,091 | 1,278 | - | 67 | 21,238 | 26,674 |
| Revaluation Increases/Decreases to Revaluation Reserve | 3,569 | - | 147 | - | - | 3,716 |
| Revaluation Decreases to Surplus/Deficit | (2,220) | - | (11) | (1,051) | - | (3,282) |
| Revalued Assets - Reversal of Loss | (1,922) | - | - | - | - | (1,922) |
| Derecognition - Disposals | - | - | - | - | (17,865) | (17,865) |
| Reclassification and Transfers | (528) | - | - | - | 913 | 385 |
| Balance as at 31 March 2019 | 121,277 | 20,869 | 1,530 | 173 | 32,256 | 176,105 |
| Accumulated Depreciation and Impairment: | | | | | | |
| At 1 April 2018 | (8,416) | (15,066) | (184) | (1,077) | (2,191) | (26,934) |
| Adjustment to opening balance | - | - | - | - | - | - |
| Depreciation Charge | (1,805) | (870) | (46) | - | - | (2,721) |
| Depreciation written out to the Revaluation Reserve | 3,210 | - | 60 | - | 11 | 3,281 |
| Depreciation written out to the Surplus/Deficit on the CIES | 486 | - | (7) | - | (11) | 468 |
| Impairment reversals on revaluation | 1,351 | - | - | - | - | 1,351 |
| Impairment losses recognised in the CIES | 1,036 | - | 46 | 984 | (1,492) | 574 |
| At 31 March 2019 | (4,138) | (15,936) | (131) | (93) | (3,683) | (23,981) |
| Net Book Value at 31 March 2019: | 117,139 | 4,933 | 1,399 | 80 | 28,573 | 152,124 |
| Net Book Value at 31 March 2018: | 109,871 | 4,524 | 1,209 | 81 | 25,780 | 141,466 |

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.

The valuer has declared a 'material valuation uncertainty' in their valuation report, explained at Note 6.

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 | Infrastructur e assets £'000 | Community assets £'000 | Assets Under Construction £'000 | Total £'000 |
|-----|-----------------------------|--------------------------------------|---|------------------------------------|------------------------------|---------------------------------------|----------------|
| 091 | Carried at historical cost | 0 | 4,526 | 1,184 | 37 | 22,968 | 28,715 |
| | Valued at fair value as at: | | | | | | |
| | 31-Mar-20 | 66,504 | 0 | 0 | 0 | 0 | 66,504 |
| | 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 |
| | Gross Book Value | 125,534 | 4,526 | 1,184 | 37 | 22,968 | 154,249 |

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.

| | 2018/2019 £'000 | 2019/2020 £'000 |
|---|--------------------|--------------------|
| Opening Capital Financing Requirement | 39,335 | 44,102 |
| Capital Investment: | | |
| Property, plant and equipment | 26,674 | 18,994 |
| Assets held for sale | | - |
| Investment Properties | 422 | 3,759 |
| Intangible assets | 259 | 353 |
| Heritage Assets | 48 | 21 |
| Revenue expenditure funded from Capital under Statute | 1,700 | 4,760 |
| Capital Loan | - | 1,820 |
| Historical differences | | 1,073 |
| Sources of Finance: | | |
| Capital Receipts | (19,187) | (20,965) |
| Government grants and other contributions | (1,603) | (4,708) |
| Sums set aside from revenue: | | |
| - Direct revenue contributions | (2,330) | (6,729) |
| - Revenue contributions for prudential borrowing schemes | (935) | (864) |
| - MRP | (281) | (345) |
| Closing Capital Financing Requirement | 44,102 | 41,270 |
| Explanation of movements in year: | | |
| Increase in underlying need to borrowing (unsupported by Government Financial Assistance) | 4,765 | (2,832) |
| Increase/(Decrease) in Capital Financing Requirement | 4,765 | (2,832) |

Capital Commitments

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

| | Commitment Contractual 31-Mar-20 £'000 | Commitment Non- Contractual 31-Mar-20 £'000 |
|--------------------------------------|---|---|
| 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 | - | - |
| Total | 19,947 | - |

29. Assets Held for Sale

| 31-Mar-19 £'000 | | 31-Mar-20 £'000 |
|--------------------|---|--------------------|
| 2,024 | Balance Outstanding at Start of the Year | 934 |
| | Additions | - |
| | Other movements | (50) |
| (85) | Assets newly classified as Held for Sale | 6,350 |
| (1,005) | Assets sold | - |
| 934 | Balance at End of Year | 7,234 |

30. Short Term Receivables

| | 31-Mar-19 £'000 | 31-Mar-20 £'000 |
|--|--------------------|--------------------|
| Central Government bodies | 1,615 | 2,546 |
| Local Authorities | 1,472 | 2,544 |
| NHS Bodies | 93 | 119 |
| Other entities and individuals | 7,015 | 7,213 |
| Sub Total | 10,196 | 12,422 |
| Allowance for doubtful debt (other entities and individuals) | (2,130) | (2,251) |
| Total | 8,065 | 10,171 |

31. Long Term Receivables

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| | 31-Mar-19 £'000 | 31-Mar-20 £'000 |
|--|--------------------|--------------------|
| Other entities and individuals | 1,818 | 3,065 |
| Finance Lease | 137 | 137 |
| Sub Total | 1,955 | 3,202 |
| Allowance for doubtful debt (other entities and individuals) | (26) | (26) |
| Total | 1,929 | 3,176 |

32. Short Term Payables

| | 31-Mar-19 £'000 | 31-Mar-20 £'000 |
|--------------------------------|--------------------|--------------------|
| Central Government bodies | (4,195) | (8,361) |
| Local Authorities | (3,493) | (1,500) |
| NHS Bodies | (32) | - |
| Other entities and individuals | (6,204) | (5,592) |
| Total | (13,924) | (15,453) |

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. An enquiry has been raised with HMRC, the outcome as yet unconfirmed.

34. Provisions

| Business Rates Appeals Provision | 2018/19 £'000 | 2019/20 £'000 |
|---|--------------------------|--------------------------|
| Balance at the 1 April | (2,031) | (2,132) |
| Additional provisions made in year | (101) | (134) |
| Provision unwound in year | - | 906 |
| Balance at the 31 March | (2,132) | (1,360) |

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:

| 2018/19 | | 2019/20 |
|-----------------|--|-----------------|
| £'000 | Taxation and Non Specific Government Grant Income: | £'000 |
| (1,270) | Revenue support grant | - |
| (1,266) | New Homes Bonus | (1,020) |
| (463) | Rural Services Delivery Grant | - |
| (2,999) | Sub-Total | (1,020) |
| (2,430) | Section 31 Small Business Relief Grant Credited to NNDR Income | (2,853) |
| (619) | Capital Grants and Contributions | (2,941) |
| (6,048) | Total Taxation and Non Specific Government Grant Income | (6,814) |
| | Other Revenue Grant Income: | |
| (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) |
| (39,339) | Total Grant Income to Services | (34,937) |
| (45,387) | Total Grant Income to General Fund | (41,751) |
| | Contributions | |
| (1,625) | Waste Collection Credits – NCC | (1,733) |
| (685) | Other | (546) |
| (2,310) | Total Contributions | (2,279) |
| (47,697) | TOTAL GRANTS AND CONTRIBUTIONS TO GENERAL FUND | (44,030) |

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:

| 31-Mar-19 | | 31-Mar-20 |
|-------------|---|-------------|
| £'000 | Capital Grants / Contributions | £'000 |
| (11) | NORA, Hardings Pits | (11) |
| - | Section 106 Agreements | (2) |
| (11) | Total Unapplied Grants with conditions | (13) |

36. Financial Instruments

Financial Assets

| 168 | Non-Current | | | | Current | | | | Total |
|-----------------------|-------------|-----------|--------------|--------------|----------------|--------------|--------------|--------------|---------------|
| | Investments | | Debtors | | Investments | | Debtors | | |
| | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-20 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Amortised Cost | (1) | | 1,929 | 3,176 | (5,646) | 8,197 | 7,015 | 6,634 | 18,007 |

| | Non-Current | | | | Current | | | | Total |
|-----------------------|-------------|-----------|--------------|--------------|----------------|--------------|--------------|--------------|---------------|
| | Investments | | Debtors | | Investments | | Debtors | | |
| | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 | 31-Mar-20 | 31-Mar-20 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Amortised Cost | (1) | | 1,929 | 3,735 | (5,646) | 8,197 | 7,015 | 9,650 | 21,583 |

Financial Liabilities

| | Non-Current | | | | Current | | | | Total 31-Mar-20 £'000 |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------------|
| | 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 | |
| Amortised Cost | (10,000) | (10,000) | (12) | (236) | 3,199 | (6,127) | (6,204) | (5,711) | (22,074) |

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 1st 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 1st 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 |
| Balance carried forward | 859 | 903 |
| Nominal Value Carried Forward | 1,186 | 1,132 |

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 |
| Interest revenue: | | | | |
| Financial assets measured at amortised cost | (691) | - | (535) | |
| Total Interest Revenue | (691) | - | (535) | - |
| Interest payable | 489 | - | 451 | |
| Total Interest Payable | 489 | - | 451 | - |

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

| | 31-Mar-19 | | 31-Mar-20 | |
|-----------------------------------|--------------------------|---------------------|--------------------------|---------------------|
| | Carrying Amount £'000 | Fair Value £'000 | Carrying Amount £'000 | Fair Value £'000 |
| Financial Liabilities | | | | |
| PWLB debt | (100) | (101) | - | - |
| Net-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) | (5,711) | (5,711) |
| Long term creditors | (12) | (12) | (13) | (13) |
| Long term finance lease liability | (247) | (247) | (236) | (236) |
| Total Liabilities | (19,562) | (24,614) | (21,960) | (27,677) |

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 | 6,634 | 6,634 |
| Long term debtors | 1,930 | 1,930 | 3,735 | 3,735 |
| Total Assets | 24,441 | 24,591 | 30,359 | 30,539 |

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.
- 175 • 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.

| 2018/2019 | | | | 2019/2020 | | |
|------------------|-----------------------|---------------|----------------|------------------|-----------------------|---------------|
| Debt Outstanding | Allowance in Accounts | Net Liability | | Debt Outstanding | Allowance in Accounts | Net Liability |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'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 |
| 1,637 | (167) | 1,470 | Total | 1,976 | (153) | 1,823 |

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 Credit Losses £'000 | Lifetime Expected Credit Losses – Simplified Approach £'000 | Total £'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 | - | - | |
| As at 31 March 2020 | | 116 | 116 |

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:

| | 31-Mar-19 £'000 | 31-Mar-20 £'000 |
|-----------------------|--------------------|--------------------|
| 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 |
| Total | 13,972 | 16,722 |

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:

| | 31-Mar-20 £'000 |
|--|----------------------------------|
| 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 government provided support in a number of ways:-

- a) Financial support in the form of grant funding for additional costs incurred as a result of the pandemic and an income compensation scheme to provide some replacement funding for that lost due to the pandemic.
- b) Additional grants to fund specific new burdens that fell on the Council.
- c) Deferral of central government payments relating to the Business Rates central share.

The balances reported for 2020/21, 2021/22 and 2022/2023 are as follows.

| Date | General Fund | Earmarked reserves |
|------------------|--------------|--------------------|
| 31-Mar-21 | £8.7m | £36.1m |
| 31-Mar-22 | £9.0m | £36.3m |
| 31-Mar-23 | £9.6m | £34.0m |

We have carried out an assessment of the impact of Covid-19 on our future finances. Income losses were not as pronounced as originally feared and some compensation was provided to meet these losses in part, overall, the loss was such that we have been able to manage this within our budgets. With the additional funding provided we are satisfied that there is no material uncertainty ongoing relating to going concern.

¹⁸ The Council has undertaken cash flow modelling through to March 2025 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework.

Whilst the impact of the pandemic has less of an impact on the 2022-2027 MTFP, budgets do reflect changes in access to services and running costs that may link to new practices and behaviours that arose from that event. Inflation and continued short-term funding settlements significantly impact on this Financial Plan. Inflation is impacting on the forecast cost of utilities, vehicle running costs and other supplies and services that the Council accesses to provide its services, meaning that any savings or income generating options are quickly outweighed by increased costs or require difficult decisions that could add to the impact from cost-of-living increases to the Councils services users.

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. This demonstrates that the Council has sufficient liquidity over the same period.

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 | 479 |
| - | Dividends received | - |
| 589 | Total | 990 |

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 | 3,399 |
| 2,311 | Impairment and downward valuations | 4,535 |
| 109 | Amortisation | 183 |
| - | Increase/(decrease) in impairment for bad debts | - |
| 651 | Increase/(decrease) in creditors | 3,871 |
| 3,169 | (Increase)/decrease in debtors | (1,138) |
| (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 | 18,884 |
| 293 | Other non-cash items charged to the net surplus or deficit on the provision of services | (779) |
| 33,615 | Total | 35,098 |

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) | 0 |
| (19,695) | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (21,672) |
| (1,376) | Any other items for which the cash effects are investing or financing cash flows | (2,941) |
| (14,828) | | (24,613) |

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 | (23,779) |
| (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 | 21,672 |
| (169) | Proceeds from short-term and long-term investments | 1,953 |
| 1,554 | Other receipts from investing activities | 3,274 |
| (13,674) | Net cash flows from investing activities | 1,748 |

41. Cash Flow from Financing Activities

| 31 March 2019 £000 | | 31 March 2020 £000 |
|--------------------------|--|--------------------------|
| (700) | Cash receipts of short- and long-term borrowing | 9,127 |
| 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 | (6,199) |
| (974) | Other payments for financing activities | (2,879) |
| (1,674) | Net cash flows from financing activities | 49 |

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.

| NNDR 2018/2019 £'000 | Council Tax 2018/2019 £'000 | Total 2018/2019 £'000 | | NNDR 2019/2020 £'000 | Council Tax 2019/2020 £'000 | Total 2019/2020 £'000 |
|-------------------------------------|--|--------------------------------------|--|-------------------------------------|--|--------------------------------------|
| 46,830 | - | 46,830 | Income | | | |
| - | 88,084 | 88,084 | Non-domestic ratepayers | 46,365 | | 46,365 |
| | | | Council Tax | | 93,565 | 93,565 |
| 46,830 | 88,084 | 134,914 | Total Income | 46,365 | 93,565 | 139,930 |
| | | | Expenditure | | | |
| 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 |
| | | | | | | |
| | | | Precepts, Demands and Shares | | | |
| 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 |
| | | | | | | |
| | | | Charges to Collection Fund | | | |
| 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 |
| 48,391 | 87,597 | 135,988 | Total Expenditure | 44,365 | 95,776 | 140,141 |
| (1,561) | 487 | (1,074) | (Deficit)/Surplus arising during the year | 2,000 | (2,211) | (211) |
| 1,011 | 2,797 | 3,808 | (Deficit)/Surplus brought forward 1st April 2019 | (550) | 3,284 | 2,734 |
| (550) | 3,284 | 2,734 | (Deficit)/Surplus carried forward 31 March 2020 | 1,450 | 1,073 | 2,523 |

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.

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

| Non-Domestic Rates Appeals Provision | 2018/2019 £'000 | 2019/2020 £'000 |
|---|----------------------------|----------------------------|
| In Year Appeals | | |
| Balance at 1 April | 1,509 | 725 |
| Adjustment in Year inc Settled Appeals | - | (205) |
| Adjustment in year | (834) | 197 |
| Balance at 31 March | 675 | 717 |
| Back Dated Appeals | | |
| Balance at 1 April | 3,568 | 4,606 |
| Adjustment in Year inc Settled Appeals | - | (134) |
| Adjustment in year | 1,088 | (1,991) |
| Balance at 31 March | 4,656 | 2,481 |
| NNDR Appeals Provision | 5,331 | 3,198 |

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 |
| Total | | 73,655 | 71,137 | 58,491 | | 51,498 |
| MOD Dwellings | | | | | | 482 |
| Total Taxbase | | | | | | 51,980 |

*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 Collection Fund Balances

The balance of the Collection Fund at 31 March 2020 stands at £2.5m Surplus (2018/2019 £2.7m Surplus).

| 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) | 3,572 | | |
| 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) | | |
| - | - | - | Total | (15) | - | (15) | | |

The share of surplus is shared as follows

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

C4 The following elements of the collection fund are included in the Council Balance Sheet

| Collection Fund Representation of Debtor, Creditor & Appeals balances in BCKLWN Accounts | | | | | | |
|---|--------------------|----------------|--|------------------|--------------------|----------------|
| NNDR | 31-Mar-19 | | | 31-Mar-20 | | Total |
| | Council Tax | Total | | NNDR | Council Tax | |
| £'000 | £'000 | £'000 | | £'000 | £'000 | £'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) | 114 | (369) |
| (5,885) | (1,895) | (7,780) | TOTAL | (4,238) | 879 | (3,359) |

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 (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. 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 Hardecnut | 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

| | | | | |
|------------------|------------------|------------------|------------------|---------------------------------------|
| 2019/2020 | 2018/2019 | 2017/2018 | 2016/2017 | 2015/2016 & previous years |
| 1.5% | 10% | 50% | 70% | 100% |

Council Tax – Costs Outstanding

| | | | | |
|------------------|------------------|------------------|------------------|---------------------------------------|
| 2019/2020 | 2018/2019 | 2017/2018 | 2016/2017 | 2015/2016 & previous years |
| 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, Alive West Norfolk Ltd and West Norfolk Housing Company 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 |

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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 12th 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 12th April 2018. The Company as at the 31 March 2020 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 |
|--|------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|--|-------------------------------|
| Balance at 1 April 2019 | (39,334) | (16) | (39,350) | (84,796) | - | (84,796) | (124,146) |
| Group (Surplus)/Deficit | 5,784 | (839) | 4,945 | | | - | - |
| Other Comprehensive Expenditure and Income | | | - | (36,553) | | (36,553) | (36,553) |
| Total Comprehensive Expenditure and Income | 5,784 | (839) | 4,945 | (36,553) | - | (36,553) | (31,608) |
| Adjustments between Accounting Basis and Funding Basis under Regulations | (4,874) | | (4,874) | 4,874 | - | 4,874 | - |
| Increase / Decrease in Year 2019/2020 | 910 | (839) | 71 | (31,679) | - | (31,679) | (31,608) |
| | | | | | | - | - |
| Balance at 31 March 2020 carried forward | (38,424) | (855) | (39,279) | (116,475) | - | (116,475) | (155,754) |

| 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 |
|--|------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|--|-------------------------------|
| Balance at 1 April 2018 Brought Forward | (34,364) | (18) | (34,382) | (99,209) | - | (99,209) | (133,591) |
| Group (Surplus)/Deficit | 5,536 | 2 | 5,538 | - | - | - | 5,538 |
| Other Comprehensive Expenditure and Income | - | - | - | 3,905 | - | 3,905 | 3,905 |
| Total Comprehensive Expenditure and Income | 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 | - |
| (Increase)/Decrease in Year 2018/2019 | (4,970) | 2 | (4,968) | 14,411 | - | 14,411 | 9,443 |
| Balance at 31 March 2019 Carried Forward | (39,334) | (16) | (39,350) | (84,796) | - | (84,796) | (124,146) |

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 | 6,433 | (430) | 6,003 |
| 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 | 25,239 | (16,609) | 8,630 |
| 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 | (32,644) | 2,487 |
| | | | | Group | | | |
| | | | | Alive Management Ltd | 362 | (542) | (180) |
| | | | | West Norfolk Housing Company Ltd | 191 | (190) | 1 |
| | | | | Alive West Norfolk Ltd | 4,336 | (4,188) | 148 |
| 85,913 | (63,539) | 22,374 | | Cost of Services | 88,688 | (61,084) | 27,604 |
| | | 4,864 | | Other Operating Income and Expenditure | | | 3,202 |
| | | 1,633 | | Financing and Investment Income and Expenditure | | | 185 |
| | | (23,333) | | Taxation and Non-Specific Grant Income | | | (26,046) |
| | | 5,538 | | (Surplus) or Deficit on provision of Services | | | 4,945 |
| | | (8,351) | | Surplus on revaluation of fixed assets (def cap rec/gov grants/ggd) | | | (16,855) |
| | | 12,256 | | Actuarial gains / losses on pensions assets / liabilities | | | (19,698) |
| | | 3,905 | | Other Comprehensive Income and Expenditure | | | (36,553) |
| | | 9,443 | | Total Comprehensive income and Expenditure | | | (31,608) |

Group Balance Sheet

| 31-Mar-19 £'000 | Note | | 31-Mar-20 £'000 |
|--------------------|------|-------------------------------|--------------------|
| 152,124 | | Property, Plant and Equipment | 156,103 |
| 17,954 | | Heritage Assets | 17,975 |
| 23,760 | | Investment Property | 28,126 |
| 529 | | Intangible Assets | 700 |
| 10,000 | | Long Term Investments | - |
| 1,929 | | Long Term Receivables | 1,390 |
| 206,296 | | Long Term Assets | 204,294 |
| 150 | | Short Term Investments | 8,181 |
| 128 | | Inventories | 139 |
| 8,881 | | Short Term Receivables | 10,478 |
| 5,127 | | Cash and Cash Equivalents | 13,386 |
| 934 | | Assets Held for Sale | 7,234 |
| 15,220 | | Current Assets | 39,418 |
| (2,132) | | Provisions | (1,359) |
| (3,199) | | Short Term Borrowing | (6,126) |
| (14,382) | | Short Term Payables | (16,329) |
| | | Current Tax Liability | (81) |
| (19,713) | | Current Liabilities | (23,895) |
| (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) |
| (77,654) | | Long Term Liabilities | (64,063) |
| 124,146 | | Net Assets | 155,754 |
| (39,350) | | Usable Reserves | (39,279) |
| (84,796) | | Unusable Reserves | (116,475) |
| (124,146) | | Total Reserves | (155,754) |

Group Cash Flow Statement

| 2018/19 £'000 | Note | 2019/20 £'000 |
|------------------|--|------------------|
| (2,389) | CIES Net Surplus or (Deficit) on the Provision of Services | (4,945) |
| 33,324 | Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements | 36,152 |
| (14,828) | Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities | (24,613) |
| 16,107 | Net Cash flows from Operating Activities | 6,594 |
| (13,676) | Investing Activities | 1,616 |
| (1,333) | Financing Activities | 49 |
| 1,098 | Net Increase or Decrease in Cash and Cash Equivalents | 8,259 |
| 4,025 | Cash and Cash Equivalents at the beginning of the Reporting Period | 5,127 |
| 5,123 | Cash and Cash Equivalents at the End of the Reporting Period | 13,386 |

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

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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. |

Chief Executive

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



420-66-10

Your ref:
Our ref:
Please ask for: Michelle Drewery
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E-mail: michelle.drewery@west-norfolk.gov.uk

Financial Services

22 January 2024

Mr M Hodgson
Associate Partner
Ernst & Young LLP
One Cambridge Business Park
Cambridge
CB4 0WZ

Dear Mark

This letter of representation is provided in connection with your audit of the consolidated Group and Council financial statements of Borough Council of King's Lynn & West Norfolk (jointly referred to as "the Council") for the year ended 31 March 2020.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council financial position of Borough Council of King's Lynn & West Norfolk as of 31 March 2020 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and Council CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit is conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing yourselves:

22 January 2024
Mr M Hodgson

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Council the Accounts and Audit Regulations 2015 (as amended in 2020 for Covid-19) and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We acknowledge as members of the management of the Group and the Council, our responsibility for the fair presentation of the council's financial statements. We believe the council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. We have approved the council financial statements.
3. That the significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Group and the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the Audit Results Report, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

We have not corrected these differences identified and brought to our attention by you because they are immaterial and also resolved in the 2020/21 financial year.

B. Non-compliance with Law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.

22 January 2024

Mr M Hodgson

3. That we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws and regulations, including fraud that may have affected the Group or Group and Council (regardless of the source or form and including without limitation, any allegations by “whistleblowers”) including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council’s financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group and Council’s activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. That all material transactions have been recorded in the accounting records and are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. That we have made available to you all minutes of the meetings of the Group and Council and its relevant committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 16 January 2024.

22 January 2024

Mr M Hodgson

4. That we confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. That we believe that the significant assumptions that we have used in making accounting estimates, including those measured at fair value, are reasonable.
6. That we have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. That from the date of our last management representation letter to you, through to the date of this letter, we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in the financial statements in Note 33 all guarantees that we have given to third parties.

E. Subsequent Events

1. That other than the disclosure described in Note 4 to the Group and Council's financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

22 January 2024

Mr M Hodgson

F. Accounting Estimates

1. We believe that the significant assumptions we have used in making accounting estimates, including those measured at fair value, are reasonable.
2. In respect of accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions we have used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - That no subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

G. Expenditure Funding Analysis

1. We confirm that the financial statements reflect the operating segments reported internally to the Group and Council.

H Going Concern

1. The Group and Council have prepared the financial statements on a going concern basis and that Note 38 to the financial statements discloses all of the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our future financial plans and the veracity of the associated future funding allocations from the Department of Housing, Communities and Local Government, the sufficiency of cash flows to support those financial plans.

I Ownership of Assets

1. That except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet(s).

J Reserves

1. We have properly recorded or disclosed in the Group and Council financial statements the useable and unusable reserves.

22 January 2024

Mr M Hodgson

K Valuation of Property, Plant and Equipment Assets

1. We agree with the findings of the experts engaged to evaluate the values of the Council's land and buildings and have adequately considered the qualifications of the experts in determining the amounts and disclosures included within the Council's financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.
2. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
3. We confirm that the significant assumptions used in making the valuation of assets appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the Group and Council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
5. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Group and Council financial statements due to subsequent events.
6. We confirm that we have performed a desktop review of all assets not subject to revaluation as part of the 5-year rolling programme for valuations and that each asset category is not materially misstated.
7. We confirm that for assets carried at historic cost, that no impairment is required.

L Retirement benefits

1. That on the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.
2. We agree with the findings of the specialists that we engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and

22 January 2024

Mr M Hodgson

we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

3. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. We confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
5. We confirm that the disclosures made in the Group and Council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the Group and Council financial statements due to subsequent events.

M. Other Information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report included in the Statement of Accounts 2019/2020.
2. We confirm that the content contained within the other information is consistent with the financial statements.

N. Group Audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.
2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.
3. We confirm that entities excluded from the consolidated financial statements are immaterial on a quantitative and qualitative basis.

O. Use of the Work of a Specialist – Pension Liabilities

1. We agree with the findings of the specialists that we engaged to evaluate the Valuation of Pension Liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists

22 January 2024
Mr M Hodgson

with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

P. Valuation of Pension Liabilities

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and council financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and council financial statements due to subsequent events.

Q. Specific Representations

1. We confirm that we have reviewed the work of the new Internal Valuer and that their view, judgements and conclusion is complete and fully replaces that of the previous Internal Valuer upon which the draft financial statements were prepared and whose final report and some supporting documentation was not provided for audit.

Yours sincerely,

Michelle Drewery
Assistant Director Resources
(S151 Officer)

Councillor Alun Ryves
Chair of the Audit Committee

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

| | | | |
|-----------------|--|---|----|
| REPORT TO: | Audit Committee | | |
| DATE: | 16 January 2024 | | |
| TITLE: | Annual Governance Statement 2020 – covering the 2019/20 financial year | | |
| TYPE OF REPORT: | Monitoring | | |
| PORTFOLIO(S): | Leader/Finance | | |
| REPORT AUTHOR: | Ged Greaves, Corporate Performance Manager | | |
| OPEN/EXEMPT | Open | WILL BE SUBJECT TO A FUTURE CABINET REPORT: | No |

REPORT SUMMARY/COVER PAGE

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|---|
| <p>PURPOSE OF REPORT/SUMMARY:</p> <p>The Terms of Reference of the Audit Committee¹ 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 final version of the Annual Governance Statement (AGS) 2020 to the Committee for approval. The draft AGS has previously been considered at the Committee’s meetings on 17 December 2020 and 26 July 2021.</p> <p>The preparation and publication of the AGS is a statutory requirement². 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.</p> |
| <p>KEY ISSUES:</p> <ol style="list-style-type: none"> 1. CIPFA³ 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. 2. Appendix C of the AGS is the Action Plan devised for the 2020/21 year. 3. Input has been collated from executive directors, assistant directors, service managers and Internal Audit. 4. External Audit will review the final version prior to the final version coming to the Audit Committee. |
| <p>OPTIONS CONSIDERED:</p> <p>Options do not apply; the council must prepare, approve and publish a statement.</p> |
| <p>RECOMMENDATIONS:</p> <p>The Committee is recommended to:</p> <ol style="list-style-type: none"> a) Confirm that the Annual Governance Statement 2020 (as attached) properly |

¹ As agreed by Full Council in June 2016

² Accounts and Audit Regulations 2015, regulation 6(1)

³ Chartered Institute of Public Finance and Accountancy

reflects the risk environment and that actions required to improve it are in hand

- b) Approve the Annual Governance Statement 2020 (as attached) and confirm that the Chairman of the Audit Committee should sign accordingly.

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 Annual Governance Statement 2020

- 2.1 The 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 Sections 1 and 2 are broadly the same as previous editions of the AGS, these are 'introductory sections'.
- 2.3 Section 3 sets out the seven key principles of our Code of Corporate Governance.
- 2.4 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.
- 2.5 Section 11 describes how the council has discharged its responsibility to review the effectiveness of its governance framework including the system of internal control.
- 2.5 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.
- 2.7 Section 13 covers 'Known Changes in the 2020/21 year'.
- 2.8 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.
- 2.9 Section 15 refers to the Action Plans devised for the 2019/20 year (see Appendix A of the AGS) and for the year 2020/21 (see Appendix B of the AGS).
- 2.10 The development of the 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.

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 had input 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

11.1 From the review undertaken, the assessment and ongoing monitoring work completed 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.

11.2 The Committee is recommended to:

- a) Confirm that the Annual Governance Statement 2020 (as attached) properly reflects the risk environment and that actions required to improve it are in hand
- b) Approve the Annual Governance Statement 2020 (as attached) and confirm that the Chairman of the Audit Committee should sign accordingly.

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**



Annual Governance Statement 2020

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. 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.

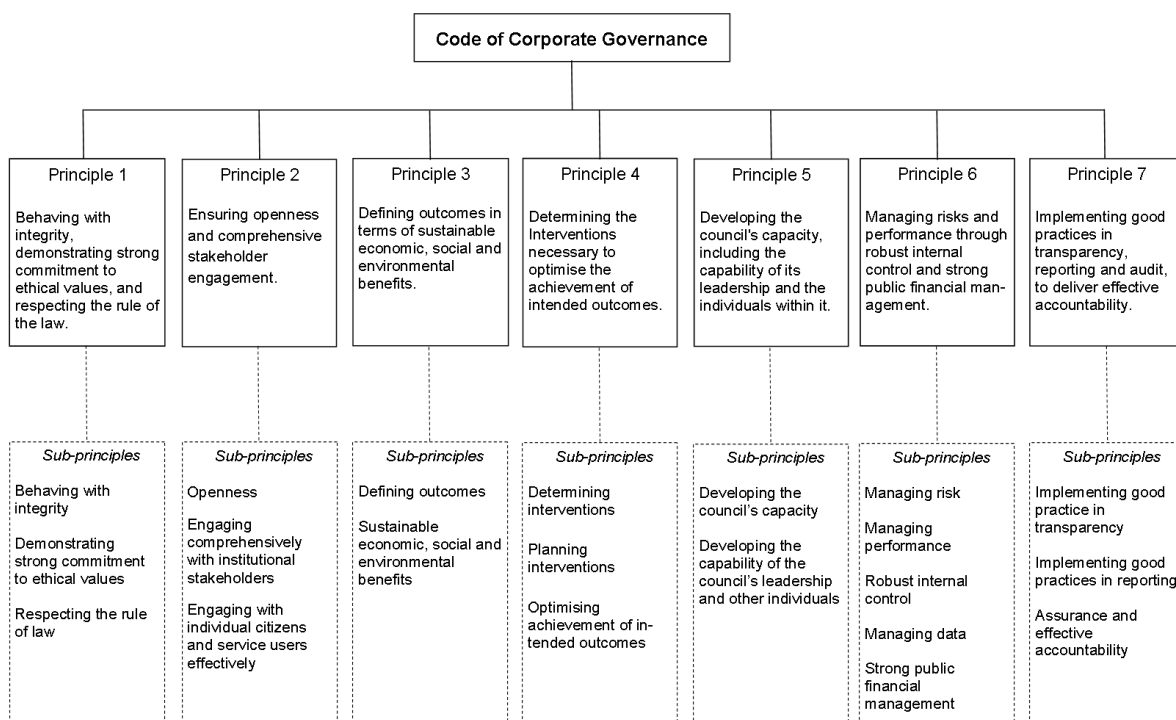
3. Key principles of our governance framework

- 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:

CIPFA/ SOLACE: Delivering Good Governance in Local Government Framework 2016



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



3.2 The table at Appendix C 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 |
|--|----------|-------------------|
| Contract Standing Orders | Cabinet | 7 January 2020 |
| Corporate Business Plan | Cabinet | 7 January 2020 |
| Homelessness Strategy | Cabinet | 7 January 2020 |
| Council Tax Support Scheme | Cabinet | 7 January 2020 |
| Corporate Complaints Policy | Cabinet | 12 November 2019 |
| Unreasonable Complaints Policy | Cabinet | 12 November 2019 |
| Mid-Year Treasury Management Review | Cabinet | 12 November 2019 |
| Norfolk Strategic Planning Framework | Cabinet | 24 September 2019 |
| Code of Corporate Governance | Cabinet | 6 August 2019 |
| Strategic Partnership Agreement – Cambridgeshire and Peterborough Combined Authority | Cabinet | 6 August 2019 |
| King's Lynn Area Consultative Committee | Cabinet | 18 June 2019 |
| Scheme of Delegation | 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 |
|------------------------------------|-------------------------------------|--|
| Vision King’s Lynn | 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. |

| | | |
|---|---------------|--|
| King's Lynn town centre satisfaction survey | November 2019 | To gain people's views on satisfaction and usage of the town centre. |
| Hunstanton developments | 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 authority¹, 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](#)

¹ 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 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.

- 5.2.21 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.
- 5.2.22 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.
- 5.2.23 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.
- 5.2.24 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:

| Information | Purpose | Frequency |
|--|---|--|
| Annual financial statements | To indicate how financial resources have been used. | Annually with more frequent budget monitoring reports. |
| Appropriate approvals | To provide a record of decisions made. | As and when decisions are made. |
| Records of decisions made under delegated powers | To provide a record of decisions made. | As and when decisions are made. |

| | | |
|--|--|---|
| Procurement and spending | To provide a record of expenditure and organisations in receipt of council funding. | Quarterly records of payments to suppliers over £500. Quarterly reports for Tenders, Contracts and Purchase Orders |
| Performance against key performance indicators | To provide a record of progress made by the council in the delivery of its objectives. | Reported quarterly to Corporate Performance Panel. |
| Lessons learnt reports | To provide a record of learning activities and areas for improvement. | As and when required from projects. |
| Annual governance statement which follows the best practice recommended by CIPFA/Solace. | To provide a view on how the council has complied with its Code of Corporate Governance. | Annually with drafts considered by Audit Committee and Management Team. |
| Risk management updates | To provide a record of major risks facing the council and how it is responding to them. | 6 monthly updates considered by Audit Committee and Management Team. |
| Progress on the corporate business plan and updates on key objectives | To provide a record of priorities and progress made by the council in delivering them. | Reported quarterly to Corporate Performance Panel. |
| Agendas, minutes and reports | To provide a record of decisions and information used to reach those decisions. | In line with meeting schedules. |

10.2.2 Attention is given to the way in which these documents are written so that they provide the necessary information to meet transparency requirements and support scrutiny without being too onerous to produce and for readers to understand.

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 28 February 2022. 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 led 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 resolved² 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

² 2 August 2016

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)

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. A Member Major Projects Board provides oversight of the officer board.

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 An inaugural meeting of the Kings Lynn Town Deal Board was held in January 2020 to discuss Government funding opportunities. The terms of reference and governance were agreed in August 2020. A focus of the work was to create a wider vision for Kings Lynn Town which would replace that discussed under the aegis of the Heritage Action Zone(see 5.2.5) and be used as the base for preparing bids for securing funds under the Governments Town Deal initiative. The constituent members of the Board were aligned with Governmental requirements.

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 A.
- 15.2 The action plan for 2020/21 is attached at Appendix B.

16. Assurance summary

- 16.1 From the review undertaken, the assessment and ongoing monitoring work completed³ 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

³ By the Audit Committee during 2019/20

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 B 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
Chair of the Audit Committee
Date:

Appendix A - 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. Refreshed policy/strategy under consideration. |
| 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 an updated performance framework adopted. A business plan review in 2021 will lead to a new indicator set from 2022/23. |

| Item | | Action | Responsible Officer | Target Date | Status |
|------|---|--|--|-------------|--|
| 8 | Implementation and embedding of the new financial ledger. | To implement and embed the operational processes of the new financial ledger software. | Deputy Chief Executive | March 2020 | Ledger operational but some refinements to be undertaken in 2020/21 and ongoing actions in 2022/23. |
| 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. |
| 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 January 2020. |
| 17 | Development of waste contracts for | To procure: • A joint waste 291 | Executive Director, | March 2020 | Refuse and Recycling Contract , approved |

| Item | | Action | Responsible Officer | Target Date | Status |
|------|--|--|--|-------------|--|
| | residual, recycling, garden and food waste streams. | collection service in collaboration with Breckland and North Norfolk district councils. <ul style="list-style-type: none"> • A food waste treatment service. • A garden waste treatment service. | Commercial Services | | December 2019. |
| 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. |
| 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 B - 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"> • A joint waste collection service in collaboration with Breckland and North Norfolk district councils. • A food waste treatment service. • A garden waste treatment service. | 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"> • Alive West Norfolk • EastLaw | Assistant to the Chief Executive | March 2021 |
| | | To review service level agreements covering: <ul style="list-style-type: none"> • Norfolk Museum Service | Assistant Director - Regeneration, Housing and Place | March 2021 |

Appendix C – Corporate governance has been weaved through all functions of the Council including but not limited to those listed in this table.

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

Appendix D – Governance is also embedded in our joint, contracted in/out and our partnership working. The list of such partners are contained in this table.

Partnerships/joint working

- 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. |

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

| | | | |
|-----------------|---|---|----|
| REPORT TO: | Audit Committee | | |
| DATE: | 16 January 2024 | | |
| TITLE: | Corporate Risk Register monitoring report – August 2023 | | |
| TYPE OF REPORT: | Monitoring | | |
| PORTFOLIO(S): | Performance | | |
| REPORT AUTHOR: | Ged Greaves, Corporate Performance Manager | | |
| OPEN/EXEMPT | Open | WILL BE SUBJECT TO A FUTURE CABINET REPORT: | No |

REPORT SUMMARY/COVER PAGE

| |
|--|
| PURPOSE OF REPORT/SUMMARY: |
| This report presents an updated version of the register as at August 2023. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects. |
| KEY ISSUES: |
| The risk register was reviewed in August 2023. Following that review, there are no proposals to revise the score for any of the risks. There are no proposals to add or remove risks. |
| OPTIONS CONSIDERED: |
| Not applicable. |
| RECOMMENDATIONS: |
| Members are requested to consider: a) the Corporate Risk Register as at August 2023 and confirm agreement with Management Team's assessment of the risks to the corporate business plan. |
| REASONS FOR RECOMMENDATIONS: |
| In order to ensure the council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'. |

REPORT DETAIL

1. Introduction

- 1.1 The Risk Management Policy and Risk Management Strategy covering this reporting period were approved by Council in October 2022.
- 1.2 The Terms of Reference for the Audit Committee include responsibility for monitoring the management of risk. To this end, the committee receives reports on the position of the Corporate Risk Register, with the last one being presented to the committee in August 2023 for the period up to May 2023. The latest report is for the period up to end of August 2023.
- 1.3 Under the refreshed policy, the Corporate Risk Register is reviewed by Management Team on a 4-monthly basis. Future reviews will be undertaken in December 2023 and April 2024. Existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are proposed for removal and new risks considered in the context of current circumstances are added.
- 1.4 A summary of the changes to the Corporate Risk Register since the last monitoring report are detailed in section 2 below. Details of the 'Very High' risks are given in Appendix 1 together with a list of the 'High' risks.
- 1.5 Each risk on the register is scored in terms of Impact and Likelihood, according to criteria defined within the Corporate Risk Management Strategy. The broad definitions and risk matrix are attached for reference in Appendix 2.
- 1.6 The full Corporate Risk Register, as agreed by Management Team, has been provided to the Audit Committee in hard copy, for reference.
- 1.7 Appendix 3 sets out the corporate risks in score order.
- 1.8 Attached at Appendix 4 is list of risks that have been removed from the register since May 2018.
- 1.9 Appendix 5 is a new summarised version of the risk register developed in response to the committee's requests.

2. Changes to the Corporate Risk Register

- 2.1 There continue to be pressures with inflation, interest rates and the cost of living. The Office for Budget Responsibility recently reported that the UK economy has proved to be more resilient than anticipated but expects slow growth over the coming 5 years.
- 2.2 The current Bank rate is 5.25% and inflation is 4.7% compared with a target of 2%.
- 2.3 Claimant count data suggests there are signs of a cooling labour market:

| Area | Oct 2023 | Oct 2022 | Oct 2021 | Oct 2020 | Oct 2019 |
|-----------------|----------|----------|----------|----------|----------|
| KLWN | 2.6 | 2.5 | 3.3 | 4.8 | 2.0 |
| East of England | 3.0 | 2.8 | 3.8 | 5.3 | 2.2 |
| Great Britain | 3.7 | 3.5 | 4.7 | 6.2 | 2.8 |

- 2.4 The number of job vacancies in the UK continued to fall, dropping by 43,000 to 988,000 between July 2023 and September 2023.
- 2.5 Nationally, in the nine months to September, 18,367 businesses entered insolvency, according to official Insolvency Service figures. That is the highest number for this period of any year since 2009. Insolvencies are more than 13pc higher than the first nine months of 2022. The sharp increase in financial difficulty comes after a rapid increase in borrowing costs over the last two years and the end of pandemic-era support programmes, including grants and a moratorium on winding up petitions.
- 2.6 The LGA have highlighted concerns of a national homelessness crisis citing issues such as:
- Constraints upon Local Housing Allowance rates meaning the private sector is becoming less and less feasible for households dependent on housing support.
 - number of Section 21 'no fault' evictions increasing.
 - the cost of living continuing to rise.
 - more Ukrainian arrivals presenting as homeless.
 - depleting social housing stock.
 - an unaffordable and overly competitive private rented market.
- 2.7 These impacts have been considered within the corporate risk register and particularly relate to the following risks:
- SR1. Financial sustainability
 SR3. Facilitating and enabling growth
 SR4. Community issues
 SR8. Reputation management
 SR12. Council owned companies
 SR14. Cost of living
- 2.8 ICT Development Group have confirmed support to procure a new corporate performance management software package that integrates management and reporting of performance indicators, actions and risks. Currently these are collated and reported using a combination of spreadsheets and documents. Once implemented the new system will provide an integrated view of performance across the organization and improve the reporting of data to management and councillors.
- 2.9 A briefing for the Committee on 17 November 2023 covered the Bow-Tie risk analysis technique and the approach will be used to improve the visual summary of the new corporate risk register in 2024.

3. Conclusion

- 3.1 The Corporate Risk Register continues to be actively monitored by Management Team on a periodic basis.
- 3.2 In this review, there are no proposals to revise risk scores.
- 3.2 There are no proposals to change the focus of risks although this may change in accordance with the new corporate business plan.
- 3.3 There are no proposals to transfer risks to directorate risk registers.
- 3.4 There are no proposed new entries to the risk register.
- 3.5 The register has been updated to reflect additional mitigation measures, actions and commentary on progress.

4 Corporate Priorities

- 4.1 The Corporate Risk Register is aligned with the previous Corporate Business Plan agreed in November 2021. The risk register will need to be reviewed to reflect the new corporate business plan and Peer Review. The register will be reviewed December 2023/January 2024.

5 Policy Implications

- 5.1 The updated register reflects emerging policy development related to climate change.

6 Financial Implications

- 6.1 The Corporate Risk Register is designed to assist senior management to identify and manage any financial implications identified through normal operations.

7 Personnel Implications

- 7.1 None.

8 Statutory Considerations

- 8.1 Account and Audit Regulations 2015 - s3(c). The council must ensure that it has 'effective arrangements for the management of risk'.

9 Equality Opportunity Considerations

- 9.1 None

10 Risk Management Implications

- 10.1 The council has in place a Risk Management Policy and Strategy.
- 10.2 The Corporate Risk Register records high level risks which pose a threat or opportunity to the council's objectives. It is a tool used by Management Team to help manage risk across the authority and is a key document within the governance controls applied within the council.

11. Environmental Implications

- 11.1 The risk register includes a number of climate change and environmental risks such as risks 5 - Continuity of service and 10 - Climate change mitigation and adaptation.

12 Recommendations

- 12.1 Members are requested to:
- a) note the change in format of the risk register;
 - b) consider the contents of the risk register;
 - c) confirm agreement with Management Team's assessment of the register.

13.0 Declarations of Interest / Dispensations Granted

- 13.1 None.

Background Papers

Previous Corporate Risk Registers reported to Audit Committee
Risk Management Policy and Strategy

APPENDIX 1 - Details of the ‘Very High’ risks together with a list of the ‘High’ risks

Risk name: 1 - Financial sustainability

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

Description: Ineffective management of finances leading to a lack of financial resilience as government funding reduces and demand increases.

| Existing Mitigation and Controls | Planned mitigating actions |
|--|--|
| <p><u>Cost management and income generation</u></p> <ol style="list-style-type: none"> 1. Actively involve staff and Members in designing the cost management and income generation programme. 2. Maintain open channels of communication on plans/ proposed changes. 3. Keep staff and members informed of how the budget reductions are being managed. 4. Budget monitoring reports. 5. Finance is a standing item on Senior Leadership Team and Cabinet Briefings to align with the annual financial estimates cycle. <p><u>Financial Plan</u></p> <ol style="list-style-type: none"> 1. A review of the costs and provision of all services will continue with the aim of mitigating costs where possible and other opportunities to improve the financial position. 2. Attendance at consultation updates from LGA / DLUHC / CIPFA. 3. Budgets will be monitored/reported against estimates on a regular basis. 4. Balanced and funded budget to 2024/25. 5. Capital and property investment strategy and related monitoring process. 6. At year end, planned and unplanned savings transferred to General Fund balance to adapt to reduction in central government funding. 7. Cabinet and SLT away days to focus on financial management. 8. Budget presentations to council panels. 9. Approach to budget setting and workshop themes (reviewing fees and charges, income generation, salaries, community benefit and staff engagement) including wider engagement with elected members. 10. Reviewing earmarked reserves to ensure we have sufficient funds to deliver corporate objectives. | <p><u>Cost management and income generation</u></p> <ol style="list-style-type: none"> 1. Cost management plan in development. Will be taken back to SLT once estimated costs and timescales agreed with ADs. To agree plan for taking forward and implementing. Initial discussion between Cabinet and SLT, Oct 2023. <p><u>Financial Plan</u></p> <ol style="list-style-type: none"> 1. Approach to budget setting and workshop themes being developed including wider engagement with SLT and elected members. Outline timetable for this work. 2. Dates to be agreed for Non-domestic rate payer consultation, IDB meetings, member briefings and presentations, staff presentations ahead of Council Feb 2024. |

| Existing Mitigation and Controls | Planned mitigating actions |
|---|--|
| <p><u>Pension Fund</u></p> <ol style="list-style-type: none"> 1. 3 year valuation and 30 year plan. Next review 2025/26. 2. We have taken advantage of the one of lump sum in 2022/23. <p><u>Business rates</u></p> <ol style="list-style-type: none"> 1. Memorandum of Understanding determines allocation of funding from Norfolk Business Rates Pool. Local funding allocation will support priorities. 2. Continue to monitor potential areas of risk and work with LGA and business rates specialists where possible. 3. Continue working with major businesses to reduce the possibility of closure. 4. Ongoing monitoring of appeals and provision made to respond. Business Rates revaluation being undertaken in 2023, grant anticipated to cover losses to the council. 5. S31 grant provided to offset shortfall in income. <p><u>Rapidly rising costs</u></p> <ol style="list-style-type: none"> 1. Cost management, fees and charges reflect full cost recovery and income generation activities. 2. Descoping elements of projects. 3. Phasing and reprioritisation of projects. 4. Use of external funding for projects. 5. Installation of efficient heating and lighting systems. 6. Generation of electricity through solar PV. 7. Lobbying through LGA/DCN for funding settlement. 8. Revisit financial plan to account for cost increases. 9. Use of some earmarked reserves. 10. Ongoing monitoring of issues and advice from Treasury experts. 11. Robust contracts. 12. Provision of inflation within cost plan estimates for projects e.g. major housing projects. Towns Fund projects. 13. Hybrid working policy enables some employees and members to minimise travel costs. 14. Advantageous funding agreements with third parties e.g. New Anglia LEP. 15. Lobbying in respect of IDB levies burden to the Council. 16. Consideration and monitoring of energy cost reductions and link to | <p><u>Pension Fund</u></p> <ol style="list-style-type: none"> 1. Attend relevant briefings and workshops as required to understand announcements on Government funding and policy. Ongoing. <p><u>Business rates</u></p> <ol style="list-style-type: none"> 1. Monitor Government position with business rates retention. Ongoing 2. Provisional local government finance settlement announced Dec 2023 - ongoing monitoring of impact. Autumn Statement may give an indication on 22 Nov 2023. 3. Monitoring of new legislative programme and announcements. Ongoing. 4. Attendance at relevant seminars and briefings. Ongoing. 5. Consideration of entering Business Rates Pool in 24/25. Ongoing. <p><u>Rapidly rising costs</u></p> <ol style="list-style-type: none"> 1. Review and monitoring of costs and programmes/projects. Ongoing. 2. Seeking external funding for projects e.g. decarbonisation of buildings and vehicle fleet, Funding for Guildhall project. Ongoing. 3. Post project monitoring and reporting of ReFIT framework and PSDS projects. Ongoing. 4. Financial Plan to reflect any inflationary increases going forward to be agreed by Council Feb 24. 5. Allow for some earmarked reserves as part of closedown to cover additional costs that have materialised and direct to General Fund reserve. Ongoing. 6. Ongoing development of staff regarding future supply chain resilience e.g procurement and corporate projects ("grow our own" approach). 7. Reviewing resources to ensure sufficient capacity to deliver corporate objectives. Ongoing. 8. Further review of earmarked reserves to support funded budget position of year 3 of the financial plan to be completed August 2023. One third identified so far. Ongoing. 9. Additional resource to support Cost Management and Income Generation plan. Ongoing. |

| Existing Mitigation and Controls | Planned mitigating actions |
|---|----------------------------|
| <p>MTFS. 17. Review earmarked reserves.</p> | |
| <p>Progress</p> | |
| <p><u>Cost management and income generation.</u> Budget approved in Feb 2023, focus for the next 6 months is on the income generation and cost management plan.</p> <p><u>Financial Plan</u> Budget approved in Feb 2023, funded budget for years 1, 2 and 3 of the financial plan with a gap in year 4. Volatility with economy due to inflation and interest rates and is closely monitored to understand the impact on the financial plan in later years. Further uncertainty with Government funding and policy related to forthcoming general election. Pay award for 23/24 implemented.</p> <p><u>Pension Fund</u> Council agreed to one off lump sum payment to secure savings in the financial plan. Annual contributions remain the same in percentage terms and reflected in the financial plan. Position fully documented in the annual Statement of Accounts.</p> <p><u>Business rates</u> Continue to be part of the Business Rates pool in 2024/25. Re-valuation implemented from 1 Apr 2023 and Government has thresholds and transitional reliefs to protect small businesses from significant increases. Situation will continue to be closely monitored. Recognise that one small change could have a significant upon the financial plan. Continue to take prudent approach in the financial plan.</p> <p><u>Rapidly rising costs</u> Impact across many risks and projects. Interest rate rises have increased investment returns but the opportunity costs of investing in projects has also increased. Ongoing monitoring of prices and labour costs as demand/prices may begin to be more competitive. Providing longer term HR measures regarding training and development within internal workforce and supply chain. Ongoing monitoring of interest rates and inflation rate upon projects and budgets.</p> | |

Risk name: 3 - Facilitating and enabling growth

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

Description: The inability of the council to facilitate and enable the market to deliver the council's growth agenda. This failure may reduce investment in infrastructure, inward investment, job opportunities, new housing and commercial development therefore impacting on communities and businesses.

| Existing Mitigation and Controls | Planned mitigating actions |
|--|--|
| <p><u>Local employment</u></p> <ol style="list-style-type: none">1. KLIC and related skills & training initiatives with partners and business sectors.2. The release of Council owned employment land at Hardwick and Campbell's Meadows in KL and at St John's Business Estate in Downham Market.3. Information packs on the local area and to aid recruitment are provided on request.4. Maintain regular contact with Department for International Trade and market investment opportunities with them.5. Effectively handle enquires received direct, whether from inside or outside the Borough.6. Active involvement with New Anglia LEP.7. Nar Ouse Business Park Enterprise Zone development.8. Use of external funds to de-risk developments.9. Gas main diversion completed at Nar Ouse.10. Towns Fund Youth and Retraining Pledge project.11. Norfolk Devolution Deal.12. UK Shared Prosperity Fund and Rural England Prosperity Fund.13. Marketing plan for Nar Ouse and Downham Market. <p><u>Empty retail properties/town centre decline</u></p> <ol style="list-style-type: none">1. Continued support to businesses through hardship relief.2. Active management of lettings and promotion of a positive image of the town to potential businesses.3. Initiatives to promote the town to visitors, shoppers and businesses.4. Town Centre Partnership/BID.5. Transport and town centre studies.6. Bids for external funding such as Town Fund, Levelling Up, etc.7. Improvements to key access roads and junctions.8. Management capacity.9. Covid 19 response to reopening high street. | <p><u>Local employment</u></p> <ol style="list-style-type: none">1. Local Plan review - employment land (current allocated land is unviable due to need to raise levels). Ongoing.2. Ongoing monitoring of Levelling Up proposals and support to increase the numbers of people to fulfill roles at all skill levels post-Covid/EU Transition. Ongoing.3. Apprenticeships/ training programmes encouraged within major housing contracts and sub-contractors, Mar 22. BCKLWN appointed 1 trainee. Ongoing.4. Explore options for innovation centres, advanced manufacturing centres of excellence, etc through Government funding. Ongoing.5. Shared Prosperity Fund and development of West Norfolk Investment Plan to improve work-based skills programme. Implementation ongoing.6. Consideration of Youth and Re-Training Pledge Project and broader role going forward. Ongoing. <p><u>Empty retail properties/town centre decline</u></p> <ol style="list-style-type: none">1. Actively identifying opportunities to repurpose vacant retail units including conversion to residential and creating flexible pop up retail opportunities for micro-businesses/niche retailers plus community based organisations. Ongoing.2. Implementing approved business cases for MUCH, Guildhall and Riverfront. Ongoing3. Explore alternative purposes for King's Lynn Town Centre - Town Investment Plan viewing the town centre as a multi-purpose destination rather than just retail. Ongoing.4. Development of the car parking strategy. Ongoing.5. Levelling Up Fund (LUF) submission for replacement of Oasis, Hunstanton. |

| Existing Mitigation and Controls | Planned mitigating actions |
|---|--|
| <p>10. Payment plans for commercial tenants. 11. Change in use class Order E. 12. Town Investment Plan. 13. Brownfield land within town centres released for housing. 14. Towns Fund approved business case for Active and Clean Connectivity, Public Realm improvements, Guildhall, MUCH and Riverfront.</p> <p><u>5 year land supply, housing delivery and housing delivery test.</u> 1. 5 year plan (subject to delivery of Parkway and Lynnsport 1 developments). 2. Work on the LDF to ensure the Council can evidence that sufficient land is available. 3. Also approve applications to boost the supply in the short-medium term.</p> <p><u>Housing market</u> 1. West Norfolk Property Limited able to take over any surplus housing stock to rent out until the market picks up, if needed. 2. NORA Phase 4 - 50% of development will be rented properties. 3. A viability review of the market will be carried out before the decision to commence each phase is taken.</p> <p><u>Strategic land and property acquisition</u> 1. Continue to identify, and acquire, property/land for future development/investment. Failure to do so leads to the risk of missed opportunities and associated loss of potential income. 2. Officer Major Projects Board in place to assist in coordination and oversight of developments. 3. Member Major Projects Board. 4. Land and property due diligence checks.</p> <p><u>West Winch/North Runcton Strategic Growth Area</u> 1. Project and programme management approach. 2. Stakeholder engagement. 3. Commissioning technical expertise.</p> | <p>Unsuccessful bid, options under review. 6. Round 3 LUF submission in development focused on infrastructure development at Enterprise Zone. Ongoing.</p> <p><u>5 year land supply, housing delivery and housing delivery test</u> 1. Supporting the Local Plan review process. Ongoing.</p> <p><u>Housing market</u> 1. Monitor for potential signs that the increase in prices/labour force issues impacts upon the development sector and contingencies within contract sums. Ongoing. 2. The percentage of PRS delivered on major housing sites will be reviewed in the light of current market conditions. Ongoing. 3. Monitor Help to Buy policy developments. Ongoing.</p> <p><u>Strategic land and property acquisition</u> 1. Consider the council's development role and related pipeline of land for future housing development. Ongoing. 2. To ensure that we maximise our own opportunities for example Boal Quay, and Puny Drain and deliver sites that we already have e.g. Enterprise Zone and development opportunities along the promenade if the Oasis sites releases land. Ongoing. 3. Review the delegated decision (Capital and Local Property Investment Fund Strategy 2017 – 2021, Cabinet 21st January 2017) for property acquisition.</p> <p><u>West Winch/North Runcton Strategic Growth Area</u> 1. Stakeholder engagement. Ongoing. 2. Clarification of resources via Homes England.</p> |

| Existing Mitigation and Controls | Planned mitigating actions |
|---|---|
| <p>4. Communications and engagement support. 5. Norfolk County Council undertaking the design and planning permission for the road. 6. Successful bid approved by Norfolk Business Rate Pool. 7. Link with Officer Major Projects Board. 8. Project board established. 9. External legal and professional advice. 10. Periodic review of potential state aid issues. 11. SOBC bid in for DfT funding for the road.</p> <p><u>Improvements to heritage buildings</u> 1. Identify and apply for relevant 3rd party funding. 2. Most large investment projects for historic buildings have already been completed in the past. 3. Ensure provision is made in the Capital and Property Investment Strategy and Financial Plan to enable the Council to meet any fund matching required by 3rd party funding. 4. HAZ Programme Manager in place (programme ends July 2022). 5. Towns Fund projects; Guildhall, Riverfront and Public Realm 6. Southgate's masterplan.</p> | <p><u>Improvements to heritage buildings</u> 1. Delivery of Guildhall Towns Fund business case. Ongoing. 2. Delivery of Riverfront Towns Fund business case. Ongoing.</p> |
| Progress | |
| <p><u>Local employment</u> The KLIC has a stable but high occupancy. Nar Ouse site infrastructure & Phase 1 premises construction progressing. Early interest shown by several local companies seeking to expand. Ongoing uncertainty arising from macro-economic events may delay company investment decisions and employment levels. External funding being progressed via sources such as Towns Fund, Levelling Up and UKSPF. New businesses enquiries being received and a role to open up new allocated employment land in Borough. Pressures upon resilient supply chains continue. Local evidence of high vacancies within some employers. National data indicates more vacancies than labour supply in many sectors. Inflation leading to rising business costs coupled with interest rate increases. West Norfolk Investment Plan proposes a package of investments to help drive the economy and related outcomes. Employment rates remain high and the town's strong manufacturing base underpins its status as a centre for sub-regional employment. Annual Visitor Economy Report indicates sustained increase in GVA. Signs of decline of large national multiples and growth in independent businesses. Performance indicators highlight commercial property arrears and challenges faced by some tenants. UKSPF West Norfolk Grant Scheme ongoing. Also link to Risk SR9 - Organisational change.</p> <p><u>Empty retail properties/town centre decline</u> National retail statistics indicate reductions in town centre footfall compounded by ongoing economic uncertainty and behavioural shift to online shopping. Range of national retailers and hospitality businesses reducing their operations and insolvencies increasing at national level. Cost of living challenges reduce household disposable income and impact upon some businesses. Risks around low consumer confidence could negatively impact retail and hospitality.</p> | |

| Existing Mitigation and Controls | Planned mitigating actions |
|--|----------------------------|
| <p>Events programme and initiatives to promote the town recommenced. Opportunities to improve new housing delivery in the town centre. Town centre car parking remains below pre-Covid-19 levels. Some signs of churn within town centre premises and property market. Market failure does not appear to be demonstrated in King's Lynn relative to other towns due its unique geopolitical and economic attributes.</p> <p><u>5 year land supply, housing delivery and housing delivery test</u> National housing delivery figures published annually in November. Being assessed as part of Local Plan review process. Examination held in Nov 2022 and ongoing. Examination in process, hearing sessions anticipated to resume early 2024. Government proposing to change housing delivery test. Councils with an adopted Local Plan will only need to demonstrate a a 4 year housing land supply.</p> <p><u>Housing market</u> Low stock of high quality properties. Few new homes or affordable homes available. Private rents becoming increasingly unaffordable for low income households. National trend emerged early in 2022 and has continued with pressure upon existing stock and amplified difficulties for families accessing private rented properties which exacerbates homelessness. Signs of slowdown in national housingbuilding. Barriers to new homeownership partially offset by cooling in house prices and wage growth.</p> <p><u>Strategic land and property acquisition</u> Cabinet has considered reports relating to the acquisition of specific property/investment opportunities in King's Lynn town centre and around the South Gates. Work ongoing to broaden the range of development tools available to the council including taking options on development sites. Prudential Code changes prohibit investment for commercial returns.</p> <p><u>West Winch/North Runcton Strategic Growth Area</u> Strategic Outline Business Case submitted by Norfolk County Council and awaiting decision from Homes England. Extensive stakeholder engagement continues. New requirements for Biodiversity Net Gain to be clarified.</p> <p><u>Improvements to heritage buildings</u> Preservation work on the Sommerfeld and Thomas warehouse (TIP) is the one of few projects to save historic assets. Activities related to the Guildhall and Riverfront are covered within approved Towns Fund business cases and earmarked for significant investment in addition to public realm improvements. This will help mitigate risks regarding heritage assets. Southgates masterplan work progressing and Levelling Up bid approved. Potential for Norfolk Devolution Deal contribution to growth in the borough.</p> | |

Risk name: 4 - Community issues

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

Description: The risk of various communities within the borough feeling excluded, disengaged or being unable to access available services and opportunities including, rural, deprived, minority and vulnerable communities and local businesses etc. Services and opportunities to include health and wellbeing, early intervention and prevention. Immediate and longer term economic and societal impact of Covid-19 global pandemic on BCKLWN communities.

| Existing Mitigation and Controls | Planned mitigating actions |
|--|---|
| <p><u>Community relations</u></p> <ol style="list-style-type: none">1. The Council works closely with partner agencies in the area to make sure that any issues are identified and effectively tackled as soon as possible.2. External funding bids with partners.3. Agreement with Shelter.4. PREVENT task group and workstreams.5. Prevent awareness training provided to employees. <p><u>Preventing homelessness</u></p> <ol style="list-style-type: none">1. Staff capacity.2. ICT development to support case management.3. Support commissioned from voluntary and community sectors.4. Partnership and network arrangements.5. Communications support.6. Accommodation options improved by Broad Street.7. Reduction in working age population.8. Housing Market Assessment to be undertaken, Dec 2023. Ongoing. <p><u>Conflicting aims (with partners)</u></p> <ol style="list-style-type: none">1. Clarify and agree with partners what the common targets are and how achievement of them will be recognised.2. Terms of Reference or SLA's are agreed for each group to define the | <p><u>Community relations</u></p> <ol style="list-style-type: none">1. Housing availability for vulnerable residents. Ongoing. <p><u>Preventing homelessness</u></p> <ol style="list-style-type: none">1. Asylum seekers - potential placings under review, Mar 20222. Consider impact of proposed legislation on second homes (Review impact of second homes measures and exemptions within the Levelling Up Bill).3. Consideration to be given to re-examining social housing provision and exploration of measures to mitigate the reduction in private rented sector capacity. Refocus efforts on providing additional social and private rented housing. Now considering acquiring housing from third parties for both affordable and PRS given the acute need for both tenures. Ongoing.4. Refresh housing needs assessment, Spring 235. Identification of additional temporary accommodation with Freebridge.6. Measures with Freebridge to support quick void turn around.7. Reid Way - 7 new units to be developed.8. Financial help to access private rented sector.9. Winter preparedness plans. <p><u>Conflicting aims (with partners)</u></p> <ol style="list-style-type: none">1. Ensure comms focusing on neutral and factual stance and related to implementation of Govt policy. Ongoing2. Work with Hanseatic Union to implement and provide measures to support |

| Existing Mitigation and Controls | Planned mitigating actions |
|---|---|
| <p>aims and respective roles and focus on core services plus specific projects.</p> <ol style="list-style-type: none"> 3. Ensure active participation on relevant Boards/ Groups. 4. Norfolk Resilience Forum response and recovery work. 5. King's Lynn Town Deal Board and Local Assurance Framework. 6. Hunstanton Advisory Group established. 7. King's Lynn Town Deal Skills Forum. 8. Shared Prosperity Fund stakeholder groups established. 9. Norfolk Climate Change Partnership. 10. Health and Wellbeing Partnership established and terms of reference agreed. <p><u>Covid-19</u></p> <ol style="list-style-type: none"> 1. Business continuity arrangements including critical services and "Loss of staff" threat analysis and interventions such as enhanced cleaning regimes, staff rotas, building air-flow, etc. 2. Emergency planning liaison with Norfolk Resilience Forum and structures. 3. Insurance 4. ICT network and capability to support working arrangements. 5. Digital and telephony access to services to minimise face to face interactions. 6. Lobbying for government support. 7. Prioritisation of services and response. | <p>refugees and support in a neutral way. Ongoing</p> <ol style="list-style-type: none"> 3. Internal comms to be mindful of potential for tensions should the Council be perceived to be biased. Ongoing. 4. Consider contingency plan for potential loss of Fenland care and repair contract. Dec 2022. <p><u>Covid-19</u></p> <ol style="list-style-type: none"> 1. Ongoing Covid-19 safe measures in workplace. Ongoing. 2. Revised working arrangements framework agreed in May 2023 with implementation from July 2023. Ongoing. |
| Progress | |
| <p><u>Community relations</u></p> <p>Council works closely with the police and Freebridge in Safer Neighbourhood action panels and the neighbourhood officers are now a formal part of the joint Operational Partnership Team. Our agreement with Shelter has allowed for a more effective response to issues of harassment and illegal eviction. Multi-agency responses to Ukraine and cost of living with support for vulnerable households. ASB represented on PREVENT task group and workstream. Engagement with Integrated Care System to encourage prevention and wider involvement of health. Continued support for asylum seekers. Potential impact upon homelessness response and perceptions of support. Potential challenges for refugee support related to host/sponsor relationships, desire to move on, etc. Work ongoing at county level. Equality Impact Assessments on housing funds. Cabinet report 31 Oct 2023 - support for care leavers.</p> <p><u>Preventing homelessness</u></p> <p>Discussion with council owned housing companies; aware of nature and scale of issues. Exploring related crisis intervention and funding with partners. New</p> | |

| Existing Mitigation and Controls | Planned mitigating actions |
|--|----------------------------|
| <p>Homelessness and Rough Sleeping strategy in development and will include a deep analysis of problem, consideration of interventions and trial new accommodation services. More Govt resources dedicated towards challenge - ringfenced Homeslessness Prevention Grant. Lack of social housing stock continues resulting in a high level of bed and breakfast usage. Further national challenges arising from stock condition surveys, damp and mould surveys, a new Decent Homes Standard, EPC ratings and rental cap. Changes in taxation and interest rates leading to a widening gap between Local Housing Allowance and private sector rents. Housing Market Assessment to be procured and undertaken, Dec 2023. Anecdotal data suggests changes in family living arrangements becoming more prevalent.</p> <p><u>Conflicting aims (with partners)</u> Engagement with Norfolk and Waveney Integrated Care System / Integrated Care Partnership. Collaborative work with members of Norfolk Climate Change Partnership and working on a Norfolk-wide project. Ongoing dialogue with Norfolk County Council regarding devolution and Government funding streams e.g. Towns Fund, Levelling Up, Shared Prosperity Fund. Further examples include Ukraine response with neighbouring councils despite differences in funding, liaison between organisations represented on the Town Deal Board, Business Rates Pooling and Hunstanton Advisory Group. Development work with the Health and Wellbeing Partnership.</p> <p><u>Covid-19</u> Working arrangements framework implemented July 2023 and will be reviewed in 12 months. Ventilation practices continue. Relevant structures and responses would remain in place or be stood up.</p> | |

Risk name: 9 - Organisational change

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5)

Description: Ensuring that the council, its members and its workforce have the skills, resources, ability and capacity to adequately respond to current and future organisational change meaning the council is able to deliver its services in the most efficient and effective manner.

| Existing Mitigation and Controls | Planned mitigating actions |
|---|---|
| <p><u>Capacity</u></p> <ol style="list-style-type: none"> 1. Use of agency and interim staff. 2. Improve staff resilience/ cross training. 3. Service and management restructures and related recruitment and development. 4. Absence management. 5. Use of apprentices. 6. Use of external support for Towns Fund business case development, subsidy control and independent appraisal. 7. Review of Planning resource and additional posts. 8. New Executive Director post. 9. Restarted management development programme. | <p><u>Capacity</u></p> <ol style="list-style-type: none"> 1. Review recruitment issues. Ongoing and responsive to requirements and market conditions. 2. Considering progression schemes across service areas. Ongoing. |

| Existing Mitigation and Controls | Planned mitigating actions |
|--|---|
| <p>10. Progression scheme for a range of specialist roles. 11. Apprenticeship opportunities to develop resources.</p> <p><u>Channel shift/Digital services</u> 1. Engage with the operational staff and systems admin, who understand the back office system. 2. Involvement in Norfolk County Council digital inclusion strategy.</p> <p><u>Pay pressures</u> 1. Government's public sector pay restraint has had an impact on recruitment and retention for some Council services. Government policy for 2021 was a pay freeze in the public sector. Signs of some relaxation of national public sector pay policy in certain areas which could have a further impact on our ability to recruit and retain suitably qualified and experienced staff in certain areas. This in turn could prompt the need to review local pay arrangements, with associated financial implications. 2. Ongoing monitoring of Government public sector pay policies.</p> | <p><u>Channel shift</u> 1. Migration to Office 365, Mar 23 2. Developing Microsoft Sharepoint InSite linked to the cloud, Mar 23 3. Engaging with staff re: developments to Insite to improve internal comms and document sharing, Mar 23. 4. Learning workshops for ICT staff on Sharepoint, Mar 23 5. Review of different methods of interaction with customers with different services. Ongoing. 6. Undertaking a review of internal communications. Ongoing.</p> <p><u>Pay pressures</u> 1. Monitoring of national pay award. Ongoing. 2. Some roles requiring particular qualifications are being considered in advance of future recruitment, Mar 24 3. Appropriate allowances for pay to be made within the budget and financial plan. Ongoing. 4. Monitoring of recruitment challenges and introduction of progression related award. Ongoing. 5. S151 Officer to review the financial implications and identify funding of the proposals. Ongoing. 6. Consider implications for erosion of pay differentials in respect of improving recruitment and retention. Ongoing.</p> |
| Progress | |
| <p><u>Capacity</u> Established training regime to enable colleagues to cover for each other's absences. Management restructure agreed April 2022 with additional Exec Director being recruited. UEA intern to support climate change footprint and policy development. Following end of national Covid-19 measures most services/operational delivery returning to normal levels however some services (frontline and back office) have backlogs and new Government initiatives may require additional capacity e.g. Ukraine response. Additional resources to focus on communications and enforcement of flytipping.</p> <p>New procedures developed with Senior Leadership Team for engagement of external workers.</p> <p><u>Channel shift</u> Work is concentrating on customer facing aspects to engage fully with the public and reduce the need for more staff intensive means of communication, such</p> | |

| Existing Mitigation and Controls | Planned mitigating actions |
|---|----------------------------|
| <p>as telephone enquiries. Customer contact migrated to telephones/online which are more cost effective methods. Work is ongoing with Environmental Health to achieve full integration with IDOX. Represented on a pilot project being undertaken in west Norfolk relating to digital access skills and attainment, which is part of the county council's strategy programme.</p> <p><u>Pay pressures</u> Continue to closely monitor the Government's public sector pay policy and pay settlements agreed in the wider public sector/private sector. Provision for some movement in pay costs has been included in the financial plan. There is a timing risk related to determination of local pay award arrangements and national pay agreement.</p> | |

Risk name: 14 - Cost of living

Risk score = 20

Impact: Major (4)

Likelihood: Almost certain (5))

Description: The cost of living crisis caused by rapidly rising inflation (energy, food, household items, etc) and interest rates may result in more families and households experiencing poverty and unemployment, which may lead to increased levels of service demand on the Council and place additional pressure on front-line services, staff and councillors.

| Existing Mitigation and Controls | Planned mitigating actions |
|--|---|
| <ul style="list-style-type: none">1. Standing item on Management Team.2. LGA cost of living hub https://www.local.gov.uk/our-support/safer-and-more-sustainable-communities/cost-living-hub/cost-living-external-resources3. Corporate officer team established.4. Promotion of fuel oil group buying scheme.5. Promotion of Solar Together group buying scheme.6. Promotion of national grants e.g. boiler upgrade scheme.7. Externally funded projects to fully fund insulation in targetted properties.8. "Beat your bills" events across the borough. | <ul style="list-style-type: none">1. Promotion of Solar Together Scheme. Applications for 22/23 closed on 27 Sept 2022, implementation for those signed up ongoing.2. "Beat your Bills events". Initial events completed. Further programme of events taking place June-Aug 2023. Ongoing.3. Officer Working Group. First working group held on 18 Oct 2022. Ongoing. |
| Progress | |
| <p>Corporate officer established lead by Assistant to Chief Exec. Promotion of schemes to reduce energy costs e.g. fuel oil buying and installation of solar PV and battery storage. "Beat your bills" events held across borough in Sept 2022 and extended programme scheduled until Aug 2023. Collaboration with Norfolk Warm Homes to encourage targetted take up of insulation and heating systems. Information included employees and residents, customers.</p> <p>Help for businesses web-content under consideration. Look for the link on website.</p> <p>FAQs analysis undertaken, content developed and posted to the website. Regularly updated.</p> <p>Reviewing promotion of info to foodbank, web content, town centre events. Ongoing work and preparations for information and support for winter 203/24. Ongoing.</p> | |

Risks categorized as 'High Risk' (Score 10-12)

| Ref | Title | The risk that: | Score |
|-----|--|--|-------|
| 2 | Significant programmes/projects | Impact on the delivery of council services due to the failure of major programmes/projects. A major programme/project being any project that can cause significant financial, legal, reputational or compliance issues or prevent the council from delivering a strategic priority or key objective. | 12 |
| 5 | Continuity of service | The council's ability to effectively respond to a major emergency and maintain that response without affecting essential day to day service delivery. The risk is to both the council as a business continuity issue and to our vulnerable communities. | 12 |
| 6 | Data management and security | Deliberate or unintentional loss/disclosure of personal, sensitive, confidential or business critical information or breach of information governance legislation. | 12 |
| 7 | Corporate Governance | The risk of failures in systems of governance within the council, within council owned/influenced organisations and partnerships and other collaboration arrangements, leading to governance issues, fraud and corruption, failures in management systems, poor policy and decision making. | 12 |
| 8 | Reputation management | The risk that the council's reputation is damaged by major service failure, failure to respond to a significant incident(s), governance issues, dispute with a key partner, failure to deliver corporate business plan. | 12 |
| 10 | Climate change mitigation and adaptation | Inability to mitigate and adapt to climate change - increased coastal erosion and flooding and failure to meet net zero target with consequent reputational issues. | 12 |
| 11 | Statutory compliance | Implementation and maintenance of statutory compliance management systems. E.g. health and safety, service related legal obligations. | 12 |
| 12 | Council owned companies | Managing performance, finances, liabilities and the relationship between the Council and its wholly owned companies in accordance with the governance agreements. | 12 |
| 13 | Contract/ Supply failure | Managing contracts with key suppliers to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives. | 12 |

APPENDIX 2 - After August 2023 review

LIKELIHOOD
320

| | | | | | |
|---------------------|--------------------|------------|---------------|---|--------------|
| 5 Almost Certain | (Green) | (Orange) | (Red) | (Red) 1, 3, 4, 9, 14 | (Red) |
| 4 Likely | | (Green) | (Orange) 8 | (Red) | (Red) |
| 3 Possible | | (Green) | (Green) | (Orange) 2, 5, 6, 7, 10, 11, 12, 13 | (Red) |
| 2 Unlikely | | | (Green) | (Green) | (Orange) |
| 1 Rare | | | | | (Green) |
| | 1 Insignificant | 2 Minor | 3 Moderate | 4 Major | 5 Extreme |

IMPACT

| Risk Category | How the Risk should be managed |
|-----------------------------------|--|
| Very High Risk (15 – 25) (Red) | Immediate action required. Senior Management must be involved. |
| High Risk (10 – 12) (Orange) | Senior Management attention needed and management responsibility specified. |
| Medium Risk (5 – 9) (Green) | Managed by specific monitoring or response procedures. Responsibility to be allocated by Management Team to a named Service Manager. |
| Low Risk (1 – 4) (White) | Manage by routine procedures, unlikely to need specific or significant application of resources. |

APPENDIX 3 - Corporate risks in score order

| Ref | Title | Score |
|-----|--|-------|
| 1 | Financial sustainability | 20 |
| 3 | Facilitating and enabling growth | 20 |
| 4 | Community issues | 20 |
| 9 | Organisational change | 20 |
| 14 | Cost of living | 20 |
| 2 | Significant programmes/ projects | 12 |
| 5 | Continuity of service | 12 |
| 6 | Data management and security | 12 |
| 7 | Corporate Governance | 12 |
| 8 | Reputation management | 12 |
| 10 | Climate change mitigation and adaptation | 12 |
| 11 | Statutory compliance | 12 |
| 12 | Council owned companies | 12 |
| 13 | Contract/ Supply failure | 12 |

APPENDIX 4 - Corporate risk removed from the register

| Title | The risk is that: | Risk removed |
|--|---|--------------|
| New regulations regarding HMOs | Managing private rented properties to be MEES compliant. | Aug 2022 |
| Modern Slavery | An emerging national issue has local impacts within the Borough given its demographic and economic profile. | Aug 2022 |
| Financial ledger software implementation and development | Failure to effectively implement and develop software in accordance with required timescales, resulting in disruption to service delivery, processing times, impact on Council reputation and ability to meet mandatory financial reporting deadlines. | May 2022 |
| VAT | The Housing Stock Transfer had a potentially significant impact from April 2007 on the Council's ability to reclaim VAT on purchases and could result in a big increase in expenditure (possibly £200k). | May 2022 |
| VAT - Trust arrangements | If subject to an audit, HMRC may not agree that the model used to establish the new leisure arrangements is valid in respect of claiming VAT exemptions. | Jun-19 |
| Revenues and Benefits software tender | Failure of tender process to procure an appropriate software solution and/or the ability to effectively implement new software in accordance with required timescales, resulting in disruption to service delivery, processing times and impact on Council reputation | Jun-19 |
| Fire compartmentalisation | Elements of King's Court are declared unsafe for habitation based on a fire safety assessment by either the Crown fire officer or BCKLWN's fire officer. | Jun-19 |
| THi 2 Application to the Heritage Lottery Fund | Important parts of King's Lynn continue to be in a dilapidated state giving a very poor image of the town | Jun-19 |
| Waste and Recycling Contract | The Council will not have the required vehicles or manpower to supply waste collection services if Kier, who currently have the contract to provide the service, terminate the contract at short notice. | Oct-18 |
| King's Court | Relocation of partner organisations into King's Court risks disruption to and potential loss of/impact on services currently delivered from the site. There is also the risk of loss of income/higher implementation costs associated with moving external teams into the building. | May-18 |

| Ref | Risk title | The risk is that: | Existing Mitigation and Controls | Target risk | | | Previous risk score (May 2023) | | | Planned mitigating actions | Progress at Aug 2023 | Within risk appetite? | Current risk score (Aug 2023) | | | Trend (compared with last review) |
|-----|--------------------------|--|---|-------------|------------|-------|--------------------------------|----------------|-------|---|--|-----------------------|-------------------------------|----------------|-------|-----------------------------------|
| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR1 | Financial sustainability | Ineffective management of finances leading to a lack of financial resilience as government funding reduces and demand increases. | <p>Cost management and income generation</p> <ol style="list-style-type: none"> 1. Actively involve staff and Members in designing the cost management and income generation programme. 2. Maintain open channels of communication on plans/ proposed changes. 3. Keep staff and members informed of how the budget reductions are being managed. 4. Budget monitoring reports. 5. Finance is a standing item on Senior Leadership Team and Cabinet Briefings to align with the annual financial estimates cycle. <p>Financial Plan</p> <ol style="list-style-type: none"> 1. A review of the costs and provision of all services will continue with the aim of mitigating costs where possible and other opportunities to improve the financial position. 2. Attendance at consultation updates from LGA / DLUHC / CIPFA. 3. Budgets will be monitored/reported against estimates on a regular basis. 4. Balanced and funded budget to 2024/25. 5. Capital and property investment strategy and related monitoring process. 6. At year end, planned and unplanned savings transferred to General Fund balance to adapt to reduction in central government funding. 7. Cabinet and SLT away days to focus on financial management. 8. Budget presentations to council panels. 9. Approach to budget setting and workshop themes (reviewing fees and charges, income generation, salaries, community benefit and staff engagement) including wider engagement with elected members. 10. Reviewing earmarked reserves to ensure we have sufficient funds to deliver corporate objectives. <p>Pension Fund</p> <ol style="list-style-type: none"> 1. 3 year valuation and 30 year plan. Next review 2025/26. 2. We have taken advantage of the one of lump sum in 2022/23. <p>Business rates</p> <ol style="list-style-type: none"> 1. Memorandum of Understanding determines allocation of funding from Norfolk Business Rates Pool. Local funding allocation will support priorities. 2. Continue to monitor potential areas of risk and work with LGA and business rates specialists where possible. 3. Continue working with major businesses to reduce the possibility of closure. 4. Ongoing monitoring of appeals and provision made to respond. Business Rates revaluation being undertaken in 2023, grant anticipated to cover losses to the council. 5. S31 grant provided to offset shortfall in income. <p>Rapidly rising costs</p> <ol style="list-style-type: none"> 1. Cost management, fees and charges reflect full cost recovery and income generation activities. 2. Descoping elements of projects. 3. Phasing and reprioritisation of projects. 4. Use of external funding for projects. 5. Installation of efficient heating and lighting systems. 6. Generation of electricity through solar PV. 7. Lobbying through LGA/DCN for funding settlement. 8. Revisit financial plan to account for cost increases. 9. Use of some earmarked reserves. 10. Ongoing monitoring of issues and advice from Treasury experts. 11. Robust contracts. 12. Provision of inflation within cost plan estimates for projects e.g. major housing projects. Towns Fund projects. 13. Hybrid working policy enables some employees and members to minimise travel costs. 14. Advantageous funding agreements with third parties e.g. New Anglia LEP. 15. Lobbying in respect of IDB levies burden to the Council. 16. Consideration and monitoring of energy cost reductions and link to MTFS. 17. Review earmarked reserves. | Moderate | Unlikely | 6 | Major | Almost certain | 20 | <p>Cost management and income generation</p> <ol style="list-style-type: none"> 1. Cost management plan in development. Will be taken back to SLT once estimated costs and timescales agreed with ADs. To agree plan for taking forward and implementing. <i>Initial discussion between Cabinet and SLT, Oct 2023.</i> <p>Financial Plan</p> <ol style="list-style-type: none"> 2. Approach to budget setting and workshop themes being developed including wider engagement with SLT and elected members. Outline timetable for this work. 3. Dates to be agreed for Non-domestic rate payer consultation, IDB meetings, member briefings and presentations, staff presentations ahead of Council Feb 2024. <p>Pension Fund</p> <ol style="list-style-type: none"> 1. Attend relevant briefings and workshops as required to understand announcements on Government funding and policy. Ongoing. <p>Business rates</p> <ol style="list-style-type: none"> 1. Monitor Government position with business rates retention. Ongoing 2. Provisional local government finance settlement announced Dec 2023 -ongoing monitoring of impact. <i>Autumn Statement may give an indication on 22 Nov 2023.</i> 3. Monitoring of new legislative programme and announcements. Ongoing. 4. Attendance at relevant seminars and briefings. Ongoing. 5. Consideration of entering Business Rates Pool in 24/25. Ongoing. <p>Rapidly rising costs</p> <ol style="list-style-type: none"> 1. Review and monitoring of costs and programmes/projects. Ongoing. 2. Seeking external funding for projects e.g. decarbonisation of buildings and vehicle fleet, Funding for Guildhall project. Ongoing. 3. Post project monitoring and reporting of ReFIT framework and PSDS projects. Ongoing. 4. Financial Plan to reflect any inflationary increases going forward to be agreed by Council Feb 24. 5. Allow for some earmarked reserves as part of closedown to cover additional costs that have materialised and direct to General Fund reserve. Ongoing. 6. Ongoing development of staff regarding future supply chain resilience e.g procurement and corporate projects ("grow our own" approach). 7. Reviewing resources to ensure sufficient capacity to deliver corporate objectives. Ongoing. 8. Further review of earmarked reserves to support funded budget position of year 3 of the financial plan to be completed August 2023. <i>One third identified so far. Ongoing.</i> 9. <i>Additional resource to support Cost Management and Income Generation plan. Ongoing.</i> | <p>Cost management and income generation. Budget approved in Feb 2023, focus for the next 6 months is on the income generation and cost management plan.</p> <p>Financial Plan Budget approved in Feb 2023, funded budget for years 1, 2 and 3 of the financial plan with a gap in year 4. Volatility with economy due to inflation and interest rates and is closely monitored to understand the impact on the financial plan in later years. Further uncertainty with Government funding and policy related to forthcoming general election. Pay award for 23/24 implemented.</p> <p>Pension Fund Council agreed to one off lump sum payment to secure savings in the financial plan. Annual contributions remain the same in percentage terms and reflected in the financial plan. Position fully documented in the annual Statement of Accounts.</p> <p>Business rates Continue to be part of the Business Rates pool in 2024/25. Re-valuation implemented from 1 Apr 2023 and Government has thresholds and transitional reliefs to protect small businesses from significant increases. Situation will continue to be closely monitored. Recognise that one small change could have a significant upon the financial plan. Continue to take prudent approach in the financial plan.</p> <p>Rapidly rising costs Impact across many risks and projects. Interest rate rises have increased investment returns but the opportunity costs of investing in projects has also increased. Ongoing monitoring of prices and labour costs as demand/prices may begin to be more competitive. Providing longer term HR measures regarding training and development within internal workforce and supply chain. Ongoing monitoring of interest rates and inflation rate upon projects and budgets.</p> | No | Major | Almost certain | 20 | Same |

| Ref | Risk title | The risk is that: | Existing Mitigation and Controls | Target risk | | | Previous risk score (May 2023) | | | Planned mitigating actions | Progress at Aug 2023 | Within risk appetite? | Current risk score (Aug 2023) | | | Trend (compared with last review) |
|-----|---------------------------------|--|--|-------------|------------|-------|--------------------------------|------------|-------|--|---|-----------------------|-------------------------------|------------|-------|-----------------------------------|
| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR2 | Significant programmes/projects | Impact on the delivery of council services due to the failure of major programmes/projects. A major programme/project being any project that can cause significant financial, legal, reputational or compliance issues or prevent the council from delivering a strategic priority or key objective. | <p>Major housing developments</p> <ol style="list-style-type: none"> 1. Continue to consult with local groups. 2. Investment in additional sports facilities included in the project. 3. Ongoing monitoring of macro-economic issues such as Covid-19, EU Transition impact, inflation, etc. 4. Sales updates reported to Officer Major Projects Board. 5. Option for private rented market via West Norfolk Property Ltd. <p>Accelerated Construction Programme</p> <ol style="list-style-type: none"> 1. Individual grant per site with staged drawdown of funds to compartmentalise risk. 2. Utilising Modern Methods of Construction. 3. Performance framework agreed with Homes England with quarterly returns. 4. Delivery via Major Development Contract. <p>Major projects programme</p> <ol style="list-style-type: none"> 1. Project management principles applied with use of briefs, PIDs, risk, etc. 2. Officer Major Projects Board for approval of projects and oversight of delivery and involving senior officers representing key disciplines. 3. Member Major Projects Board oversight with updates to Audit Committee. 4. Use of external professional advisers on technical and professional matters e.g. architects, engineers, etc. 5. Broad programme agreed by Cabinet with updates via Cabinet briefings and to portfolio holders. 6. Due diligence undertaken on investments, partnerships, third parties, etc and recorded in contracts, reports, etc. 7. Skills development for project delivery teams. 8. Use of external funds to de-risk developments. 9. Change control logs, risk registers on Major Housing Projects. 10. Descoping, reprioritising and seeking alternative funding streams to address cost inflation. 11. New Executive Director post. 12. Independent business case assessments and subsidy control checks for Town Deal projects. 13. Trainee Project Officer and Clerk of Works recruited. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p>Major housing developments</p> <ol style="list-style-type: none"> 1. Support to supply chain regarding training and skills. Ongoing. 2. Continual liaison with supply chain in area regarding future schemes and sites. Ongoing <p>Accelerated Construction Programme</p> <ol style="list-style-type: none"> 1. Deed of variations agreed with Homes England as timescales slip. Ongoing. <p>Major projects programme</p> <ol style="list-style-type: none"> 1. Consider succession planning, apprenticeships, etc as a future approach to minimising risks, Dec 2022. Trainee Project Officer and Clerk of Works recruited. 2. Inhouse development of client side project managers. Ongoing. 3. <i>New programme and project management resources under consideration by Senior Leadership Team.</i> 4. <i>Consider capitalisation of project costs and project scopes. Ongoing.</i> | <p>Major housing developments</p> <p>Sales completed on NORA 4. Remaining site 1 month behind programme due to historic supply issues. Cost price inflation mitigated by house price inflation. Sales completed on key sites. Supply side issues affecting the construction industry, rental values increasing due to shortage of properties. Increased inflation may affect viability and sites. This could impact the flow of affordable housing that is linked to these developments. <i>Onsite on Parkway in July 2023.</i></p> <p>Accelerated Construction Programme</p> <p>Due diligence on individual sites in progress. Hunstanton site removed from ACP and negotiations ongoing with Home England regarding financial matters. Parkway - used up ACP allocation - monitoring requirements ongoing. South End Rd, <i>Hunstanton (behind programme)</i> and <i>Salterns Rd</i> are progressing.</p> <p>Major projects programme</p> <p>Due diligence process established. Wide range of external funds to de-risk development financing such as Town Fund, Levelling Up, Business Rates Pool, Accelerated Construction Programme, Coastal Revival Fund, etc. Change in focus of funding appears directed to 'shovel-ready' projects. Labour market challenges leading to potential risks around availability of required skills/competency/experience when recruiting e.g. project management. Exploring options related to private rental housing and build to rent with consequent revenue stream. Jobs market has potential impact on availability of consultants and advisers to support bids for competitive Government funding further compounded by tight timescales.</p> <p><i>Additional capacity has been established within the corporate procurement team plus additional project management capacity for Town Deal projects. Recruitment is a continuing challenge. Key staff are employed on fixed term contracts. Consistency and continuity is an issue. New resources under consideration by Senior Leadership Team.</i></p> <p><i>There is a highly competitive labour market for project and programme management skills, capabilities, etc. Given financial constraints upon the council's revenue budget capitalisation of costs and project scopes will be reviewed.</i></p> | No | Major | Possible | 12 | Same |

| Ref | Risk title | The risk is that: | Existing Mitigation and Controls | Target risk | | | Previous risk score (May 2023) | | | Planned mitigating actions | Progress at Aug 2023 | Within risk appetite? | Current risk score (Aug 2023) | | | Trend (compared with last review) |
|-----|----------------------------------|--|--|-------------|------------|-------|--------------------------------|----------------|-------|---|--|-----------------------|-------------------------------|----------------|-------|-----------------------------------|
| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR3 | Facilitating and enabling growth | The inability of the council to facilitate and enable the market to deliver the council's growth agenda. This failure may reduce investment in infrastructure, inward investment, job opportunities, new housing and commercial development therefore impacting on communities and businesses. | <p>Local employment</p> <ol style="list-style-type: none"> 1. KLIC and related skills & training initiatives with partners and business sectors. 2. The release of Council owned employment land at Hardwick and Campbell's Meadows in KL and at St John's Business Estate in Downham Market. 3. Information packs on the local area and to aid recruitment are provided on request. 4. Maintain regular contact with Department for International Trade and market investment opportunities with them. 5. Effectively handle enquires received direct, whether from inside or outside the Borough. 6. Active involvement with New Anglia LEP. 7. Nar Ouse Business Park Enterprise Zone development. 8. Use of external funds to de-risk developments. 9. Gas main diversion completed at Nar Ouse. 10. Towns Fund Youth and Retraining Pledge project. 11. Norfolk Devolution Deal. 12. UK Shared Prosperity Fund and Rural England Prosperity Fund. 13. <i>Marketing plan for Nar Ouse and Downham Market.</i> <p>Empty retail properties/town centre decline</p> <ol style="list-style-type: none"> 1. Continued support to businesses through hardship relief. 2. Active management of lettings and promotion of a positive image of the town to potential businesses. 3. Initiatives to promote the town to visitors, shoppers and businesses. 4. Town Centre Partnership/BID. 5. Transport and town centre studies. 6. Bids for external funding such as Town Fund, Levelling Up, etc. 7. Improvements to key access roads and junctions. 8. Management capacity. 9. Covid 19 response to reopening high street. 10. Payment plans for commercial tenants. 11. Change in use class Order E. 12. Town Investment Plan. 13. Brownfield land within town centres released for housing. 14. Towns Fund approved business case for Active and Clean Connectivity, Public Realm improvements, Guildhall, MUCH and Riverfront. <p>5 year land supply, housing delivery and housing delivery test.</p> <ol style="list-style-type: none"> 1. 5 year plan (subject to delivery of Parkway and Lynnsport 1 developments). 2. Work on the LDF to ensure the Council can evidence that sufficient land is available. 3. Also approve applications to boost the supply in the short-medium term. <p>Housing market</p> <ol style="list-style-type: none"> 1. West Norfolk Property Limited able to take over any surplus housing stock to rent out until the market picks up, if needed. 2. NORA Phase 4 - 50% of development will be rented properties. 3. A viability review of the market will be carried out before the decision to commence each phase is taken. <p>Strategic land and property acquisition</p> <ol style="list-style-type: none"> 1. Continue to identify, and acquire, property/land for future development/investment. Failure to do so leads to the risk of missed opportunities and associated loss of potential income. 2. Officer Major Projects Board in place to assist in coordination and oversight of developments. 3. Member Major Projects Board. 4. Land and property due diligence checks. <p>West Winch/North Runcton Strategic Growth Area</p> <ol style="list-style-type: none"> 1. Project and programme management approach. 2. Stakeholder engagement. 3. Commissioning technical expertise. 4. Communications and engagement support. 5. Norfolk County Council undertaking the design and planning permission for the road. 6. Successful bid approved by Norfolk Business Rate Pool. 7. Link with Officer Major Projects Board. 8. Project board established. 9. External legal and professional advice. 10. Periodic review of potential state aid issues. 11. SOBC bid in for DfT funding for the road. <p>Improvements to heritage buildings</p> <ol style="list-style-type: none"> 1. Identify and apply for relevant 3rd party funding. | Moderate | Unlikely | 6 | Major | Almost certain | 20 | <p>Local employment</p> <ol style="list-style-type: none"> 1. Local Plan review - employment land (current allocated land is unviable due to need to raise levels). Ongoing. 2. Ongoing monitoring of Levelling Up proposals and support to increase the numbers of people to fulfill roles at all skill levels post-Covid/EU Transition. Ongoing. 3. Apprenticeships/ training programmes encouraged within major housing contracts and sub-contractors, Mar 22. BCKLWN appointed 1 trainee. Ongoing. 4. Explore options for innovation centres, advanced manufacturing centres of excellence, etc through Government funding. Ongoing. 5. Shared Prosperity Fund and development of West Norfolk Investment Plan to improve workbased skills programme. Implementation ongoing. 6. Consideration of Youth and Re-Training Pledge Project and broader role going forward. Ongoing. <p>Empty retail properties/town centre decline</p> <ol style="list-style-type: none"> 1. Actively identifying opportunities to repurpose vacant retail units including conversion to residential and creating flexible pop up retail opportunities for micro-businesses/niche retailers plus community based organisations. Ongoing. 2. Implementing approved business cases for MUCH, Guildhall and Riverfront. Ongoing 3. Explore alternative purposes for King's Lynn Town Centre - Town Investment Plan viewing the town centre as a multi-purpose destination rather than just retail. Ongoing. 4. Development of the car parking strategy. Ongoing. 5. Levelling Up Fund (LUF) submission for replacement of Oasis, Hunstanton. Unsuccessful bid, options under review. 6. Round 3 LUF submission in development focused on infrastructure development at Enterprise Zone. Ongoing. <p>5 year land supply, housing delivery and housing delivery test</p> <ol style="list-style-type: none"> 1. Supporting the Local Plan review process. Ongoing. <p>Housing market</p> <ol style="list-style-type: none"> 1. Monitor for potential signs that the increase in prices/labour force issues impacts upon the development sector and contingencies within contract sums. Ongoing. 2. The percentage of PRS delivered on major housing sites will be reviewed in the light of current market conditions. Ongoing. 3. Monitor Help to Buy policy developments. Ongoing. <p>Strategic land and property acquisition</p> <ol style="list-style-type: none"> 1. Consider the council's development role and related pipeline of land for future housing development. Ongoing. 2. To ensure that we maximise our own opportunities for example Boal Quay, and Puny Drain and deliver sites that we already have e.g. Enterprise Zone and development opportunities along the promenade if the Oasis sites releases land. Ongoing. 3. Review the delegated decision (Capital and Local Property Investment Fund Strategy 2017 – 2021, Cabinet 21st January 2017) for property acquisition. <p>West Winch/North Runcton Strategic Growth Area</p> <ol style="list-style-type: none"> 1. Stakeholder engagement. Ongoing. 2. Clarification of resources via Homes England. <p>Improvements to heritage buildings</p> <ol style="list-style-type: none"> 1. Delivery of Guildhall Towns Fund business case. Ongoing. 2. Delivery of Riverfront Towns Fund business case. Ongoing. | Local employment The KLIC has a stable but high occupancy. Nar Ouse site infrastructure & Phase 1 premises construction progressing. Early interest shown by several local companies seeking to expand. Ongoing uncertainty arising from macro-economic events may delay company investment decisions and employment levels. External funding being progressed via sources such as Towns Fund, Levelling Up and UKSPF. New businesses enquiries being received and a role to open up new allocated employment land in Borough. Pressures upon resilient supply chains continue. Local evidence of high vacancies within some employers. National data indicates more vacancies than labour supply in many sectors. Inflation leading to rising business costs coupled with interest rate increases. West Norfolk Investment Plan proposes a package of investments to help drive the economy and related outcomes. Employment rates remain high and the town's strong manufacturing base underpins its status as a centre for sub-regional employment. Annual Visitor Economy Report indicates sustained increase in GVA. Signs of decline of large national multiples and growth in independent businesses. Performance indicators highlight commercial property arrears and challenges faced by some tenants. UKSPF West Norfolk Grant Scheme ongoing. Also link to Risk SR9 - Organisational change. | No | Major | Almost certain | 20 | Same |

| Ref | Risk title | The risk is that: | Existing Mitigation and Controls | Target risk | | | Previous risk score (May 2023) | | | Planned mitigating actions | Progress at Aug 2023 | Within risk appetite? | Current risk score (Aug 2023) | | | Trend (compared with last review) |
|-----|------------------|---|---|-------------|------------|-------|--------------------------------|----------------|-------|---|--|-----------------------|-------------------------------|----------------|-------|-----------------------------------|
| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| | | | 2. Most large investment projects for historic buildings have already been completed in the past. 3. Ensure provision is made in the Capital and Property Investment Strategy and Financial Plan to enable the Council to meet any fund matching required by 3rd party funding. 4. HAZ Programme Manager in place (programme ends July 2022). 5. Towns Fund projects; Guildhall, Riverfront and Public Realm 6. Southgates masterplan. | | | | | | | | | | | | | |
| SR4 | Community issues | The risk of various communities within the borough feeling excluded, disengaged or being unable to access available services and opportunities including, rural, deprived, minority and vulnerable communities and local businesses etc. Services and opportunities to include health and wellbeing, early intervention and prevention. Immediate and longer term economic and societal impact of Covid-19 global pandemic on BCKLWN communities. | <u>Community relations</u> 1. The Council works closely with partner agencies in the area to make sure that any issues are identified and effectively tackled as soon as possible. 2. External funding bids with partners. 3. Agreement with Shelter. 4. PREVENT task group and workstreams. 5. Prevent awareness training provided to employees. <u>Preventing homelessness</u> 1. Staff capacity. 2. ICT development to support case management. 3. Support commissioned from voluntary and community sectors. 4. Partnership and network arrangements. 5. Communications support. 6. Accommodation options improved by Broad Street. 7. Reduction in working age population. 8. Housing Market Assessment to be undertaken, Dec 2023. Ongoing. <u>Conflicting aims (with partners)</u> 1. Clarify and agree with partners what the common targets are and how achievement of them will be recognised. 2. Terms of Reference or SLA's are agreed for each group to define the aims and respective roles and focus on core services plus specific projects. 3. Ensure active participation on relevant Boards/ Groups. 4. Norfolk Resilience Forum response and recovery work. 5. King's Lynn Town Deal Board and Local Assurance Framework. 6. Hunstanton Advisory Group established. 7. King's Lynn Town Deal Skills Forum. 8. Shared Prosperity Fund stakeholder groups established. 9. Norfolk Climate Change Partnership. 10. Health and Wellbeing Partnership established and terms of reference agreed. <u>Covid-19</u> 1. Business continuity arrangements including critical services and "Loss of staff" threat analysis and interventions such as enhanced cleaning regimes, staff rotas, building air-flow, etc. 2. Emergency planning liaison with Norfolk Resilience Forum and structures. 3. Insurance 4. ICT network and capability to support working arrangements. 5. Digital and telephony access to services to minimise face to face interactions. 6. Lobbying for government support. 7. Prioritisation of services and response. | Moderate | Unlikely | 6 | Major | Almost certain | 20 | <u>Community relations</u> 1. Housing availability for vulnerable residents. Ongoing. <u>Preventing homelessness</u> 1. Asylum seekers - potential placings under review, Mar 2022 2. Consider impact of proposed legislation on second homes (Review impact of second homes measures and exemptions within the Levelling Up Bill). 3. Consideration to be given to re-examining social housing provision and exploration of measures to mitigate the reduction in private rented sector capacity. Refocus efforts on providing additional social and private rented housing. Now considering acquiring housing from third parties for both affordable and PRS given the acute need for both tenures. Ongoing. 4. Refresh housing needs assessment, Spring 23 5. Identification of additional temporary accommodation with Freebridge. 6. Measures with Freebridge to support quick void turn around. 7. Reid Way - 7 new units to be developed. 8. Financial help to access private rented sector. 9. Winter preparedness plans. <u>Conflicting aims (with partners)</u> 1. Ensure comms focusing on neutral and factual stance and related to implementation of Govt policy. Ongoing 2. Work with Hanseatic Union to implement and provide measures to support refugees and support in a neutral way. Ongoing 3. Internal comms to be mindful of potential for tensions should the Council be perceived to be biased. Ongoing. 4. Consider contingency plan for potential loss of Fenland care and repair contract. Dec 2022. <u>Covid-19</u> 1. Ongoing Covid-19 safe measures in workplace. Ongoing. 2. Revised working arrangements framework agreed in May 2023 with implementation from July 2023. Ongoing. | <u>Community relations</u> Council works closely with the police and Freebridge in Safer Neighbourhood action panels and the neighbourhood officers are now a formal part of the joint Operational Partnership Team. Our agreement with Shelter has allowed for a more effective response to issues of harassment and illegal eviction. Multi-agency responses to Ukraine and cost of living with support for vulnerable households. ASB represented on PREVENT task group and workstream. Engagement with Integrated Care System to encourage prevention and wider involvement of health. Continued support for asylum seekers. Potential impact upon homelessness response and perceptions of support. Potential challenges for refugee support related to host/sponsor relationships, desire to move on, etc. Work ongoing at county level. <i>Equality Impact Assessments on housing funds. Cabinet report 31 Oct 2023 - support for care leavers.</i> <u>Preventing homelessness</u> Discussion with council owned housing companies; aware of nature and scale of issues. Exploring related crisis intervention and funding with partners. <i>New Homelessness and Rough Sleeping strategy in development and will include a deep analysis of problem, consideration of interventions and trial new accommodation services. More Govt resources dedicated towards challenge - ringfenced Homelessness Prevention Grant. Lack of social housing stock continues resulting in a high level of bed and breakfast usage. Further national challenges arising from stock condition surveys, damp and mould surveys, a new Decent Homes Standard, EPC ratings and rental cap. Changes in taxation and interest rates leading to a widening gap between Local Housing Allowance and private sector rents. Housing Market Assessment to be procured and undertaken, Dec 2023. Anecdotal data suggests changes in family living arrangements becoming more prevalent.</i> <u>Conflicting aims (with partners)</u> Engagement with Norfolk and Waveney Integrated Care System / Integrated Care Partnership. Collaborative work with members of Norfolk Climate Change Partnership and working on a Norfolk-wide project. Ongoing dialogue with Norfolk County Council regarding devolution and Government funding streams e.g. Towns Fund, Levelling Up, Shared Prosperity Fund. Further examples include Ukraine response with neighbouring councils despite differences in funding, liaison between organisations represented on the Town Deal Board, Business Rates Pooling and Hunstanton Advisory Group. Development work with the Health and Wellbeing Partnership. <u>Covid-19</u> Working arrangements framework implemented July 2023 and will be reviewed in 12 months. Ventilation practices continue. Relevant structures and responses would remain in place or be stood up. | No | Major | Almost certain | 20 | Same |

| Ref | Risk title | The risk is that: | Existing Mitigation and Controls | Target risk | | | Previous risk score (May 2023) | | | Planned mitigating actions | Progress at Aug 2023 | Within risk appetite? | Current risk score (Aug 2023) | | | Trend (compared with last review) |
|-----|------------------------------|---|---|-------------|------------|-------|--------------------------------|------------|-------|---|---|-----------------------|-------------------------------|------------|-------|-----------------------------------|
| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR5 | Continuity of service | The council's ability to effectively respond to a major emergency and maintain that response without affecting essential day to day service delivery. The risk is to both the council as a business continuity issue and to our vulnerable communities. | <p>Business continuity</p> <ol style="list-style-type: none"> Business Continuity Corporate Officer Group. Incorporate Business Continuity into Risk Management systems. Develop and test service specific plans across the Council. Disaster Recovery Plan for ICT. Business Continuity Policy and Strategy, Incident Response Plan, Invocation Process and Checklist in place and regularly reviewed. Out of Hours Contact Card. Office 365 deployment. Tests of business continuity plans each year via Metis exercise. ICT network and back up improvements to enhance resilience. Use of Citrix for remote access to ICT network. Staff training Well established Business Continuity plans for critical services and reviewed annually. Covid 19 response capability developed in wave 1 and utilised throughout 2020/2021. Utilisation of remote meeting software. Business continuity plans in place for outsourced services (e.g. Payroll processing). Annual update to Audit Committee (Sept 2022). Back up generator load testing at King's Court (Jan 2023). Internal Audit review of business continuity. <p>Emergency response (external)</p> <ol style="list-style-type: none"> Borough Council is a member of the Norfolk Local Resilience Forum (NRF). The NRF work together to develop emergency plans based upon the Norfolk Community Risk Register. Norfolk Strategic Flood Alliance. Internal Audit review of emergency planning function. Ongoing consideration of weather warnings and alerts. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p>Business continuity</p> <ol style="list-style-type: none"> Internal Audit conducting a review of the emergency planning function, Mar 2022. Completed. Planning for a new METIS business continuity plan test. Completed. Consideration of hybrid working arrangements, Mar 2022. Completed. Development of revised flexible working arrangements in progress and due for completion April 2023. Completed. Planning for METIS 22 completed. Exercise to be held Nov 2022. Ongoing. Back up generator load test plan in Jan 2023. Exercise held 25 Jan 2023. Completed. Rolling out update training to business continuity bronze plan officers. Ongoing. <p>Emergency response (external)</p> <ol style="list-style-type: none"> Internal Audit review. Completed. Updated training provided for staff and staff updates. Completed. Annual update to Borough Emergency Response and Recovery Plan. Ongoing. Review and dissemination of weather warnings and other threats. Ongoing. Weekly NRF risk meeting to update on local, regional and national threats. Ongoing. Participation in NRF meetings and regular updates on plans and reviews. Ongoing. | <p>Business continuity</p> <p>Annual business continuity update provided to Audit Committee. Corporate Business Continuity Group completed the high level assessment and bronze plans reviewed. <i>Cyber security METIS exercise planned for 8 Nov 2023. Work is ongoing with response to national and local power outage scenario.</i></p> <p>Emergency response (external)</p> <p>Active participation in Norfolk Resilience Forum (NRF) planning and exercising. Covid-19 response ongoing but demonstrated organisation's response (officer and members) to a significant incident with learning identified. Internal Audit review ongoing on emergency planning function. Borough Emergency Plan reviewed and plans updated and reviewed as required. Norfolk Strategic Flood Alliance workshop in Oct 21 considered response and recovery.</p> <p>Reviewing the resources allocated for BC events being reviewed, report to MT end of Jan 2023 with proposals under consideration.</p> | No | Major | Possible | 12 | Same |
| SR6 | Data management and security | Deliberate or unintentional loss/disclosure of personal, sensitive, confidential or business critical information or breach of information governance legislation. | <p>Loss of ICT</p> <ol style="list-style-type: none"> Investment to protect remote sites. Business Continuity Plan - document procedure for loss of ICT server in place. Security policy to ensure data integrity. Replication and manageability of live data storage off-site. UPS installed with backup generator to feed an uninterruptible power supply with conditioning to include surge protection to the computer room. Network improvements. Increasing number of applications using cloud technology supported by agile working. <p>ICT failure of back up</p> <ol style="list-style-type: none"> The testing programme of backups. Business resumption plan in place. An off-site storage facility in place. Stand-by facilities to be provided. <p>Cyber security attack</p> <ol style="list-style-type: none"> Best practice in regards to the Public Sector Network and Payment Card Industry standards are followed. Necessary firewalls and filtering is in place. Patching is kept up to date. Staff and Members are regularly reminded to be vigilant and not click on links within emails from unknown sources. National Cyber Security Centre advice issued Norfolk cyber security cell Extended support for Windows 7 Access controls for virtual meetings Internal Audit review - rated "substantial" Routine checks and scans by external party E-learning software relating to cyber security. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p>Loss of ICT</p> <p>ICT failure of back up</p> <ol style="list-style-type: none"> Replacement UPS installed and tested. Completed. Testing of Corporate King's Court Generator – working with property services. Completed. Work as part of a Internal Business Continuity Task and Finish Group looking at possible National Power Outages. Ongoing. Refresh/review back up tape library 23/24. Ongoing. <p>Cyber security attack</p> <ol style="list-style-type: none"> Reviewing Cyber Insurance – <i>Cyber Risk Management assessment with our provider Gallagher is now complete. The next step is to engage with providers.</i> NCSC Cyber Essentials being explored, Dec 23. Ongoing. Implementation of network access controller, May 23. Ongoing. | <p>Loss of ICT</p> <p>A second site is established at Fakenham and key data is replicated there. With hybrid working staff with laptops now have the ability to access data/systems from home, via Citrix, cloud based systems with a VPN and Office 365. The number of Citrix licences was increased from 60 to 200 to enable more homeworking. Internal Audit and the Business Continuity Corporate Officer Group are aware of this position and are satisfied that in the event of a disruption or emergency, this is manageable. A Business Continuity task and finish group has recently completed which looked at improving ICT infrastructure arrangements using several more resilient connections in light of the potential loss of King's Court, our main site. Additional infrastructure works have been undertaken too as a consequence of COVID and service rotas are in place to support our current hybrid working arrangements.</p> <p>ICT failure of back up</p> <p>There has been significant investment previously in the back-up system and process of off-site storage. There is a programme in place for backups and the testing of backups. The system has been reviewed and a new tape library has been deployed. Additionally, a new Uninterruptible Power Supply has been installed to continue to protect our ICT data centre from power surges and loss of power.</p> <p>Cyber security attack</p> <p>We are constantly reviewing the security of our ICT systems and are in contact with the Local Government Association, National Cyber Security Centre (including NCSC Early Warning Service) and other relevant public sector organisations to act upon security intel where appropriate. We obtain other situational awareness through intelligence email alerts via being members of both CiSP (Cyber Security Information Sharing Partnership) and East of England NLA WARP (Warning, Advice and Reporting Point).</p> <p>With the heightened threat, our organisation has a range of ways in which to counter cyber security threats. We have the necessary cyber security deterrents in place such as malware antivirus, web proxy, and mail filter, multi-vendor AV protection and multi-factor authentication as well as other appropriate measures and have a strict software patch management regime.</p> <p>We undertake corporate business continuity planning scenarios annually and we undertook a cyber security exercise in 2022 as part of a business continuity 'metis' exercise. We have annual audits of our ICT security and penetration tests and a recent Cyber Security internal audit a few months ago gave 'substantial assurance' in our cyber security. <i>We are reviewing our Cyber Insurance – a Cyber Risk Management assessment and scan with our provider Gallagher is now complete.</i> Furthermore, a new Security Network Access Controller has been installed and is currently being configured to increase our levels of protection.</p> | No | Major | Possible | 12 | Same |

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| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR7 | Corporate Governance | The risk of failures in systems of governance within the council, within council owned/influenced organisations and partnerships and other collaboration arrangements, leading to governance issues, fraud and corruption, failures in management systems, poor policy and decision making. | <p><u>Due diligence</u></p> <ol style="list-style-type: none"> Capital and Investment Strategy approved annually. Sharing of ideas at <i>Senior Leadership Team</i> level to allow full consideration of all issues. Use of the pool of knowledge contained in <i>Senior Leadership Team</i> to act as 'critical friend'. Assistant Director - Resources discusses proposals with external auditor on a regular basis. Key statutory officers meet; Head of Paid Service, Monitoring Officer and Section 151 officer. Use of project initiation documents, briefs and business cases. Use of external consultants for specialist advice and capacity e.g. VAT, Treasury management, specific property and valuation development expertise, independent appraisal Use of pre-application planning service. Officer Major Projects Board and Member Major Projects Board in place to provide more rigorous governance around major capital projects. Additions to governance framework including Cabinet briefings, a new member led body to enhance oversight of major projects and developing approach for council owned companies. Use of lessons learnt reports and external inquiry to improve practice. Town Deal Local Assurance Framework; business cases, support from consultants, independent appraisal, subsidy control assessment, S151 approval Internal Audit providing consultancy audit and identify recommendations. Project Accountant - specific resource recruited to support major projects including Towns Fund. Full time Monitoring Officer commenced, May 2022. <p><u>Fraud and corruption</u></p> <ol style="list-style-type: none"> Audit and Fraud Team dealing with the prevention, detection and deterrence of fraud and corruption. Strong guidance arrangements and internal controls are in place and regularly tested. Anti-Fraud and Anti-Corruption Policy, Anti-Money Laundering Policy, Whistleblowing Policy and an Anti-Fraud & Anti-Corruption Investigation Procedure Manual are in place. Fighting Fraud & Corruption Locally Checklist Assessment undertaken to identify any gaps / areas for improvement. National NFI Exercise and the annual Flexible Matching Service Exercise (including Premium Matching activities). Norfolk FraudHub membership for the sharing of good practices and more frequent matching for the purposes of fraud detection. Membership of the National Anti-Fraud Network for the purposes of obtaining information under relevant authorised powers to assist in the investigation of fraud and corruption. Access to the Government Counter Fraud Function Spotlight Tool Debtor/Absconder Tracing. Joint working with the DWP regarding Council Tax Reduction Scheme frauds and other benefit fraud. Participation of the Cabinet Office FraudHub User Group. A Fraud Risk Register is in place. Participation of the Norfolk FraudHub Operational Group to share best practices and to provide knowledge, expertise in complex case investigation. Participation of the Regional Fighting Fraud & Corruption Locally Operational Group to share best practices and to provide knowledge, expertise in complex case investigation. Fraud Awareness e-learning has been introduced to staff, managers and members Information and updates communicated corporately raising awareness of anti-fraud & anti-corruption culture across the organisation. <p><u>GDPR</u></p> <ol style="list-style-type: none"> Following the end of the contract with Eastlaw to provide Legal Services, the council has established an internal Corporate Governance Team, appointed a Corporate Governance Manager and a Corporate Governance Officer. FOIA and Data Protection policies updated. Audit review of FOIA and Complaints and action plan in place to implement recommendations. Training for staff on FOIA and DPA. Higher level training for corporate governance staff. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p>Due diligence</p> <ol style="list-style-type: none"> Programme of statutory officers meetings scheduled on a monthly basis. Ongoing. Council companies review implementation plan ongoing. Embedding new arrangements for PMO, Officer Major Projects Board and Officer Project Development Group. Reviewing cost management and income generation programme (links to Risk SR1 - Financial sustainability). Implementation of Internal Audit position statement on project management framework recommendations in accordance with agreed timescales. <p>Fraud and corruption</p> <ol style="list-style-type: none"> Full year update to Audit Committee, mid 2023. Half year update to Audit Committee, November 2023. Anti-Fraud & Anti-Corruption Policy and Anti-Money Laundering Policy reviews in progress Collaboration with the Regional Fighting Fraud & Corruption Locally Operational Group in respect of legislative changes due in 2024 "failure to prevent fraud offences" and reasonable fraud prevention procedures within the Economic Crime and Corporate Transparency Bill. <p>GDPR</p> <ol style="list-style-type: none"> Following the end of the contract with Eastlaw to provide Legal Services, the council establish an internal Corporate Governance Team. Ongoing. FOIA and Data Protection policies updated. Completed. Audit review of FOIA and Complaints gave assessment of reasonable assurance and action plan in place to implement recommendations from Audit. Ongoing. Training for staff on FOIA and DPA being reviewed and refreshed. Ongoing. Diploma level training for Corporate Governance Manager and Corporate Governance Officer. Ongoing. | <p>Due diligence</p> <p>Innovative approaches to opportunities which arise are being developed where the potential to generate income is identified. There may be a need to engage external specialists if riskier investments are considered where the Council does not have the expertise in-house. Changes to the Prudential Code may impact upon the Council's future investment plans with an emphasis on robust business cases and plans. The Council has a contract in place to provide external expert VAT advice. Treasury Management advice regarding borrowing in light of uncertainties such as EU Transition. Emphasis is on robust plans. Project team meetings for key work streams; leisure, major projects, housing companies. Governance improvements being developed in relation to the council's wholly owned companies. Project due diligence checklist being developed for major projects. Focus is on delivering a balanced budget, initiatives that yield a return or a community benefit. Independent advice is sought where internal skills are unavailable.</p> <p><u>Fraud and corruption</u></p> <p>Audit and Fraud Team work programmes are in place and progressing. Any instances of potential fraud are dealt with quickly. Audit work plans cover vulnerable areas of risk. A Senior Internal Auditor is in place covering the responsibility of Internal Audit and Fraud & Corruption, with assistance from the Head of Internal Audit of Eastern Internal Audit Services with no impact on the delivery of the Council's audit plan. The Norfolk FraudHub is now fully implemented with regional/sub-regional partners where data matching exercises are undertaken frequently to assist in the detection of fraud and corruption within systems. Furthermore participation in steering group meetings to share best practices and emerging threats and new methods of preventing, detecting and deterring fraud. The FraudHub includes additional benefits such as Premium Data matching activities and software for identifying potential fraudulent applications. Data matching activities also now include matches against HMRC data. A Fighting Fraud & Corruption Locally Checklist assessment has been undertaken in as part of the recent Internal Audit of the Fraud & Corruption arrangements of the Council with no areas of concern arising. Participation in national NFI exercises and the annual Flexible Matching Service exercise (including Premium Matching Service). Membership of the National Anti-Fraud Network for the purposes of undertaking debtor/absconder tracing activities and furthermore intelligence checks and obtaining evidence for the purposes of fraud and corruption investigations. Joint working partnership agreements are in place with the DWP regarding Council Tax Reduction Scheme frauds and other benefit fraud. Internal Audit have devised a Fraud Risk Register to assist in determining the fraud risks faced across each service area of the authority and to help identify any mitigation that is in place or additional controls to be considered. A review is being explored for the undertaking of Financial Investigation provisions including an initial assessment of potential affected areas of the Council and awareness training options. Discussions are taking place through the Norfolk FraudHub over the potential for a retained Financial Investigation Service provision which can be bought into as and when required.</p> <p><u>GDPR</u></p> <p>Internal Governance Team now in place and an audit of FOIA and Complaints has been carried out giving an outcome of reasonable assurance with an associated action plan. Code of Corporate Governance is being refreshed and the Data Protection Policy has also been updated and will be presented to Cabinet in due course. Data Breaches are being reported to the internal team who carry out an assessment of the severity of the breach and report to the ICO if required. Corporate Governance Officer has been appointed Deputy SIRO (1 of 2) and provides information and guidance on a range of services such as FOIA, DPA, Data Sharing Agreements, Privacy Policies and Subject Access Requests. A Corporate Compliance Officer is due to be appointed to finalise the new Governance structure.</p> | No | Major | Possible | 12 | Same |

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| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR8 | Reputation management | The risk that the council's reputation is damaged by major service failure, failure to respond to a significant incident(s), governance issues, dispute with a key partner, failure to deliver corporate business plan. | <p><u>Reputation management</u></p> <ol style="list-style-type: none"> Media spokespeople are trained. Protocols implemented. Staff trained to spot opportunities and potential threats. Social Media Guidelines and training in place. Additional comms resources. Communications plan to support implementation of corporate business plan. Comms plans linked to key workstreams, e.g. Towns Fund, climate change. Comms weekly slot with Management Team on emerging issues. Comms weekly slot with Council Leader. <p><u>Council reputation</u></p> <ol style="list-style-type: none"> Proactive inspection and enforcement programmes. Appropriately qualified and experienced staff employed. Training programmes for relevant staff. Incident Response Plan. Liaison with external audit. Use of independent inquiry and publication of lessons learnt reports - leading to enhanced policy and practices to reduce future risks and errors. Communications support and additional resources. Contract monitoring and management. Identification of contract risks. Redeployment of existing staff. Use of external, independent experts e.g. subsidy control assessments, business case development. Full time monitoring officer in post - improved capacity and support. Cyber security arrangements (see risk SR6 - Data management and security) | Moderate | Unlikely | 6 | Moderate | Likely | 12 | <p><u>Reputation management</u></p> <ol style="list-style-type: none"> Continue to review ongoing comms requirements. Ongoing. Member induction plan developed (including media training for new and continuing members) and being deployed. Ongoing Communications plan to support implementation of corporate business plan. Ongoing. <p><u>Council reputation</u></p> <ol style="list-style-type: none"> Preparation of METIS exercise feedback report and consideration of recommendations. Where resources allow, consider enhancing presence on national stage e.g. Speaking at conferences, awards, etc. Ongoing. Continue to consider opportunities for use of apprenticeships to develop scarce resources. Ongoing use of progression schemes and development opportunities to assist with staff retention. | <p><u>Reputation management</u></p> <p>Communications team continues to promote positive news, to respond effectively to media enquiries and to rebut inaccurate reporting. Social media and the use of cameras on smart devices have changed the landscape of communications, leading to the need for increasingly quick responses required by agreed spokespeople. Protocols updated and shared with Group Leaders. Spikes in media attention arising from specific events. Training for Members is to be scheduled as part of new member induction programme in 2023. Anticipating an increase in enquiries and challenges as borough election approaches.</p> <p><u>Council reputation</u></p> <p>Key activities have been identified as part of service planning. Staff skills and qualifications and any resulting training requirements are reviewed as part of the PRP process. Use of apprenticeships to develop resources in difficult to recruit areas. Introduction of progression schemes to assist with staff development and retention. Management development programmes to development managerial skills. Inspection and enforcement regimes are in place and monitored for performance and records kept.</p> <p>Risk assessments undertaken where appropriate. Ongoing comms relating to key issues and events. Consultation and engagement support e.g. Towns Fund. Recruitment challenge. Review of staffing resources in priority areas. Potential comms issues arising from pursuing commercial rent arrears (parameters limited by Covid related legislation).</p> | No | Moderate | Likely | 12 | Same |
| SR9 | Organisational change | Ensuring that the council, its members and its workforce have the skills, resources, ability and capacity to adequately respond to current and future organisational change meaning the council is able to deliver its services in the most efficient and effective manner. | <p><u>Capacity</u></p> <ol style="list-style-type: none"> Use of agency and interim staff. Improve staff resilience/ cross training. Service and management restructures and related recruitment and development. Absence management. Use of apprentices. Use of external support for Towns Fund business case development, subsidy control and independent appraisal. Review of Planning resource and additional posts. New Executive Director post. Restarted management development programme. Progression scheme for a range of specialist roles. Apprenticeship opportunities to develop resources. <p><u>Channel shift/Digital services</u></p> <ol style="list-style-type: none"> Engage with the operational staff and systems admin, who understand the back office system. Involvement in Norfolk County Council digital inclusion strategy. <p><u>Pay pressures</u></p> <ol style="list-style-type: none"> Government's public sector pay restraint has had an impact on recruitment and retention for some Council services. Government policy for 2021 was a pay freeze in the public sector. Signs of some relaxation of national public sector pay policy in certain areas which could have a further impact on our ability to recruit and retain suitably qualified and experienced staff in certain areas. This in turn could prompt the need to review local pay arrangements, with associated financial implications. Ongoing monitoring of Government public sector pay policies. | Moderate | Unlikely | 6 | Major | Almost certain | 20 | <p><u>Capacity</u></p> <ol style="list-style-type: none"> Review recruitment issues. Ongoing and responsive to requirements and market conditions. Considering progression schemes across service areas. Ongoing. <p><u>Channel shift</u></p> <ol style="list-style-type: none"> Migration to Office 365, Mar 23 Developing Microsoft Sharepoint InSite linked to the cloud, Mar 23 Engaging with staff re: developments to Insite to improve internal comms and document sharing, Mar 23. Learning workshops for ICT staff on Sharepoint, Mar 23 Review of different methods of interaction with customers with different services. Ongoing. Undertaking a review of internal communications. Ongoing. <p><u>Pay pressures</u></p> <ol style="list-style-type: none"> Monitoring of national pay award. Ongoing. Some roles requiring particular qualifications are being considered in advance of future recruitment, Mar 24 Appropriate allowances for pay to be made within the budget and financial plan. Ongoing. Monitoring of recruitment challenges and introduction of progression related award. Ongoing. S151 Officer to review the financial implications and identify funding of the proposals. Ongoing. Consider implications for erosion of pay differentials in respect of improving recruitment and retention. Ongoing. | <p><u>Capacity</u></p> <p>Established training regime to enable colleagues to cover for each other's absences. Management restructure agreed April 2022 with additional Exec Director being recruited. UEA intern to support climate change footprint and policy development. Following end of national Covid-19 measures most services/operational delivery returning to normal levels however some services (frontline and back office) have backlogs and new Government initiatives may require additional capacity e.g. Ukraine response. Additional resources to focus on communications and enforcement of flytipping.</p> <p><u>New procedures developed with Senior Leadership Team for engagement of external workers.</u></p> <p><u>Channel shift</u></p> <p>Work is concentrating on customer facing aspects to engage fully with the public and reduce the need for more staff intensive means of communication, such as telephone enquiries. Customer contact migrated to telephones/online which are more cost effective methods. Work is ongoing with Environmental Health to achieve full integration with IDOX. Represented on a pilot project being undertaken in west Norfolk relating to digital access skills and attainment, which is part of the county council's strategy programme.</p> <p><u>Pay pressures</u></p> <p>Continue to closely monitor the Government's public sector pay policy and pay settlements agreed in the wider public sector/private sector. Provision for some movement in pay costs has been included in the financial plan. There is a timing risk related to determination of local pay award arrangements and national pay agreement.</p> | No | Major | Almost certain | 20 | Same |

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| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR10 | Climate change mitigation and adaptation | Inability to mitigate and adapt to climate change - increased coastal erosion and flooding and failure to meet net zero target with consequent reputational issues. | <p>Flood management and coastal erosion.</p> <ol style="list-style-type: none"> Shoreline Management Plan (SMP), Wash East Coast Management Strategy, Hunstanton Coastal Management Plan, East Wash Community Interest Company. Repairs & maintenance programme. Procurement practices. Health & Safety checking and monitoring. Coastal monitoring - Anglia Coastal Monitoring Group. Asset condition survey of sea defences (Dec 2022). Beach recycling undertaken annually. Capital programme and emergency repairs reserve. Corporate/service planning. Joint work with EA and local businesses to fund repairs. Local Plan Policy. Inter-agency flood group. Flood Water Management Officer. Norfolk Strategic Flood Alliance. Drains along promenade jetted and cleansed. 6 monthly stakeholder group for Wash East Coast Management Strategy. Norfolk Resilience Forum future severe and flood risk group. <p>Carbon emissions</p> <ol style="list-style-type: none"> Climate change emergency declared, policy approved and strategy/action plan. Thematic working groups e.g. EV charging, Housing, Vehicle fleet review, Procurement Norfolk Climate Change Partnership <i>and projects</i>. Local Plan policy. Cabinet report template. Permanent Senior Climate Change Officer post. Tree strategy and funding. Annual carbon audit. Borough wide report based on <i>Dept for Energy Security and Net Zero</i> data. Use of net zero electricity. Re-fit programme to improve efficiency of council buildings. Solar power generation equipment on several council properties. Lease car scheme mandates hybrid or better. Electric charging points at BCKLWN car parks. Engagement with interested parties. Reducing business miles via home and working arrangements framework. Application and deployment of Government grant funding for projects. Corporate funding to support climate change strategy. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p>Flood management and coastal erosion</p> <ol style="list-style-type: none"> Undertake emergency repairs to prom completed as required. Ongoing repairs completed as required. Participation in LGA Coastal special interest group. Wash East Coast Stakeholder Group meets six monthly. Next meeting Sept 2023. Wash Trends report, Groyne field study and 4D radar survey prepared and considered by Management Team and Cabinet. Ongoing monitoring. Tender issued for preventative maintenance on flood gates and identified works undertaken. Completed. Participation in Norfolk Strategic Flood Alliance. Ongoing. Chairing multi-agency flood group considering Station Road, Heacham. Ongoing. Promenade Condition Survey to be completed 22/23 to update 2018 survey. Completed. Further investigation works to be undertaken in 2023/24. Ongoing. Wash East Coast Management Strategy funding group. Ongoing. Monitoring completed, awaiting data to update report. Hunstanton Cliffs annual erosion report. BGS writing report, due early 2023. Preparing and mitigation of flood risk via Norfolk Resilience Forum. Ongoing. Scenario planning for sea level rise forecasts and surface water management. Ongoing. <p>Carbon emissions</p> <ol style="list-style-type: none"> High level assessment of council estate, Ongoing. March 2023. Completed. District wide BEIS data analysis to be published for 2020/21, Dec 2023. <i>Ongoing</i>. Fleet review to be commissioned, Autumn 2023. <i>Ongoing</i>. Promoted Solar Together project. Installations for those signed up, 2023/24. <i>Works completed, evaluation underway</i>. BCKLWN carbon audit 21/22. <i>Published</i>. Support Norfolk Climate Change Partnership Community Renewal Fund project. Completed. ReFIT street lighting. Ongoing. Business Expo, June 2022. Completed. OZEV grant funding for 26 charging stations at 7 sites. Installed at 5 sites, 1 site ongoing. Autumn 2023. Management Team report Dec 2022 - Development of EV strategy. Ongoing. Schools project commissioned Dec 2022. Participation with schools planned for Autumn 2023. <i>Project underway with 20 schools signed up</i>. Participation in Mayor's Awards 2023. <i>Ongoing</i>. Implementation of NCCP's Net Zero Norfolk Communities project. <i>Community selected and project ongoing with end March 2025</i>. | <p>Flood management and coastal erosion</p> <p>Capacity issues in short term due to Covid-19 response and staff resourcing. Planning policy being reviewed as part of Local Plan review. New post - Flood Water Mgt Officer started in Dec 2021. Norfolk Strategic Flood Alliance started in April 2021. Cliff monitoring and report completed and published June 2021. Wash Trends report published. 4D radar survey for Hunstanton area. Ongoing work with Lead Local Flood Authority and other agencies re: flooded properties.</p> <p>Carbon emissions</p> <p>2019/20 council carbon audit completed. Borough wide data analysed for 2017/18 and 2018/19. Policy approved in October 2020 and detailed strategy/action plan to follow in 2021 informed by policy, budget considerations and national policies on green elements to recovery. Council electricity contracts switched to renewable power. King's Reach tree planting project in 2019/20. King's Lynn Transport Study recommendations in progress. Successful bids for energy efficiency grant funding schemes and delivery of retrofit solutions to housing stock ongoing. Employment of Energy Efficiency Officer in Housing Standards to deliver energy advice, successful Minimum Energy Efficiency Standards compliance campaign run in 2022. Continue to support Social Housing Decarbonisation Fund schemes. Supporting local bid to Social Housing Decarbonisation Fund Demonstrator scheme. Build standards for latest major housing project to include EV charging and solar PV on identified properties within the scheme. Two successful bids to the Public Sector Decarbonisation Scheme for £3.8m of improvements to heating systems in council buildings. £1m budget allocated over 4 years to support strategy implementation. UEA intern for 12 months. Audit of council emissions published. Third submission to PSDS. High level assessment of properties underway. Two CRF bids approved and being progressed via Norfolk Climate Change Partnership (NCCP). Ongoing leadership and support to NCCP, including website creation and maintenance. Ongoing updates to BCKLWN website and climate change content. Planning for and commissioning of Norfolk Chambers of Commerce for Expo 22. Solar Together 2022 promoted. Engagement plan drafted with Comms. Eight council sites under consideration for solar PV. Tree and green habitat strategy in development. Discussions with National Farmers Union regarding lowland peat and awaiting national strategy to be published. Fleet review with Energy Saving Trust being progressed in 2023.</p> | No | Major | Possible | 12 | Same |
| SR11 | Statutory compliance | Implementation and maintenance of statutory compliance management systems. E.g. health and safety, service related legal obligations | <ol style="list-style-type: none"> Health, Safety & Welfare General Policy in place. Corporate H&S Action Plan reviewed by Management Team and Joint Safety & Welfare Committee on a regular basis. A training programme is ongoing to raise awareness and update knowledge/skills. Independent assessments are carried out to identify any risks. Corporate Officer Group- Health and Safety. Departmental health and safety policies. Departmental risk assessments. Preventative maintenance contracts in place. Assessment of contractor risk assessments. Procurement assessment of tenders. Personnel Officer support and related external support provided to employees. Personnel policies and practices. Stress at work checker with resilience workshops for individuals/teams. Reminders on local requirements for self-isolation. Covid-19 secure risk assessments. | Moderate | Unlikely | 6 | Major | Possible | 12 | <ol style="list-style-type: none"> Appointment of Corporate Health & Safety Officer to lead on delivery of council's statutory obligations as an employer. Completed. | <p>Annual play area inspection by ROSPA, July 2020. Covid 19 guidance considered by Norfolk Resilience Forum delivery groups, internal Gold group and Management Team and through corporate health and safety in response to national and industry guidance. Comms campaigns to support changes to services and practices. As a company, Alive Leisure has its own health and safety policy.</p> <p>Bespoke refresher training for SMT in November 2021 on H&S responsibilities. Health and safety training available as e-learning and within annual training plan. <i>New Health and Safety policy implemented.</i></p> <p><i>Equalities procedures externally reviewed and deemed to be compliant although additional enhancements to be implemented.</i></p> <p><i>Relaunching internal procedures for recording and safeguarding matters.</i></p> <p><i>Work ongoing regarding Domestic Abuse - training to be rolled out.</i></p> | No | Major | Possible | 12 | Same |

| Ref | Risk title | The risk is that: | Existing Mitigation and Controls | Target risk | | | Previous risk score (May 2023) | | | Planned mitigating actions | Progress at Aug 2023 | Within risk appetite? | Current risk score (Aug 2023) | | | Trend (compared with last review) |
|------|--------------------------|---|---|-------------|------------|-------|--------------------------------|----------------|-------|---|---|-----------------------|-------------------------------|----------------|-------|-----------------------------------|
| | | | | Impact | Likelihood | Score | Impact | Likelihood | Score | | | | Impact | Likelihood | Score | |
| SR12 | Council owned companies | Managing performance, finances, liabilities and the relationship between the Council and its wholly owned companies in accordance with the governance agreements. | <p>Corporate</p> <ol style="list-style-type: none"> Review of arrangements commissioned from Anthony Collins Solicitors (ACS). Shareholder Committee being established to enhance control mechanism for the Council as the shareholder. <p>Alive West Norfolk</p> <ol style="list-style-type: none"> Due diligence, financial and legal arrangements. Legal advice and technical expertise bought in where required. Project board established. Strategy, business case, business plan development and management of project risk register. Stakeholder engagement. Communications support. Revised business plan 2021 and monitoring to assess progress. AWN Strategy agreed by AWN Board April 21 AWN Operational plan aligned to Strategy April 21 Reviewing the management agreement to reflect financial implications. Regular financial monitoring and updates reported to AWN Board. Board being reconfigured in line with advice from ACS. Skills analysis presented to Board to 21 Dec 2022. <p><u>West Norfolk Housing Company</u></p> <ol style="list-style-type: none"> Draft business plan updated December 2022. Board director recruitment and appointment process. Company financial statements and reports in place via Ensors. Quarterly Board meetings scheduled. Risk register in place and reviewed by the Board 6 monthly. <p><u>West Norfolk Property</u></p> <ol style="list-style-type: none"> Management company in place, providing regular reports to West Norfolk Property Board meetings. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p>Corporate</p> <ol style="list-style-type: none"> Shareholder Committee established with appropriate officer support. Action plan following Anthony Collins review of Governance has been implemented. <p><u>Alive West Norfolk</u></p> <ol style="list-style-type: none"> New Board Members appointed, and a skills analysis completed. Business plan development ongoing. Regular monitoring meetings between management and Client Officer. Review of Management Agreement to reflect current operations. Shareholder Agreement drafted. <p><u>West Norfolk Housing Company</u></p> <ol style="list-style-type: none"> Software for financial projections. Commission asset mgt strategy and renewal of property components and sinking fund. Consideration of a net zero strategy for properties. Ongoing. Capacity to support company activities (SLA), Ongoing. Advice on revision of loan agreement between BCKLWN and company. Ongoing. Update - new Board Members appointed following local elections, May 2023. <p><u>West Norfolk Property Limited</u></p> <ol style="list-style-type: none"> Consideration of a property acquisition strategy, Dec 2023. Ongoing. New Directors appointed. Shareholder Agreement to be presented to Shareholder Committee. SLA to Shareholder Committee. Client Officer in place. | <p>Corporate</p> <p>Recommendations to Cabinet in December 2022. Shareholder Committee set up.</p> <p><u>Alive West Norfolk</u></p> <p>Work ongoing to review operating model and governance arrangements. Expected to report early 2024. Pay award will impact on budgeted income. SLA and Management Agreement updates on hold pending outcome of review. Managing Director on long-term absence may impact business planning. Interim cover to be explored. Membership numbers are down on projections. Cost increases may have had an impact. Capital projects for resurfacing of 3G and new 3G in early phases.</p> <p><u>West Norfolk Housing Company</u></p> <p>New draft business plan developed (subject to Shareholder Committee consideration) looking at investment into homes developed by third parties. Marked change in company ambition linked to new challenges and demand pressures see risk 4. Mar 2023. Risk issues - funding agreement pegged to base rates. External specialist advice obtained to look at funding opportunities/structure and other related issues. Report being prepared for funding agreement. See risk register and minutes. Post May 2023 elections, new company directors appointed, new regulatory requirements and Social Housing Act 2023 and Building Safety Act 2022. New Building Safety regulator.</p> <p><u>West Norfolk Property</u></p> <p>Board to develop new business plan and seek to support BCKLWN ambitions. Consideration of funding mechanisms to purchase properties from BCKLWN following specialist financial advice. Independent review of projections to be undertaken as part of due diligence. Report to Cabinet Dec 2023 regarding funding arrangements and for the company to acquire the properties from the council. Report to Cabinet Jan 2024 regarding housing tenure mix on Parkway development.</p> | No | Major | Possible | 12 | Same |
| SR13 | Contract/ Supply failure | Managing contracts with key suppliers to ensure the continued delivery of an effective service and ensure delivery of the council's priorities and objectives. | <p>Corporate</p> <ol style="list-style-type: none"> Contract and Procurement Officer in place for corporate type contracts/services. Contracts to be reviewed based on frequent Spend Analysis reports. Training on procurement and contract management for service managers. Review of contract standing orders. <p><u>Waste collection</u></p> <ol style="list-style-type: none"> Effective contract monitoring and management. Substantial dialogue with the waste collection contractor and three clients over the long term aspirations. | Moderate | Unlikely | 6 | Major | Possible | 12 | <p><u>Waste collection</u></p> <ol style="list-style-type: none"> Internal Audit of the contract with report to Audit Committee. October 2022. Completed. Updates to Corporate Performance Panel. October 2022. Completed. Further update to CPP, Jan 2023. Dec 2022 - in response to a request for additional funding from the contractor, the supervising officer (Breckland DC officer) has allocated financial resources from within her team to engage with the contractor on an open book basis to better understand the financial issues currently being presented. Once this is complete any findings will be presented to the Contract Review and Development Board of which we are part. | <p><u>Waste collection</u></p> <p>New contract and Serco commenced April 2021 with operations following the Serco collection model; reorganised collection rounds in liaison with KLWN, North Norfolk and Breckland. All of the vehicles delivered. Active contract management being used to ensure high level outcomes are achieved. High level discussions continue with Serco across the 3 authorities to ensure the delivery and success of the contract. High level of turnover in senior contract managers. Discussions with Serco chief officers to outline concerns and issues. Engagement by the three councils at a strategic level to meet the long term aspirations of all parties to the contract. County Waste disposal arrangements are favourable. New working arrangements with County Waste Disposal will see enlarged transfer station and de-risk access to the transfer station in the future. Annualised uplift mechanism in contract to respond to inflation. Internal Audit of the contract completed.</p> <p>The initial response to the ongoing work is that the aspirations of Serco to gain further financial benefit from the contract appear likely to be poorly founded. Serco had indicated that they would have to name the contract as being onerous within their annual report. The last Serco annual report does not identify the contract as being onerous. Serco continue to lay claims before the Contract Management Board limiting their exposure to performance deductions and these are resisted. The likelihood of contract failure is diminished.</p> | No | Major | Possible | 12 | Same |
| SR14 | Cost of living | The cost of living crisis caused by rapidly rising inflation (energy, food, household items, etc) and interest rates may result in more families and households experiencing poverty and unemployment, which may lead to increased levels of service demand on the Council and place additional pressure on front-line services, staff and councillors. | <ol style="list-style-type: none"> Standing item on Management Team. LGA cost of living hub https://www.local.gov.uk/our-support/safer-and-more-sustainable-communities/cost-living-hub/cost-living-external-resources Corporate officer team established. Promotion of fuel oil group buying scheme. Promotion of Solar Together group buying scheme. Promotion of national grants e.g. boiler upgrade scheme. Externally funded projects to fully fund insulation in targeted properties. "Beat your bills" events across the borough. | Moderate | Unlikely | 6 | Major | Almost certain | 20 | <ol style="list-style-type: none"> Promotion of Solar Together Scheme. Applications for 22/23 closed on 27 Sept 2022, implementation for those signed up ongoing. "Beat your Bills events". Initial events completed. Further programme of events taking place June-Aug 2023. Ongoing. Officer Working Group. First working group held on 18 Oct 2022. Ongoing. | <p>Corporate officer established lead by Assistant to Chief Exec. Promotion of schemes to reduce energy costs e.g. fuel oil buying and installation of solar PV and battery storage. "Beat your bills" events held across borough in Sept 2022 and extended programme scheduled until Aug 2023. Collaboration with Norfolk Warm Homes to encourage targeted take up of insulation and heating systems. Information included employees and residents, customers.</p> <p>Help for businesses web-content under consideration. Look for the link on website. FAQs analysis undertaken, content developed and posted to the website. Regularly updated. Reviewing promotion of info to foodbank, web content, town centre events. Ongoing work and preparations for information and support for winter 2023/24. Ongoing.</p> | No | Major | Almost certain | 20 | Same |

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

| | | | |
|-----------------|---|---|----|
| REPORT TO: | Audit Committee | | |
| DATE: | 16 January 2024 | | |
| TITLE: | Business Continuity – annual update | | |
| TYPE OF REPORT: | Monitoring | | |
| PORTFOLIO(S): | Leader | | |
| REPORT AUTHOR: | Ged Greaves – Senior Corporate Governance & Risk Officer/Climate Change Manager | | |
| OPEN/EXEMPT | Open | WILL BE SUBJECT TO A FUTURE CABINET REPORT: | No |

REPORT SUMMARY/COVER PAGE

| |
|---|
| PURPOSE OF REPORT/SUMMARY: |
| The report outlines the current position of the Council’s business continuity arrangements, summarises progress made since the last update on 26 September 2022 and describes work that is planned to be undertaken over the coming months. |
| KEY ISSUES: |
| The Council has a responsibility as a Category 1 responder under the Civil Contingencies Act 2004 to develop and maintain plans to ensure that, as far as is reasonably practicable, key services can continue to be performed in the event of a disruption or emergency. |
| OPTIONS CONSIDERED: |
| Not applicable; the Council must have plans in place under the Civil Contingencies Act 2004. |
| RECOMMENDATIONS: |
| The Audit Committee are asked to review progress made and endorse the approach being taken to the Council’s business continuity arrangements. |
| REASONS FOR RECOMMENDATIONS: |
| To ensure that members are kept informed about the Council’s business continuity arrangements. |

1 Background

1.1 The Civil Contingencies Act 2004 places a duty on Category 1 responders (as defined by the act and which includes all local authorities) to develop and maintain plans for the purpose of ensuring that, so far as is reasonably practicable, if an emergency occurs they are able to continue to perform their key services / critical activities. This means that, in the event of a disruption or emergency, the Council must have plans available to ensure that it can mobilise the functions it needs to:

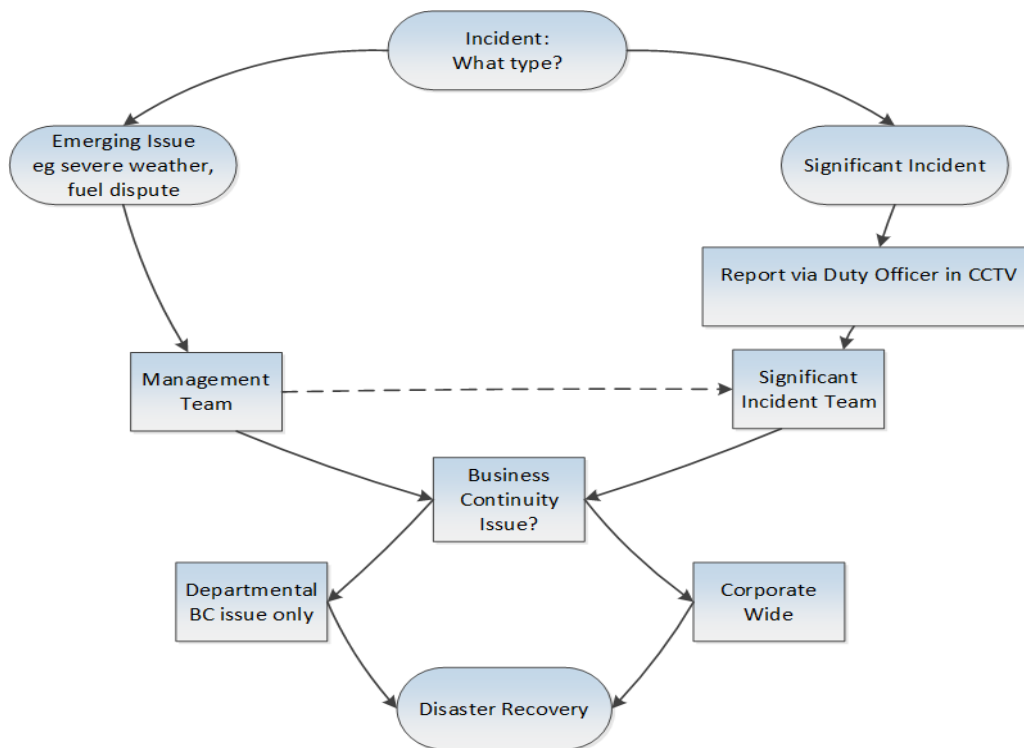
- deal with any emergency
- ensure that the impact of the emergency on the council's day-to-day activities is kept to a minimum, and
- ensure that, so far as possible, vital services for the community can be maintained at appropriate levels.

1.2 Business continuity management in the authority is based around a framework of documents as shown below:



1.3 The responsible officer for business continuity in this authority is an Executive Director, assisted by a group of officers from across the council – the Business Continuity Corporate Officer Group. Implementing business continuity is the responsibility of the Council's Management Team. However, all members of staff have a responsibility to be aware of the plans that affect their service area and their role following invocation of any business continuity plan.

1.4 Incidents are broadly of two types. An emerging incident where sufficient notice is given such as in the case of prolonged severe weather or an incident that happens without prior warning but requires immediate senior management attention. The initial Council response in those scenarios differs and is summarised in the following chart.



- 1.5 The Significant Incident Team will usually be the first point of contact for an incident requiring immediate senior management attention. Such an incident may be an unexpected death or tragic event. Equally, it may be an event causing injuries, a fire in a council building or damage to a facility that could result in injury to staff and/or the public at large. It may also be an event that may attract significant or adverse media interest and is linked to the council's activities, this may include issues such as a lost child in the resort where the child hasn't been located within a 'reasonable' time and the search by our staff and police is escalated.

2 Current position

- 2.1 Critical activities are those services that protect life and safety or are considered essential to support such activity and are considered critical to restore and deliver in the event of a disruption or emergency. The Council's critical activities are:
- Customer Information Centre – response to customer contacts
 - Corporate Communications – including website
 - CCTV responsive functions control room
 - Emergency Planning – response to recovery and incidents
 - Homelessness
 - ICT – to support other teams
 - Incident Management Team – Executive Directors and support staff
 - Personnel – for staff contact details (not normal business)
 - Property Services – for building access/maintenance (not normal business)
 - Electoral Services – if during a critical time
 - Env Health – Food Safety / Health & Safety– if during an incident
 - Env Health – Environmental Quality – if during an incident

- 2.2 A risk assessment has been undertaken to identify the potential threats to the critical activities. A 'threat card' is in place for each of the threats to guide the Incident Management Team in their consideration of response. The currently agreed threats to the critical activities are listed below. The threat cards were updated in May 2023 and include:

- Loss of Staff
- Loss of ICT
- Loss of King's Court
- Fuel Shortage

2.3 The Council's business continuity policy and strategy was agreed in 2022 by the Chief Executive under delegated powers.

3 Progress since last report in September 2022

3.1 Activities undertaken by the corporate officer group since September 2022 are shown below:

- Exercise Metis 22 was held on 30 September 2022 to test response arrangements for a business continuity incident involving loss of mains external power. A recommendation was to urgently test the Kings Court generator.
- National Power Outage (NPO) task and finish group was formed to create a business continuity response plan for a longer-term power outage such as which may occur during a NPO or during severe weather. If a NPO was to occur, Kings Court would host the western Local Coordination Group with resilient comms available to other key Norfolk sites. An essential task was to co-ordinate a full load test of the Kings Court generator on 25 January 2023. Issues identified during the testing have been addressed by officers with another test to be scheduled to take place during the hot weather. A threat card for NPO is being created.
- BC Comms task and finish group has reviewed how we communicate to staff and members during a BC incident including and how we use the BC portal in response to the recommendations from Exercise Metis 21 and the Business Continuity Audit.
- The internal business continuity Incident Response Plan was reviewed and published.
- Annual review of the high level business impact assessment, this is a review of all business activity against a set of criteria to confirm in which order services should be recovered in the event of a disruption.
- Out of Hours Contact Card details revised and circulated.
- All critical and non-critical bronze plans reviewed in August 2023.
- Exercise Metis 23 was held on 8th November 2023 at the Town Hall to test response arrangements for a business continuity incident during extreme weather conditions

3.2 Periodic updates on business continuity have been published in Internal Affairs and the Members Bulletin that remind staff and members of the importance of business continuity and how to access the Council's business continuity portal following an incident.

4 Forward work plan

4.1 The corporate officer group has a work plan in place for the next 12 months. Our planning and exercise programme is based upon the agreed threats and is cyclical in nature. Work to be undertaken includes:

- Review and debrief live incidents after the event and ensuring the lessons identified are implemented in future planning.
- Progress actions agreed by Management Team following exercise Metis 23.
- Plan for exercise Metis 24.

5 Conclusion

The Council's business continuity arrangements are aligned to the principles of ISO22301 – which aims to minimise the impact of disruptive incidents. Business continuity is not a static process; it is therefore important that, as the nature of the organisation changes, our business continuity arrangements reflect those changes.

6 Recommendation

The Audit Committee are asked to note progress made, endorse the approach being taken to the Council's business continuity arrangements and confirm that annual updates are required.

7 Corporate Priorities

Not applicable, statutory requirement.

8 Policy Implications

The policy was last reviewed in 2019 but publication initially delayed to 2020 pending the senior management restructure and then by the ongoing requirements of the Covid-19 response. Revised version is in development.

9 Financial Implications

None in this update.

10 Personnel Implications

None in this update.

11 Statutory Considerations

The Council is a Category 1 responder under the Civil Contingencies Act 2004 and therefore has a duty to develop and maintain plans of this nature.

12 Equality Opportunity Considerations

None in this update.

13 Risk Management Implications

Business continuity arrangements are included on the council's risk register.

14 Environmental considerations

None in this update.

15 Declarations of Interest / Dispensations Granted

None in this update.

16 Background Papers

Business Continuity Policy Statement and Strategy
Civil Contingencies Act 2004
ISO22301 Business Continuity Management Standard

AUDIT COMMITTEE REPORT

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|-----------------|--|---|----|
| REPORT TO: | Audit Committee | | |
| DATE: | 16 th January 2024 | | |
| TITLE: | Internal Audit Follow Up of Outstanding Recommendations report | | |
| TYPE OF REPORT: | Update | | |
| PORTFOLIO(S): | All | | |
| REPORT AUTHOR: | Eastern Internal Audit Services / Jamie Hay, Senior Internal Auditor | | |
| OPEN/EXEMPT | Open | WILL BE SUBJECT TO A FUTURE CABINET REPORT: | No |

REPORT SUMMARY/COVER PAGE

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| PURPOSE OF REPORT/SUMMARY: |
| This report seeks to provide an update on the status of all internal audit recommendations, highlighting management responses where any are over the agreed deadline for completion. |
| KEY ISSUES: |
| The current position in relation to the outstanding internal audit recommendations is shown within the attached report. |
| OPTIONS CONSIDERED: |
| <i>Not applicable</i> |
| RECOMMENDATIONS: |
| The Audit Committee are requested to receive the Internal Audit Follow Up of Outstanding Recommendations report. |
| REASONS FOR RECOMMENDATIONS: |
| In receiving this report, the Committee is satisfying itself that progress is being made to close outstanding internal audit recommendations, contributing towards effective governance and fulfilling their terms of reference. |

Borough Council of King's Lynn and West Norfolk Internal Audit Follow Up of recommendations report

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1. INTRODUCTION

- 1.1 This report is being issued to assist the Authority in discharging its responsibilities in relation to the Internal Audit activity.
- 1.2 The Public Sector Internal Audit Standards requires the Chief Audit Executive to establish a process to monitor and follow up management actions to ensure that they have been effectively implemented or that senior management have accepted the risk of not taking action. The frequency of reporting and the specific content are for the Authority to determine.

2. STATUS OF RECOMMENDATIONS

- 2.1 As a result of Internal Audit recommendations, management agree action to ensure implementation within a specific timeframe and by a responsible officer. The management action subsequently taken is monitored by the Internal Audit Manager and the Internal Audit Trainee on a regular basis and reported through to Audit Committee. Verification work is also undertaken for those recommendations that are reported as closed.
- 2.2 An exercise has again been undertaken where each Assistant Director has been contacted to provide updates on their outstanding recommendations. This has involved gathering evidence to demonstrate completion of high and medium priority recommendations and closing low recommendations where completion has been confirmed.
- 2.3 Unfortunately, there has been slow progress demonstrated with a total of 26 recommendations being closed since the last report. There are some recommendations for which updates haven't been received. This report now contains a total of 59 outstanding Internal Audit recommendations (4 high, 26 medium and 29 low). A further 52 recommendations are not yet due for implementation. This has increased since the last report in May 2023 where 52 recommendations were outstanding and 36 were not yet due.
- 2.4 **Appendix 1** to this report shows the details of the progress made to date in relation to the implementation of the agreed recommendations. This appendix also reflects the year in which the audit was undertaken to enable the Committee to easily identify historical outstanding recommendations. The table also identifies outstanding recommendations that have now fallen overdue.
- 2.5 **Appendices 2, 3, 4, 5 and 6** to this report show the details of any high and medium priority outstanding recommendations split by the year in which they were raised. The outstanding recommendations included within each appendix also provides a progress update and a new expected deadline from each responsible officer.
- 2.6 Progress on outstanding Internal Audit recommendations will continue to be reported to Management Team and the Audit Committee on a bi-annual basis.

APPENDIX 1 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

| | | | Closed from 31 May 2023 to 30 October 2023 | | | Outstanding | | | Total Outstanding | Not Yet Due | | |
|---------------------------------------|---|-----------------|--|--------|-----|-------------|--------|-----|-------------------|-------------|--------|-----|
| | | | High | Medium | Low | High | Medium | Low | | High | Medium | Low |
| Audit Ref | Audit Area | Assurance Level | | | | | | | | | | |
| 2018/19 Internal Audit Reviews | | | | | | | | | | | | |
| 18/19.7 | Vehicle Fleet | Substantial | | | | | 1 | | 1 | | | |
| 18/19.8 | General Data Protection Regulations 2016 & Data Protection Act 2018 | Substantial | | | | | 2 | | 2 | | | |
| 2019/20 Internal Audit Reviews | | | | | | | | | | | | |
| 19/20.1 | Annual Governance Statement | Substantial | | | | | 1 | | 1 | | | |
| 19/20.8 | Car Parking & Civil Enforcement | Substantial | | | | | 1 | | 1 | | | |
| 19/20.5 | Careline | Substantial | | | | | 4 | | 4 | | | |
| 19/20.3 | Whistleblowing Arrangements | Substantial | | | | | | 1 | 1 | | | |
| 19/20.4 | Council Offices & Sites | Substantial | | 2 | | | | | 0 | | | |
| 19/20.12 | Planning Support | Substantial | | 2 | | | | | 0 | | | |
| 2020/21 Internal Audit Reviews | | | | | | | | | | | | |
| | ICT - Cyber Security | Substantial | | | | | 1 | | 1 | | | |
| 2021/22 Internal Audit Reviews | | | | | | | | | | | | |
| 21/22.10 | Emergency Planning & Management | Reasonable | | 1 | | | | | 0 | | | |
| | Regeneration & Economic Development | Substantial | | | | | 2 | | 2 | | | |
| 21/22.9 | Alive West Norfolk | Limited | 2 | 1 | | | | 3 | 3 | | | |
| CO9 | Financial Governance & Budgetary Control | Reasonable | | | | | 1 | 3 | 4 | | | |
| 20/21.1 | Policies | Reasonable | | 1 | | | 1 | 2 | 3 | | | |
| 21/22.8 | Data Sharing Arrangements/Information Legislation | Substantial | | | | | 2 | | 2 | | | |
| 21/22.14 | Licensing | Substantial | | | | | | 1 | 1 | | | |
| | Disaster Recovery | Reasonable | | 1 | | | | | 0 | | | |
| CO2 | Accounts Payable | Reasonable | | | | | | 3 | 3 | | | |
| | Food Hygiene, Health and Safety & Public Health | Substantial | | | | | | 1 | 1 | | | |

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| | | | | | | | | | | | | | |
|---------------------------------------|--|-------------|--|----------|-----------|----------|----------|-----------|-----------|-----------|----------|-----------|-----------|
| | Waste Management Contract | Limited | | 1 | | | | | 0 | | | | |
| | Capital Programme | Limited | | 1 | | 3 | | | 3 | | | | |
| | Housing Standards | Reasonable | | | | | | 1 | 1 | | | | |
| 20/21.16 | Planning Enforcement | Substantial | | 1 | 1 | | | | 0 | | | | |
| 2022/23 Internal Audit Reviews | | | | | | | | | | | | | |
| KLWN2219 | Business Continuity | Reasonable | | | 1 | | 1 | | 1 | | | | |
| KLWN2211 | Accountancy Services | Reasonable | | | 1 | | | | 0 | | | | |
| KLWN2215 | Anti-Social Behaviour | Substantial | | | 1 | | | 3 | 3 | | | | |
| KLWN2205 | Business Planning and Performance Management | Reasonable | | | | | 3 | | 3 | | | | |
| KLWN2209 | Accounts Receivable | Reasonable | | | 1 | | 2 | | 2 | | | 5 | |
| KLWN2213 | Environmental Protection | Reasonable | | | | | | 2 | 2 | | 1 | 5 | |
| KLWN2210 | Income | Reasonable | | 1 | | | 2 | 1 | 3 | | 1 | | |
| KLWN2217 | Economic Growth | Substantial | | | | | | 2 | 2 | | | 1 | |
| KLWN2202 | Key Controls and Assurance | Substantial | | | | | | 2 | 2 | | | | |
| KLWN2216 | Towns Fund | Reasonable | | | | | | 1 | 1 | | | | |
| KLWN2208 | Procurement and Contract Management | Limited | | 5 | 1 | 1 | 2 | 1 | 4 | | | 2 | |
| KLWN2209 | Corporate Health and Safety | Substantial | | | | | | 1 | 1 | | | | |
| 2023/24 Internal Audit Reviews | | | | | | | | | | | | | |
| KLWN2303 | Complaints and FOIs | Reasonable | | | 1 | | | 1 | 1 | | 5 | 6 | |
| KLWN2304 | Anti-Fraud and Corruption Framework | Substantial | | | | | | | 0 | | | 3 | |
| KLWN2320 | Starters, Movers, Leavers | Limited | | | | | | | 0 | 3 | 2 | 8 | |
| KLWN2318 | Land Charges | Reasonable | | | | | | | 0 | | 4 | 6 | |
| TOTALS | | | | 2 | 17 | 7 | 4 | 26 | 29 | 59 | 3 | 13 | 36 |

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APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2018/19

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|---|--|----------|------------------------------------|------------|--------------|---------------------------------|--|
| Vehicle Fleet | All applicable vehicles should be correctly recorded within Technology Forge. | Medium | AD Operations & Commercial | 31/12/2020 | 1,035 | Progressing slower than planned | It is expected that Technology Forge will move over in the next 6 months barring any issues with year end and external audits. This will address the recommendation. |
| General Data Protection Regulations 2016 & Data Protection Act 2018 | The revised Data Protection Policy (DPP) should go through the prescribed approval process and, if deemed appropriate, be approved by Cabinet. | Medium | AD Legal, Governance and Licensing | 31/12/2019 | 1,401 | Progressing slower than planned | The policy has been updated and is scheduled to go to Cabinet for final approval on 5 March 2024. |
| General Data Protection Regulations 2016 & Data Protection Act 2018 | The revised DPP should be publicised to officers and Members. This could be done via an article in Internal Affairs. | Medium | AD Legal, Governance and Licensing | 31/12/2019 | 1,401 | Progressing slower than planned | The policy has been updated and is scheduled to go to Cabinet for final approval on 5 March 2024. |

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2019/20

| Audit Area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|---------------------------------|--|----------|--|------------|--------------|---------------------------------|---|
| Annual Governance Statement | All items listed as supporting evidence in the AGS and Code of Corporate Governance should be made available on either the Council's website or on the intranet, as appropriate. | Medium | AD Legal, Governance and Licensing | 31/12/2019 | 1,401 | Outstanding | Currently pending the sign off 2019/20 Statement of Accounts by External Audit. 2019/20 AGS then to be presented to Audit Committee and will then be uploaded onto the website. |
| Car Parking & Civil Enforcement | As referred to in the King's Lynn Transport Strategy, BCKLWN should develop a Car Parking Strategy. This would ensure that a town-wide approach to car parking management is achieved, together with enabling the delivery of the Transport Strategy's suggested improvements. | Medium | AD Regeneration, Housing and Place | 31/03/2021 | 945 | Progressing slower than planned | A brief has been agreed and Aecom commissioned. Work starts November 2023. |
| Careline | The process of a client calling into the Council and requesting a Careline product should be a seamless process. Consideration should be given to allow one department (CIC or Careline) to follow the process from start to finish. This would allow the customer to call in to request a product, the officer to record all the necessary information, apply the correct costs to any items required, and book a mutually convenient appointment for a Visiting Officer to carry out the works required. | Medium | AD Health, Wellbeing and Public Protection | 30/06/2021 | 854 | Progressing slower than planned | Software in user testing, training of staff in Careline & CIC due November. Full implementation expected by end December. |
| Careline | Careline and ICT to develop a process during discussions regarding the various methods of recording customer data onto the system, and the pros and cons of each method on both officers and the system. The technology being used by the Visiting Officers should be available at all times and fit for purpose. | Medium | AD Health, Wellbeing and Public Protection | 30/06/2021 | 854 | Progressing slower than planned | One visiting officer continues to partially work electronically, and one does not. This is due to CCSS not being fit for purpose - at this stage visiting officers cannot change their working methods. A new system is currently being implemented which will enable web-based access on iPads. Will be resolved by Charity Log implementation. |
| Careline | Job timings and item costs should be updated on the system to eradicate the need to amend timings and costs by individual officers. | Medium | AD Health, Wellbeing and Public Protection | 31/03/2021 | 945 | Progressing slower than planned | This will be reviewed after Charity Log implementation. |

| Audit Area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|------------|---|----------|--|------------|--------------|---------------------------------|---|
| Careline | Any time saving / efficiency methods of working within the department should be notified and available to all officers. | Medium | AD Health, Wellbeing and Public Protection | 30/06/2021 | 854 | Progressing slower than planned | <p>A new system is currently being implemented which will enable web-based access on iPads.</p> <p>There has been a new form completed but this is not working, so the officer has retracted back to the old one. We are currently working on a web-based application with a view this could either be completed by customers or installers. This would override what we have in place currently and everyone will work the same way. Will be resolved by Charity Log implementation.</p> |

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2020/21

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|----------------------|--|----------|---------------------|------------|--------------|------------------------------|---|
| ICT – Cyber Security | ICT officers should be included in the preparation and delivery of project plans throughout the authorisation, to ensure all ICT aspects are fully considered and understood within the project. | Medium | AD Resources | 31/03/2022 | 580 | Progress slower than planned | Proposed email to be brought to ICT Development Group for agreement after the May elections. Date for ICT Development group now set for 10th November 2023. |

APPENDIX 5 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2021/22

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|--|---|----------|------------------------------------|------------|--------------|---------------------------------|---|
| Regeneration & Economic Development | The Council needs an overarching corporate economic development and regeneration strategy to encompass all projects / initiatives and how they meet the corporate business objectives. This should be a cabinet approved document. | Medium | AD Regeneration, Housing and Place | 31/08/2022 | 427 | Progress slower than planned | Brief for West Norfolk Economic Strategy has been prepared and approved by Portfolio holders, funding being agreed with a view to commence the development of the strategy in November 2023. |
| Regeneration & Economic Development | The Council's overarching corporate economic development and regeneration strategy should reflect and capture the organisational aspirations of the Council (including the objectives that underpin the Council's Corporate Business Plan for 2020 – 2024) in terms of sustainability, climate change, carbon reduction, protecting our local environment as well as other matters such as protecting our communities from flooding | Medium | AD Regeneration, Housing and Place | 31/08/2022 | 427 | Progress slower than planned | Brief for West Norfolk Economic Strategy has been prepared and approved by Portfolio holders, funding being agreed with a view to commence the development of the strategy in November 2023. |
| Financial Governance & Budgetary Control | Where Finance have verbally agreed with a budget holder to undertake a virement, Finance should require the budget holder to confirm the virement via email. This should be supported by an exception report detailing budget virements made during the year. | Medium | AD Resources | 31/07/2022 | 458 | Progressing slower than planned | This needs to be tied into a review of the Financial Regulations. Budget Setting meetings are now being conducted again with budget holders and these help to identify virements as well as the tracker report which has been set up on Unit4 which is reviewed by the Financial Services Manager. |
| Data Sharing Arrangements | All current and future DSA's should include all aspects of the most recent ICO Data Sharing Code of Practice. Current DSA's should be enhanced if required when next reviewed. | Medium | AD Legal, Governance and Licensing | 30/06/2022 | 489 | Progress slower than planned | Currently in the process of putting together a document/central record with any DSAs that are current. When they are due to expire, notification would be sent and updated. |
| Data Sharing Arrangements | To provide assurance that consent has been sought and approved by the individual whom the data relates to, the council should include as a standard Appendix to DSA, the model consent form recommended by the ICO. | Medium | AD Legal, Governance and Licensing | 30/06/2022 | 489 | Outstanding | Currently in the process of putting together a document/central record with any DSAs that are current. When they are due to expire, notification would be sent and updated. |
| Policies | All policies should be held centrally within one corporate index of policies. This would make it easier to monitor and update policies, ensuring they remain current and effective. A central repository would also make it easier for officers and Members to locate a particular policy. | Medium | AD Legal, Governance and Licensing | 31/12/2022 | 305 | Progress slower than planned | Review completed and recommendations reported to Management Team (Sept 22). Work on central repository commenced prior to Policy Officer going on maternity leave in Nov 22 and is currently on hold pending a review of the policy function. Review of Policy function has now been completed and policy framework responsibilities will |

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|-------------------|--|----------|--------------------------|------------|--------------|------------------------------|---|
| | | | | | | | transfer to the corporate governance team from autumn 2023 - handover planned for w/c 02/10/23. This will include work commenced by Policy Officer prior to her maternity leave. |
| Capital Programme | The governance process should be enhanced before projects are submitted for inclusion within the Capital Programme. Detailed information relating to finance, resource and risks should be included within project information submitted to Management Team for consideration. | High | AD Resources | 30/09/2022 | 397 | Progress slower than planned | This recommendation, along with the rest of the Capital Programme recommendations, will be followed up as part of the 2023/24 Capital Programme audit. |
| Capital Programme | <p>Consider creating a suite of documents to enable a complete and fully informed decision-making process. The suite of documents should include the following: -</p> <ul style="list-style-type: none"> • A pre-project proposal form/start up form (capturing the information suggested within this Capital Programme Audit Report) • A project closure form – to evaluate and carry out a lesson learned assessment. The form could also be used to ensure the budget code provided to the project is now concluded, and all payments for the project have made by and received by the Council. • A Flowchart of the proposal through to project closure cycle would be helpful to be included within the initial checklist suite of documents could act as a prompt for each step in the project cycle. This could be referred back to for ease of reference. • A Project register – to keep a file for each project by reference number (this can then assist with the Shared drive idea and allow the key responsible relevant officers to have access to the relevant project references). The register would: - <ul style="list-style-type: none"> o allow a record to be kept of all projects currently being undertaken; o allow statistics to be produced on project information; o enable officers to easily identify the current status, and work undertaken, of a project; o information contained within the shared drive would enable knowledge to be shared, skills to be retained and passed on through the project, information would be | High | AD Property and Projects | 30/09/2022 | 397 | Progress slower than planned | <p>The Council has started to set up a PMO [Programme Management Office] - originally agreed by Management Team in January 2023 - that will help with the better management, consistency, and delivery of the programme of projects. Please note this relates to the Major Projects identified by Cabinet and overseen by the Member Major Projects Board [MMPB], however this PMO function was not intended to deal with the whole Capital Programme being delivered by the Council. Note that some of the Major Projects also have a management system and format devised under the Town Deal Programme. It is important to note that the PMO is not yet adequately resourced. Two Job Descriptions have been drafted and evaluated - however the budget for these posts has yet to be identified, or an alternative way of funding these posts has yet to be devised/agreed i.e., capitalisation of posts within the capital programme.</p> <p>The Council also has formed the Project Development Group which is a group of officers that will help develop projects and the project management framework over time. This group has met 6-7 times during calendar year 2023 and is Chaired by the Assistant Director, Regeneration, Housing & Place. Will be followed up in the Capital Programme audit in 2023/24.</p> |

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|-------------------|---|----------|--------------------------|------------|--------------|------------------------------|--|
| | accessible within one designated area rather than being saved in multiple locations which is not easily accessible. | | | | | | |
| Capital Programme | <p>To use the Business Case documentation submitted within the Town Investment Plan (TIP) as a basis, to ensure that all major projects are documented in a consistent manner.</p> <p>The documentation used for the projects within the Town Investment Plan (TIP), and subsequently submitted to Central Government as Business Cases, uses consistent headings that include: -</p> <ul style="list-style-type: none"> • Objectives; • Aims; • Scope; • Financial implications, including revenue costs and future costs (resource and maintenance costs); • Resource requirements; and • Risk Registers. | High | AD Property and Projects | 30/11/2022 | 338 | Progress slower than planned | <p>The PMO function is developing, in conjunction with relevant officers, a suite of template documents, of which a Business Case is one. The headings suggested in the audit report would form part of the council's standard Business Case format (unless a specific project's business case is required to adhere to HM Treasury Green Book standards, or an alternative format. It is an assertion that any requirement to adhere to a particular standard, would build on the minimum required by the council and therefore be acceptable).</p> <p>Recommendation noted and will be incorporated into template devised.</p> <p>Recommendation in progress. Will be followed up in the Capital Programme audit in 2023/24.</p> |

APPENDIX 6 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS 2022/23

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|--|--|----------|------------------------------------|------------|--------------|------------------------------|--|
| Business Continuity | <p>Review whether the BC Portal is the appropriate way to disseminate the information of a BC Incident to officers and members.</p> <p>Once the most appropriate way to disseminate information to officers and members has been decided, the Communications Manager should have access to this and have the ability to add/edit BC incident information appropriately.</p> | Medium | AD Environment and Planning | 31/12/2022 | 305 | Progress slower than planned | On hold pending information from Web Team. The role of the BC portal will be reviewed once the intranet improvements have been made. |
| Business Planning and Performance Management | <p>Directorate Plans should be reviewed, amended, and updated to ensure that all departments can demonstrate how the achievement of their objective's feeds into the delivery of the Council's business plan. Furthermore, KPI's reviewed to ensure that they support the achievement of these objectives and that they drive the expected results.</p> <p>Whether these plans should be reviewed, amended, and updated prior to the local elections in May 2023 to be considered. This will provide clarity over the aims and outcomes of delivery at every level of the Council.</p> | Medium | AD Legal, Governance and Licensing | 30/09/2023 | 32 | Outstanding | <p>Draft Corporate Strategy 2023-27 Following the elections in May 2023, Cabinet members commenced work on a new corporate strategy during the summer months. With the information provided from Cabinet, a draft corporate strategy was created and published on the website on 28th September, discussed at: CPP on 16th October, Cabinet on 31st October and will be discussed at Full Council on 23rd November.</p> <p>Using the information from the draft Corporate Strategy, work commenced on the following areas:</p> <p>KPIs Working with the newly agreed corporate priorities, a draft suite of performance indicators have been created which was sent on 4th October to all Assistant Directors for approval with a deadline of 20th October. Discussions have been held with various Assistant Directors, and at this current time a complete suite of indicators for 2023/24 is still outstanding. Final approval will be required from Management Team and portfolio holders, when the indicators have been agreed these will be added to individual directorate plans. The Q1 & Q2 2023/24 performance monitoring report will go to CPP on 4th January 2024.</p> |
| Business Planning and Performance Management | <p>When the Directorate Plans are reviewed, consider whether all KPI's listed are actually KPI's or whether the information is more of a departmental performance indicator, and could be provided on an ad-hoc basis when it is requested.</p> <p>Also, the KPIs should be easily identified against each objective, and be SMART (Specific, Measurable, Achievable, Relevant and Timely).</p> | Medium | AD Legal, Governance and Licensing | 30/09/2023 | 32 | Outstanding | <p>Working with the newly agreed corporate priorities, a draft suite of performance indicators have been created which was sent on 4th October to all Assistant Directors for approval with a deadline of 20th October. Discussions have been held with various Assistant Directors, and at this current time a complete suite of indicators for 2023/24 is still outstanding. Final approval will be required from Management Team and portfolio holders, when the indicators have been agreed these will be added to individual directorate plans. The Q1 & Q2 2023/24 performance monitoring report will go to CPP on 4th January 2024.</p> |
| Business Planning and Performance Management | <p>When the Directorate Plans are reviewed, KPI's listed within the Directorate Plan should be replicated within the information provided in the Performance Monitoring Reports to Members. This would provide clarity and consistency, where currently the two documents do not.</p> | Medium | AD Legal, Governance and Licensing | 30/09/2023 | 32 | Outstanding | <p>Directorate Plans The new corporate priorities were added to directorate plans and sent to Assistant Directors on 4th October for completion by 31st October. Discussions have been held</p> |

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|---------------------|---|----------|---------------------|------------|--------------|------------------------------|---|
| | | | | | | | with various Assistant Directors and at this current time a number of directorate plans are still outstanding, final approval will be required from Executive Directors and portfolio holders. When all directorate plans are completed and agreed, they will be published on Insite. |
| Accounts Receivable | <p>It should be ensured that debt write-offs are appropriately authorised in accordance with the Authorised Signatories Listing.</p> <p>The Group Accountant should collate the reason for these debts and the reason for the write-off for presentation to the FSM for retrospective consideration resulting either in approval or re-instatement of the debt.</p> | Medium | AD Resources | 31/07/2023 | 93 | Progress slower than planned | Awaiting information from Embridge on the likely cost to implement this change as well as adding reason codes on Credit Notes (which currently go through an authorisation process). |
| Accounts Receivable | <p>Debt write-offs should be regularly reported to senior management; they should include the following details:</p> <ul style="list-style-type: none"> • Name of the debtor • Reason for the write-off • Age of debt • Amount written-off • Recovery action that was undertaken, where appropriate, to demonstrate that all avenues were exhausted to recover the debt prior to it being written-off. | Medium | AD Resources | 31/07/2023 | 93 | Progress slower than planned | Included within the power bi monitoring. Whilst we currently collect write off reasons - it may be onerous to detail out full steps taken - generally speaking they become un-economic to collect |
| Income | Direct Credits Suspense Clearing Reports should be regularly reviewed and updated with details of what actions / investigations are being undertaken to clear the items. Due by dates should be applied to the clearing of the items, and if not cleared, an escalation process needs to be implemented. | Medium | AD Resources | 30/06/2023 | 124 | Outstanding | <p>2023/24 is reviewed/chased weekly, and balanced back to U4 (Financial Management System). Amounts are posted to suspense on a daily basis so the balance is constantly moving.</p> <p>Prior years still need to be reviewed.</p> |
| Income | Annual reviews should be undertaken of Pay360 users to ensure that staff who transfer roles within the Authority have appropriate levels of access to the system, and that leavers have their access removed. | Medium | AD Resources | 30/09/2023 | 32 | Outstanding | <p>Leavers are emailed to Mandy every month from personnel and any of these who are Pay360 users are deactivated on the system. We are not informed when members of staff change roles or move departments.</p> <p>We could email out once a year to active users to see if they still need the system (End Jan 24) but Pay360 will deactivate anyone who has not processed a transaction in the last 90 days. They will need to contact one of the Admin users to activate their user profile.</p> |

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|-------------------------------------|---|----------|-----------------------------------|------------|--------------|------------------------------|--|
| Procurement and Contract Management | <p>The CSOs should be reviewed and updated where appropriate; for example, the name of the current Monitoring Officer and the names of the current Procurement Team members should be included. The CSOs should also be updated to make reference to the publication of contracts in FTS above the UK threshold (replacing the reference to the publication of contracts in OJEU above the EU threshold). The CSOs should state the frequency of review and the date of the next review.</p> <p>The Council's Procurement Rules as stated on the Authority's website should be updated to reflect the requirement to publish contracts above the UK thresholds in FTS. Also, the threshold levels should be updated.</p> | High | AD Programme and Project Delivery | 30/06/2023 | 124 | Progress slower than planned | <p>CSO review underway, now linking into an updated Procurement Strategy, following the Procurement Bill proceeding to Royal Assent (Oct 24). Following a six-month preparation period (estimated to begin in April/May 2024), the Government Commercial Function has advised that it expects that the commencement of the new Procurement Act 2023 ("the Act") will take place in October 2024. The councils revised procurement strategy, including full amendments of CSO, will follow this timeline. Interim updates to the CSO may be made before this date following the EELGA review. Updates required to the Council's website in the recommendation have been actioned.</p> |
| Procurement and Contract Management | <p>All procurements over £25,000 should be brought to the attention of Procurement to ensure that procurement rules / CSOs are followed. Procurement should send out a global email to all departments and service areas within BCKLWN and AWN requesting them to provide details of all procurements over £25,000, and send out a reminder email each year.</p> <p>Procurement should monitor responses to ensure all are returned, instead of accepting a non-response as meaning no contracts are in place. If nothing is forthcoming, Procurement need to escalate it to the appropriate AD.</p> <p>This will ensure that Procurement are made aware of all contracts negotiated by the Authority and that they are recorded in the Contracts Register.</p> <p>The Procurement Strategy should be amended to state that all procurements over £25,000 are brought to the attention of the Procurement Team, which is in line with the tender threshold.</p> <p>In addition, Procurement should check that a valid contract exists before a new supplier</p> | Medium | AD Programme and Project Delivery | 30/06/2023 | 124 | Progress slower than planned | <p>Updates to procurement strategy referred to in the recommendation will be made as above by the revised due date. In the interim, the CSO may be updated with regards to threshold levels.</p> |

| Audit area | Recommendation | Priority | Responsible Officer | Due Date | Days Overdue | Status | Latest Response |
|-------------------------------------|---|----------|---------------------|------------|--------------|------------------------------|---|
| | is set up on the Finance system. | | | | | | |
| Procurement and Contract Management | <p>Procurement should be given access to the Analyser function within Unit4 to enable them to analyse supplier spend during the year.</p> <p>Budget override facilities and fund check alerts should be built into Unit4 so as to alert budget managers where spend exceeds CSO thresholds.</p> | Medium | AD Resources | 30/06/2023 | 124 | Progress slower than planned | A technically feasible solution of preparing regular reports of supplier (not necessarily contractual only) transactions was proposed - awaiting decision from Financial Systems Manager. |

FORWARD DECISIONS LIST

| 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 |
|------------------------|--|--------------------------------|-----------------------|--|----------------------------------|--|
| 6 February 2024 | | | | | | |
| | Empty Homes Strategy Review | Key | Council | People and Communities Asst Dir M Whitmore | | Public |
| 353 | Florence Fields – Tenure Mix | Non | Council | Deputy Leader Assistant Director – D Ousby | | Part Public and part Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority) |
| | Lynnsport One | Key | Council | Regeneration & Development Asst Dir Companies & Housing Delivery – D Ousby | | Public |
| | Acquisition of Homes | Non | Cabinet | Regeneration and Development Assistant Director – D Hall | | Part Public and part Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority) |
| | Indemnity for Councillors and Officers on outside bodies | Non | Cabinet | Leader Monitoring Officer | | Public |
| | Anti-Fraud & Anti-Corruption Policy | Non | Cabinet | Finance Asst Director – 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 |
|--|---|-------------------------|----------------|--------------------------------------|---------------------------|---------------------------|
| 7 February 2024 (Budget related items only) | | | | | | |
| | Capital Programme | Key | Council | Finance Asst Director – Resources | | Public |
| | Budget 2024/25 | Key | Council | Finance Asst Director – Resources | | Public |
| | Treasury Management Strategy/ Investment Strategy | Key | Council | Finance Asst Director – 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 |
|-----------------|-----------------------------------|-------------------------|---------------------|---|---------------------------|---------------------------|
| 5 March 2024 | | | | | | |
| | Review of Outside Bodies | Non | Cabinet and Council | Leader | | Public |
| | Peer Review Challenge Action Plan | Non | Council | Leader Chief Executive | | Public |
| | Data Protection Policy Review | Non | Council | Leader Monitoring Officer | | Public |
| | Article 4 Direction | Non | Cabinet | Regeneration and Development Assistant Director – S Ashworth | | Public |
| | KLACC – Area Committee Status | Non | Council | Leader Monitoring Officer | | Public |
| | Redundancy Policy | Non | Council | Leader Exec Dir – D Gates | | Public |

| | | | | | | |
|--|--------------------------------|-----|---------|--------------------------------|--|--|
| | King's Lynn Town Football Club | Non | Cabinet | Property Asst Dir – M Henry | | Private- Contains exempt Information under para 3 – information relating to the business affairs of any person (including the authority) |
|--|--------------------------------|-----|---------|--------------------------------|--|--|

| 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 April 2024 Special Meeting | | | | | | |
| | Local Plan Gypsy and Traveller Preferred Sites | Key | Council | Development and Regeneration Asst Dir S Ashworth | Local Plan Task Group mins and Agendas | Public |

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| 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 |
|-----------------|--------------|-------------------------|----------------|---------------------------------|---------------------------|---------------------------|
| 23 April 2024 | | | | | | |
| | | | | | | |

| 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 June 2024 | | | | | | |
| | St George's Guildhall RIBA Stage 3 and project scope | Key | Cabinet | Regeneration & Development Asst Dir | | Public |

Items to be scheduled

| | | | | | | |
|--|--|-----|---------|---|--|--------|
| | Notice of Motion 7-21 – Councillor Kemp – Equalities | Non | Council | People & Communities Asst Dir B Box | | Public |
| | Procurement Strategy | Non | Cabinet | Finance Asst Dir – D Ousby | | Public |
| | Review of Planning Scheme of Delegation (summer 23) | Non | Council | Development and Regeneration Asst Dir – S Ashworth | | Public |
| | Custom and Self Build Site – Stoke Ferry | Non | Cabinet | Regeneration and Development Assistant Director - D Hall | | Public |
| | Southend Road Hunstanton | Key | Cabinet | Regeneration & Development Asst Dir – D Ousby | | Public |
| | Overnight Campervan parking in Hunstanton | Non | Cabinet | Leader Asst Director – M Chisholm | | Public |
| | Pay Award 2024 | Key | Cabinet | Leader | | Public |

AUDIT COMMITTEE WORK PROGRAMME 2023/2024

| DATE OF MEETING | TITLE | TYPE OF REPORT | LEAD OFFICER | OBJECTIVES AND DESIRED OUTCOMES |
|---|--|----------------|--------------|---|
| 17 July 2023, 3.30 pm, Council Chamber Training for the Audit Committee only – F Haywood, Internal Audit Manager | | | | |
| 7 August 2023 | Appointment of Vice Chair for the Municipal Year 2023/2024 | | | To appoint a Vice Chair for the Municipal Year 2023/2024. |
| 7 August 2023 | Corporate Risk Register Update (May 2023) | Update | G Greaves | G Greaves to advise if training session is to be held and potential dates. |
| 7 August 2023 | Year End Internal Audit Progress Report | Year End | F Haywood | To receive the annual report covering progress of Audit Plan for 2022/23 Internal Audit Training scheduled for 17 July 2023 |
| 7 August 2023 | Internal Audit Follow up Recommendations Report | | F Haywood | |
| 7 August 2023 | Year End Internal Audit Opinion | Year End | F Haywood | To receive the Audit Opinion from Audit Manager for 2022/23 Internal Audit Training scheduled for 17 July 2023 |

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| DATE OF MEETING | TITLE | TYPE OF REPORT | LEAD OFFICER | OBJECTIVES AND DESIRED OUTCOMES |
|-------------------|---|----------------|-------------------------|---|
| 7 August 2023 | Annual Fraud Progress Update 2022/2023 | Annual | J Hay | To receive the annual report for 2022/23 Presentation on Fraud Awareness sent to Audit Committee on 6 June 2023. |
| 7 August 2023 | Cabinet Forward Decisions List | | | To identify any items to be considered by the Audit Committee. |
| 7 August 2023 | Work Programme 2023/2024 | | | To identify any items for the work programme. |
| 7 August 2023 | Exempt Report: Housing Benefit Subsidy Claim – Annual Certification Report for 2020/2021 | Annual Exempt | J Stanton | To receive the Annual Report covering the Financial Year 2020/2021. Briefing scheduled for 27 July 2023 at 10 am on Teams – J Stanton |
| | | | | |
| 18 September 2023 | Strategic External Audit Plan for the following Financial Year | Update | M Drewery/ C Holland | The Committee will receive an update |
| 18 September 2023 | Treasury Management Outturn 2022/23 | | C Holland | |
| 18 September 2023 | Treasury Management Quarter 1 reporting 2023/2024 | | C Holland | |

| DATE OF MEETING | TITLE | TYPE OF REPORT | LEAD OFFICER | OBJECTIVES AND DESIRED OUTCOMES |
|-------------------|---|---------------------------|------------------------|--|
| 18 September 2023 | Latest Budget Monitoring Report 2023/24 | Monitoring | C Holland | To present the latest financial position on revenue and capital spend for the year 2023/24 |
| 18 September 2023 | Cabinet Forward Decisions List | | | To identify any items to be considered by the Audit Committee. |
| 18 September 2023 | Work Programme 2023/2024 | | | To identify any items for the work programme. |
| | | | | |
| 27 November 2023 | Internal Audit Half Year Progress Report | Half Year Progress Report | Internal Audit Manager | |
| 27 November 2023 | 2023/24 Fraud and Error Half Year Progress Report | Half Year Progress Report | J Hay | |
| 27 November 2023 | Treasury Management Quarter 2 Reporting 2023/2024 | | C Holland | |
| 27 November 2023 | Latest Budget Monitoring Report 2023/24 | Monitoring | C Holland | |
| 27 November 2023 | Cabinet Forward Decisions List | | | To identify any items to be considered by the Audit Committee. |
| 27 November 2023 | Work Programme 2023/2024 | | | To identify any items for the work programme. |
| | | | | |

| DATE OF MEETING | TITLE | TYPE OF REPORT | LEAD OFFICER | OBJECTIVES AND DESIRED OUTCOMES |
|--|---|---------------------------|------------------------|--|
| ADDITIONAL MEETING – 12 DECEMBER 2023 - CANCELLED | | | | |
| 16 January 2024 | 2019/2020 Audit Results Report – ISA 260 | Annual | External Auditors | External Auditor EY will present outcome of audit findings for year 2019/20. |
| 16 January 2024 | Statement of Accounts for 2019/2020 | Annual | C Holland | To present the financial statements for approval for the year 2019/20. Training session – SOA and AGS. All Councillors invited to attend 11 January 2024, 10.30 am Teams |
| 16 January 2024 | Annual Governance Statement 2019/2020 | Annual | G Greaves | To present the report for year 2019/20 |
| 16 January 2024 | Corporate Risk Register Update (August 2023) | Update | G Greaves | Training session scheduled for 17 November, 9.00 am on Teams. |
| 16 January 2024 | Business Continuity – Annual Update | Progress report | G Greaves | |
| 16 January 2024 | Internal Audit Follow Up Recommendations Half Year Report | Half Year Progress Report | Internal Audit Manager | |
| 16 January 2024 | 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 |
|-----------------|--|----------------|-------------------|--|
| 16 January 2024 | Work Programme 2023/2024 | | | To identify any items for the work programme. |
| 11 March 2024 | Strategic External Audit Plan for the following Financial Year | Annual | External Auditors | External Auditors to present Strategic External Audit Plan – to be confirmed following closure of 2019/2020 Audit. |
| 11 March 2024 | Internal Audit Strategic and Annual Audit Plan 2024/2025 | Annual | T Sharman | |
| 11 March 2024 | Corporate Risk Register Update (December 2023) | Update | G Greaves | |
| 11 March 2024 | Treasury Management Quarter 3 Reporting 2023/2024 | | C Holland | |
| 11 March 2024 | Latest Budget Monitoring Report 2023/24 | Monitoring | C Holland | |
| 11 March 2024 | Cabinet Forward Decisions List | | | To identify any items to be considered by the Audit Committee. |
| 11 March 2024 | Work Programme 2023/2024 | | | To identify any items for the work programme. |

Potential Future Training Sessions

Draft Statement of Accounts for 2022/23

Audit Committee – Potential changes for the new Administration 2023 and process improvement.

Reserves.

Potential/Future Agenda Items

Self-Assessment Exercise and Report

Terms of Reference for Audit Committee

Other External Audit Reports and training to be added once plan/timetable received from Ernst Young.

Understanding risks relating to major projects.

Identifying an effective way to reach the crux of the issue/resolution in the Audit Committee.

Scope to look at process/criteria Business Plans where external third parties were involved to eliminate the risks and ensure a standardised process that would be followed through.

Audit the process of the Member Major Projects Board/Risk Registers.

Consideration of the appointment of Independent Person(s) to the Audit Committee and how to utilise that expertise.

Internal Audit Plan, Policies, Strategies and Resources to ensure balance was right from a Member perspective to see where the pressures are/ought to be that would inform the improvement opportunities and decision making process.

Role of the Audit Committee – to focus on whether there was a policy, implementation and findings of audits. Linkage with Corporate Performance Panel, project boards, project management, performance management, etc. Who was responsible for the technical scrutiny of the budget as opposed to the scrutiny of processes.

Risk management role of the Audit Committee.

Constitution/Scrutiny – to consider if the Constitution was robust enough to specify the scope, scale and degree of responsibility to enable the Audit Committee to undertake the correct work to the required standards.

Audit Committee Independent Persons